

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

RESOURCES COMMITTEE

Minutes of the meeting held on Thursday 30 June 2016

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

* Denotes Present

In attendance: M Stokes, Deputy Principal
D Morgan, Director of Financial Services
W Allanson, Executive Director – Business Development
(agenda items 670 and 675 only)
P Whitehead, Director of MIS and Admissions
(agenda item 671 only)
D Sheridan, Clerk to the Corporation
R Lucas, Deputy Clerk to the Corporation

663 Apologies for absence

Apologies for absence were received and accepted from P Taylor.

664 Declarations of interest

E Johnson declared an interest as he is an Essex County Councillor and the College has a funding contract with Essex County Council.

665 Minutes of the previous meeting

The minutes and the confidential minutes of the Resources Committee meeting held on 12 May 2016 were approved as a correct record and signed by the Chair.

666 Matters arising from the minutes (not mentioned elsewhere on the agenda)

666.1 Future Funding 2016/17, Learner Number Targets and Offers (minute 658 refers)

The Principal reported that employers are showing an interest in working with the College on the apprenticeship levy, however the Government has not yet published their guidance. Awareness raising sessions are being held with employers. The levy comes into effect in April 2017.

The Principal reported that the College will be bidding to work with SMEs and a new register of apprenticeship providers is being set up which the College needs to be registered on in order to deliver apprenticeships. There will be an opportunity to bid for a contract starting in April 2017.

An approach has been made to BIS to meet with some engineering companies and it is envisaged that a group will be convened next academic year.

667 Management Accounts for the period 1 August 2015 – 31 May 2016

The Resources Committee received and considered the Management Accounts for the period 1 August 2015 – 31 May 2016, presented by Mike Stokes, Deputy Principal.

The management accounts were discussed in detail. Governors asked questions and noted the following:

- The current predicted operating surplus is £434k and the consolidated operating surplus is £374k, both of which are above the original budget set in June 2015.
- The cash in hand position is positive and a good end of year position is predicted.
- Both pay and non-pay expenditure are lower than originally budgeted.
- Capital expenditure remains within budget.
- The College's financial health rating is forecast to be good and needs to remain as good.
- A meeting is being held with ARU to look at different models of HE delivery. Governors considered their advantages and disadvantages. Governors agreed that the College should pursue the approach.
- Both bank covenants have been met.
- The total borrowings are decreasing.

The Resources Committee noted the management accounts for the period 1 August 2015 – 31 May 2016.

668 Two Year Financial Forecast and Draft Budget 2016-18

668.1 To receive and consider the Financial Forecasts and draft budget for the year 1 August 2016 – 31 July 2018 and supporting dashboard & information

668.2 To receive and consider the letter of the Chief Executive of the Skills and Education Funding Agencies and the checklist in the Financial Planning Handbook

The Resources Committee received and considered the financial forecasts and draft budget for 1 August 2016 – 31 July 2018, the letter of the Chief Executive of the Skills and Education Funding Agencies and the checklist in the Financial Planning Handbook presented by M Stokes, Deputy Principal.

A detailed discussion was held around these papers. Governors asked / noted the following:

- The forecast outturn for this year and next year are based on actual allocations to the College and the third year forecasts are based on allocation estimates.
- More detailed information was provided on key assumptions made

within the forecast and the sensitivity analysis.

- The income assumptions have been tested to ensure they are reasonable.
- The final version will be presented to the Corporation at its meeting on 14 July 2016 for approval.
- The FE Commissioner has issued national guidance on financial health.
- Annex 1 is a checklist for Governors to help ensure they are asking the right questions to ensure that the College is solvent and is a going concern.
- The Government is introducing new insolvency regime for colleges and a discussion was held on this. Governors were informed that the College has insurance to protect them as long as they can demonstrate they have acted with reasonable diligence.
- Modest growth in learner numbers has been used in the forecasts.
- This year the number of offers made following interview has increased by approximately 300 and the College has an 80% average offer to enrolment conversion rate.
- The final staff cost position for 2015/16 is lower than originally forecast. It is recommended that staff costs are in the region of 60% - 63% of income. The College is at the higher end of this scale, however it does not sub-contract funding at the levels of other colleges.
- The financial health remains as good under the new methodology of calculating the forecasts.
- The accounts are reviewed every month and reforecasting takes place from September onwards each year.
- E Johnson asked if the permutations used were solid. D Morgan explained the sensitivities and scenarios. Testing of tolerance levels has been undertaken to determine where good financial health would turn into satisfactory. Governors agreed it would be useful to have a separate internal document which details the scenarios and testing of tolerance levels.
- The College has received formal confirmation that its financial health for the last financial year was good.
- The dashboard circulated is based on data submitted by the College to the SFA in February 2016. In response to Governors questions, the Principal suggested that key points could be highlighted for Governors.

