

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

RESOURCES COMMITTEE

Minutes of the meeting held on Zoom on Tuesday 23 June 2020

Membership: *E Johnson (Chair)
*J Bedford
J Breen
*B Spencer
*K Spencer
*P Taylor

* Denotes Present

In attendance: W Allanson, Deputy Principal
P Whitehead, Vice-Principal
D Morgan, Executive Director – Finance & Facilities
R Lucas, Head of Governance

820 Apologies for Absence

Apologies for absence were received from J Breen due to work commitments.

821 Declaration of Interest

E Johnson declared that he is an Essex County Councillor.

822 Minutes of the Previous Meeting

The minutes of the Resources Committee meeting held on 13 February 2020 were agreed as an accurate record and signed by the Chair.

823 Matters Arising from the Minutes (not mentioned elsewhere on the agenda)

There were no matters arising.

824 ESFA Financial Health Rating Letter

The Resources Committee received the ESFA Financial Health Rating Letter confirming the College's financial rating for 2018 – 2019 is good.

P Taylor highlighted the fact that it is a standard issued letter and the rating is almost a year out of date. K Spencer reported that the letter provides the College with official confirmation of what is already known to the College and is based on the information submitted in the financial statements in December 2019. D Morgan confirmed that the letter is passed onto the bank.

The Resources Committee noted the ESFA Financial Health Rating Letter and the College's good financial health rating.

825 Management Accounts for the Period 1 August 2019 – 31 May 2020

The Resources Committee received and considered the Management Accounts for the period 1 August 2019 – 31 May 2020, presented by D Morgan, Executive Director – Finance and Facilities.

D Morgan highlighted that the year-end forecast surplus is £6.7m however this includes the transfer of the UCH building into the College's ownership.

The Resources Committee was informed that all forecasts have been looked at in detail, particularly the adult and the apprenticeship income and it has been confirmed that funding for these will be in line with the full contract value.

Catering income is at a standstill due to the COVID-19 situation.

Staff costs are within budget and includes the increase in LGPS contributions from 17% to 19.3%.

All non-pay budgets have been reviewed and the Finance Team has been working with suppliers to ensure that they are paid in line with the public procurement notice. Suppliers who have furloughed staff should not be paid whereas those who have not furloughed staff, continue to be paid by the College.

D Morgan confirmed that whilst costs are lower in some areas due to the COVID-19 situation, these are offset by increases in costs in other areas therefore no overall savings have been made. The College has incurred additional costs ensuring the campus is compliant with social distancing rules and the College still has high exam costs due to registration fees.

Governors' attention was brought to the balance sheet and Governors noted that the loan which is due for renewal in May 2021 is classed as a short-term creditor however the bank is willing to confirm in writing that it has a long-term relationship with the College.

D Morgan confirmed that no LGPS assumptions had been made.

The College has revisited its priorities for capital expenditure to support mobile working. D Morgan highlighted the capital expenditure for the T-Level capital funding application which is linked to the College's Property Strategy.

D Morgan confirmed that the bank covenants are forecast to be met and the financial health rating is predicted to be good.

D Morgan reminded Governors of the loan capital repayment holiday taken by the College to boost its cash position.

Costs are included for the annual i-Pad refresh in line with the College's IT Strategy. £300k has been allocated to IT equipment such as laptops to further support and facilitate mobile working. Cash has become available to support this due to the apprenticeship income being received by the College.

The Resources Committee noted that the College's finances are in a good position particularly given the current situation and uncertainties.

Governors were given the opportunity to ask questions.

E Johnson highlighted that in the current situation all pension schemes are experiencing strains.

P Taylor questioned the staff costs being reported as on budget however teaching staff costs on page three is showing as being over budget. D Morgan confirmed that whilst one line within staff costs might be over budget, the overall staffing budget comprising of a number of reporting lines is within budget. P Whitehead confirmed that the original staffing budget was £16.5m and the end of year forecast is in line with this. E Johnson asked how meaningful the red dots were on page 3 and D Morgan confirmed they were meaningful for that particular budget line.

