

# HARLOW COLLEGE FURTHER EDUCATION CORPORATION

## RESOURCES COMMITTEE

### Minutes of the meeting held on Thursday 28 June 2018

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

In attendance: M Stokes, Deputy Principal  
D Morgan, Executive Director – Financial Services  
P Whitehead, Executive Director Information, Data & Support  
D Sheridan, Clerk to the Corporation

#### **754 Apologies for absence**

Apologies for absence were received and accepted from J Breen. The Committee noted that W Allanson and R Lucas were attending an event led by the Construction Industry Training Board.

#### **755 Declarations of interest**

There were no interests declared beyond those already made known to the Board.

#### **756 Minutes of the previous meeting**

The minutes of the Resources Committee meeting held on 10 May 2018 were agreed as an accurate record and signed by the Chair.

#### **757 Matters arising from the minutes (not mentioned elsewhere on the agenda)**

##### **757.1 VAT Refund to Harlow College (minute 745.1 refers)**

Governors noted that there is still no resolution yet to the issue of the VAT refund although a decision is expected imminently.

#### **758 Management Accounts for the period 1 August 2017 – 31 May 2018**

The Resources Committee received and considered the Management Accounts for the period 1 August 2017 – 31 May 2018, presented by Deanne Morgan, Executive Director – Financial Services. The Management Accounts were discussed in detail.

The forecast end-of-year surplus is currently £195k against a revised budget target of £203k. Governors noted income levels and that the expenditure for the year included newly employed staff for Stansted Airport College. Governors also noted the increase in operating expenses, arising from exam fees and premises costs, particularly those

arising from HAMEC, which were proving challenging. It was confirmed that these costs are under scrutiny to ensure savings are made.

Deanne Morgan confirmed that banking covenants are being met and that all ratios are being monitored. The College's financial health rating remains Good.

The Committee discussed staff costs, which are currently 68% of income, above the College benchmark of 65%. Again Governors noted that staff were employed to develop the offer for Stansted Airport College at a stage when there was no learner income for the new College, thereby pushing staff costs upwards. In addition, the College employed its own catering and cleaning staff rather than contracting those services out, which also increased the percentage of expenditure on staff.

Governors noted capital expenditure.

Deanne Morgan informed the Resources Committee that a review of the Teachers' Pension Scheme, part of a national assessment, is likely to result in increased College contributions after September 2018. There is no indication yet of the level of increase. In response to questions about the Local Government Pension Scheme, the Principal confirmed that the College had resolved its position with the Essex LGPS managers.

The Resources Committee noted the Management Accounts for the period 1 August 2017 – 31 May 2018.

## **759 Two Year Financial Forecast and Draft Budget 2018 – 2020**

The Resources Committee received and considered the report on the two year financial forecast and draft budget 2018 – 2019, presented by Deanne Morgan, Executive Director – Financial Services. Governors noted that the forecast meets the requirements of the Financial Planning Handbook May 2018, issued by the Education and Skills Funding Agency (ESFA).

Deanne Morgan reported that the financial plan presents a realistic view of the College's position in order to provide an accurate picture of its financial health. The forecast supports the strategy and objectives of the College including growth in the curriculum areas, such as engineering, the continuing development of the teaching skills of staff and the considerable achievement of opening a new campus at Stansted Airport. The plan reflects the financial stability of the College by maintaining Good financial health and meeting the bank covenants.

Governors noted that the plan contained some significant movements arising from the opening of Stansted Airport College, including the remaining capital expenditure, staff salaries and operating costs and anticipated learner income. The Principal confirmed that the letter of comfort for Stansted Airport College learner income had not yet been received from the ESFA but was anticipated imminently. In detailed discussion, the Resources Committee noted the impact on the College should the letter of comfort not be received and that if it is received, there will be a delay to January 2019 in receiving the income. Other significant movements arose from HE income with the ending of the Higher Education funding contract with Anglia Ruskin University.

The Resources Committee noted and confirmed the Financial Objectives, Challenges and Significant Asset Development. Governors discussed the current loans to the College and identified that the forecasts enabled the repayment of borrowings.

In discussing the sensitivity analysis, Deanne Morgan drew Governors' attention to issues of cash flow arising from capital investments and the opening of the new campus at Stansted Airport. The Committee agreed to recommend to the Corporation that an overdraft be taken out in September 2018 to March 2019 to ensure that cash flows are maintained. Deanne Morgan confirmed that the Clydesdale Bank was amenable to this and that the fee would be approximately £2,000-3,000. Governors agreed that this would support the 'going concern' judgement in the Annual Accounts to be signed off in December 2018.

Deanne Morgan confirmed that 95% of supplier invoices were paid within 30 days.

The Committee reviewed the Financial Planning Checklist produced by the ESFA for Governors.

After discussion, the Resources Committee agreed to recommend the two-year Financial Forecast 2018-2020 and draft budget for 2017/18 to the Corporation for approval at its meeting on 19 July 2018.

The Resources Committee reviewed and confirmed the KPIs for use in monitoring the plan. Governors confirmed that the Forecasts are consistent with the College's strategic plan and that the plan and accompanying commentary provided an adequate portrayal of the challenges facing the College. Governors agreed that the data provided may be published by the ESFA.

The Resources Committee agreed to recommend to the Corporation that an overdraft facility for the period September 2018 to March 2019 to accommodate lagged Stansted Airport College funding be taken out.

## **760 Financial Regulations**

The Resources Committee received, considered and approved the Financial regulations, presented by Deanne Morgan.

## **761 College Subsidiary Companies**

The Resources Committee received, considered and noted the report, presented by Deanne Morgan, on the College Subsidiary Companies.

The Resources Committee noted that the College will be seeking further advice in respect of the College's 'option to tax' status which will be reported to Governors.

## **762 Local Government Pension Scheme Statement of Policy**

The Resources Committee noted that there were no planned changes to the Local Government Pension Scheme Statement of Policy, a Policy which the Resources

Committee set and approved in 2014.

## **763 Harlow College Developments**

The Resources Committee received a report from Will Allanson, Vice-Principal, in respect of Stansted Airport College which covered progress, budget, learner recruitment and staff appointments.

Governors noted progress to date and discussed the potential donation of an aeroplane and agreed it would benefit training programmes at the campus. Governors noted the budget which would overrun arising from the need to construct a hard standing area for the aeroplane and potential additional expenditure of £30,000 for a substation.

## **764 Any Other Business**

### **764.1 University Centre Harlow College**

The Principal reported on the possibility that Anglia Ruskin University will transfer ownership of the building to Harlow College.

## **718 Dates of Future Meetings**

The Resources Committee received the Committee's Terms of Reference and proposed dates of future meetings. Governors agreed to make the following amendment to the Committee's Terms of Reference, to be approved by the Corporation:

1 a) To monitor the effective and efficient use of all College resources including Stansted Airport College;

The Resources Committee agreed the Committee's terms of reference, subject to the amendment stated above, and noted the dates of future meetings.