The Resources Committee thanked M Stokes and D Morgan for their work in preparing the forecasts and the budget.

The Resources Committee:

- Agreed to recommend the financial forecasts and draft budget for 1 August 2016 – 31 July 2018 for approval at the Corporation meeting on 14 July 2016.
- Noted the letter from the Chief Executive of the Skills and Education Funding Agencies, the checklist in the Financial Planning Handbook and the finance dashboard.

669 Further and Higher Education SORP 2014 (FRS102)

The Resources Committee received and considered the report on the Further and Higher Education SORP 2014 (FRS102), presented by D Morgan, Director of Financial Services.

D Morgan informed Governors that the Further and Higher Education SORP 2014 (FRS102) has been introduced to bring the accounting and reporting in line with international reporting standards and will change the way the accounts are presented.

Governors noted the key areas of consideration as follows:

- Accounting policies – the College has a one-off opportunity to put in a revaluation of its campus into the accounts and the College needs to calculate whether this would be beneficial or not.
- Bank covenants.
- Tangible fixed assets.
- Leases.
- Government grants (deferred capital grants) – there is a different way of reporting Government and non-Government grants on the balance sheet.

Governors were informed that discussions have been held with the bank and the College has confirmed that the covenants were not affected by this change in reporting.

The Resources Committee noted considered the report on the Further and Higher Education SORP 2014 (FRS102).

670 Property Strategy and Harlow College Estate

The Resources Committee received and considered the update on the property strategy and Harlow College estate, presented by M Stokes, Deputy Principal, W Allanson, Executive Director – Business Development and D Sheridan, Clerk to the Corporation.

W Allanson reported that the construction of the Advanced Manufacturing and Engineering Centre is on target to complete on 23 December 2016 and is within budget. There will be a phased handover of the building. The contract with Wilmott Dixon is expected to be signed on 8 July 2016. It is not unusual in the construction industry for building works to commence out of contract. No residential complaints have been received.

The College is in the process of procuring the specialist equipment for the Centre.

The Resources Committee was provided with an update on the car park and E Johnson declared an interest as a local councillor. The College will still have use of the car park until December 2016. Harlow Council has an obligation to support the College in providing extra car parking provision. Harlow Council has informed the College that they do not require the grazing land owned by the College and have suggested lease agreements between the College and the Council for land elsewhere in Harlow. This proposal is being investigated.

Governors discussed this proposal. A further meeting is scheduled with Harlow Council for 6 July 2016 and K Spencer agreed to brief Tony Durcan on the situation.

The Resources Committee noted the update on the property strategy and Harlow College estate.

671 Tuition Fee Policy 2016-17

The Resources Committee received and considered the report on the Tuition Fee Policy 2016-17, presented by P Whitehead, Director of MIS and Admissions.

Governors noted that the policy had been updated for 2016-17. There are no major changes to the policy.

Advanced Learner Loans have replaced 24+ Loans and there are available to anyone aged 19 and above for Level 3 provision. This has led to an increase in the College's loan facility and will benefit learners by increasing accessibility to courses.

The apprenticeship reforms have been referenced in the policy however the policy will need reviewing in April 2017 following the introduction of the apprenticeship levy.

The Resources Committee approved the Tuition Fee Policy for 2016-17.

672 Local Government Pension Scheme Statement of Policy

The Resources Committee noted that there have been no changes to the Local Government Pension Scheme Statement of Policy.

673 Any Other Business

There were no items of any other business.

674 Dates of Future Meetings

The calendar of meetings and Committee business plan were circulated.

Autumn Term	Thursday 01 December 2016	08.30am
Spring Term	Thursday 02 March 2017	08.30am
Summer Term	Thursday 11 May 2017	08.30am
	Thursday 29 June 2017	08.30am