P Taylor asked if the cash for the loan repayment holiday had been used or whether it could be used to make additional loan repayments. D Morgan reported that due to uncertainties in income, the repayment holiday was taken however the cash saved was not used. This demonstrates that the College had the foresight to assess its potential situation and requirement for a repayment holiday. P Whitehead confirmed that the cash forecast for April 2021 looked very low therefore the repayment holiday helped to minimise the long-term financial impact and will assist in the assessment of the College being a going concern. K Spencer reported that there is still a number of uncertainties with funding and next year will be challenging therefore having the cash from the repayment holiday will be beneficial. J Bedford highlighted that there could be further changes and uncertainties, particularly if there is a second spike of COVID-19.

The Resources Committee approved the management accounts for the period 1 August 2019 to 31 May 2020.

826 Financial Regulations

The Resources Committee received and considered the Financial Regulations, presented by D Morgan, Executive Director – Finance and Facilities.

D Morgan reminded Governors that the Financial Regulations are reviewed annually to ensure that they are up-to-date and take into account EU regulations.

D Morgan reported that the EU procurement thresholds had changed and therefore the only proposed changes to the Financial Regulations are to reflect these threshold changes.

The Resources Committee approved the Financial Regulations.

827 Local Government Pension Scheme Statement of Policy

The Resources Committee noted that there had been no changes to the Local Government Pension Scheme Statement of Policy, set by the Resources Committee in 2014.

828 UCH Deed of Transfer

The Resources Committee received an update on the UCH Deed of Transfer, presented by W Allanson, Deputy Principal.

W Allanson reported that the Deed of Transfer has been agreed in principle by ARU and Harlow College and will go to the ARU Board Meeting on 14 July 2020 for final sign-off. The College's solicitors are ready to act on 15 July to ensure that the transfer takes place before 31 July 2020.

E Johnson asked if B Spencer had looked at the Deed of Transfer. W Allanson reported that the College's solicitors had been used and B Spencer confirmed that he had seen the document as part of the papers but had not been asked to look at it in any more detail.

W Allanson reported that the College had pushed back on two areas of contention which ARU have agreed to and that the risk to the College was still very low.

The Resources Committee noted the update on the UCH Deed of Transfer and thanked W Allanson for his hard work over a long period of time on this matter.

829 Property Strategy 2020 – 2025 Strategic Summary

The Resources Committee received and considered the Property Strategy 2020 – 2025 Strategic Summary, presented by W Allanson, Deputy Principal.

Governors were informed that the Strategic Summary is a summary of the full Property Strategy which had been circulated with the meeting papers for information.

W Allanson informed Governors that the Strategy looks at the College's Strategic Plan and takes a five year view of what the College needs to do with its estate in order to release the objectives within the Strategic Plan, whilst also looking at student numbers and demographics.

Governors' attention was brought to the space analysis and option analysis, which is based on three options – do nothing, progressive refurbishment of the campus or move to a new site. Progressive refurbishment of the campus is the preferred option.

W Allanson highlighted that the priorities set out in the Strategy are those that were presented to the Resources Committee in February 2020, except increased IT infrastructure has been included.

Governors' attention was brought to the table highlighting the spend profile. All items in red are dependent on T-Level capital funding, items in blue are dependent on T-Levels equipment funding and items in grey are dependent on the College securing additional capital funding from elsewhere.

W Allanson informed Governors that the T-Level capital funding application has been scaled down to £2m due to restrictions in match funding. W Allanson reported that the College had been approached by Essex County Council following an approach they received from the South East LEP. The Government has announced funding to support economic recovery following COVID-19 and are looking for "shovel-ready" projects. The funding taken out of the T-Levels application has been included in Essex County Council's submission to the LEP and the outcome of this is likely to be announced in July. The College is also hopeful of further capital funding opportunities to support the Strategy.

The Resources Committee approved the Property Strategy 2020 – 2025 Strategic Summary and agreed to recommend the Property Strategy to the Corporation for approval at its meeting on 09 July 2020.

830 Any other business

There were no items of any other business.

831 Dates of future meetings

The Resources Committee received, reviewed and approved the Calendar of Meetings, the Committee's Terms of Reference and the Committee's Calendar of Business, without any proposed amendments.