

**HARROW COLLEGE FURTHER EDUCATION CORPORATION
MINUTES OF THE MEETING OF THE
RESOURCES COMMITTEE
WEDNESDAY 7 OCTOBER 2009**

1 PRELIMINARY PROCEDURAL MATTERS

1.1 Attendance, apologies for absence

Membership: Sandra Ernstoff (Chair)
Phil Harding
Anna Kyprianou
Tony Medhurst (Principal)
Steve Marsden

In Attendance: Jayne Chaplin (Clerk)
John Cudmore
Rena Prindiville

1.2 Declarations Of Interest

There were no declarations of interest.

1.3 Minutes of Previous Meeting

The minutes and confidential minutes of the meeting held on 24 June 2009, were confirmed as a correct record, and were signed by the Chair.

1.4 Matters Arising

There was no Matters Arising.

2 FINANCIAL MATTERS

2.1 Draft Annual Accounts 2008/09

The 2008/09 draft Annual Accounts were presented.

It was reported that for 2008/09 a budget had been approved that showed an operating surplus of £80k excluding the impact of FRS17.

It was noted that, although the position remained subject to the outcome of financial statements audit, the current best estimate of the predicted out-turn for 2008/09 was for an operating deficit of £1.23million, including the impact of FRS1; which it was noted had resulted in a positive adjustment of £127k.

Members were advised that the exceptional item of report for 2008/09, as instructed by the LSC, was the writing off of costs associated with the now aborted property project.

It was reported that:

- 2.1.1 The best view of the costs was that these would amount to a net £9.680 million, after applying capital grant support of £920k, resulting in an overall deficit of £10.917 million.
- 2.2.2 This would be written off against College reserves of £4.319 million, resulting in negative reserves of £6.598 million.

The key income and expenditure variances were considered and there was consideration of:

- 2.2.3 The financial impact of the College's struggle to meet its targets and the comprehensive staff review and restructuring process that had been undertaken during the year.
- 2.2.4 Potential implications for the College in respect of continuing as a going concern in the context of the aborted property project and the writing off of costs associated with the project. It was noted that it was a position now common to many colleges in the sector.

After further discussion, it was **RESOLVED** to:

- 2.2. 5 **NOTE** the report.

2.2 Franchise & Partnership Provision

A report was received summarising the end of year performance in franchise and partnership activity for 2008/09 and outlining proposals for activity for 2009/10.

Members were reminded that a number of franchise contracts were entered into in order to address the shortfall in learner numbers and funding in 2008-2009.

It was reported that although not achieving total target funding, the contracts were successful in delivering provision that generated over £1million in funding, recruiting over 600 learners, with payments to the providers of over £800k. It was noted that the net contribution from these programmes had amounted to £273k, which represented approximately 25% of funding generated.

In respect of performance, members were advised that:

- 2.2.1 Whilst the franchise contracts had been slightly under target for both learners and funding, all had been successfully delivered, providing total funding of £1.082million, of which £809k was paid to providers.
- 2.2.2 In the final year of partnership activity working with the Collegiate, the overall target funding had been £572k with actual funding generated of £591k; a positive variance of £19k. It was noted that the Collegiate had advised the College during

the summer term that it no longer required MIS and data support, but that it would like to continue with teaching support, as well as the provision of College programmes for infill students.

With regard to activity for 2009-2010:

- 2.2.3 It was proposed that the 16-18 franchising with Nisai would continue, providing on-learning to medically ill students and the completion of one small cohort of learners at Construction Training, due to complete their programme in September 2009.
- 2.2.4 It was noted that no further 16-18 franchise provision was planned pending final outcome of recruitment of 16-18 learners; at which time the position would be reviewed.
- 2.2.5 Members were advised that there was only sufficient budget available to complete carry-over learners from 2008-09 Train to Gain activity with SAFE for the delivery of training to the security industry. It was noted that this would generate approximately £100k in funding.
- 2.2.6 It was noted that as good success rates had been achieved with North London ITeC for 2008-2009, the College planned to continue working with the provider delivering ESOL at the Beacon Centre in Rayners Lane as well as two local Mosques; with planned funding of £100k.
- 2.2.7 It was noted that the College proposed to continue the long-standing franchise contract with The Shaw Trust for the delivery of Skills for working Life qualification to students with learning difficulties. Members were advised that this contract would generate approximately £53k, supporting up to 20 learners.

After discussion it was **RESOLVED** to:

- 2.2.8 **NOTE** the franchise and partnerships performance for 2008/09
- 2.2.9 **RECOMMEND** to the Corporation the **APPROVAL** of planned franchise and partnerships activity for 2009/10

2.3 Enrolment Report 2009/10

A report was received providing the current position on enrolments for 2009/10.

With regard to the progress against targets, it was reported that:

- 2.3.1 Although recruitment to College programmes for 16-18 year old students was below target it was a significant improvement compared to the same period in the previous year last year. It was noted that the College was confident of achieving targets with enrolment continuing and plans in place for further programmes to start in November and January.
- 2.3.2 The gap of just over 900 19+ students, although typical at this time of year, was slightly higher than anticipated but that there were a number of full-time and part-time programmes commencing later in the year that would address this gap.

- 2.3.3 After experiencing a year on year reduction of £150k in Employer Responsive funding, there would be no recruitment of new learners until after 1 April 2010 due to the re-profiling of payments and cuts in funding.
- 2.3.4 Additional learner support was still being recorded and that as a result the financial date was currently unavailable.
- 2.3.5 The College had lower targets for both numbers and funding in relation to apprenticeship programmes and that initial recruitment had given cause for concern. It was noted that careful monitoring processes would be carried out to ensure targets were achieved.

After discussion it was **RESOLVED** to:

- 2.3.6 **NOTE** the report.

2.4 Management Accounts (September 2009)

The Management Accounts for the period 1 August to 30 September 2009 were received.

It was reported that with regard to recruitment, the College appeared to be in a stronger position than for the same period last year.

Members were advised however, that it was important that recruitment continued and that staff costs remained contained and monitored to ensure that the College remained within budget. It was noted that processes were in place to alert managers to any potential over-spend, which would enable them to put measure in place to return to plan.

After discussion, it was **RESOLVED** to:

- 2.4.1 **NOTE** the Management Accounts.

3 HR MATTERS

3.1 HR Report (inc. staff restructuring)

The HR Report was received advising members on current developments in Human Resources, the highlights of which included:

- 3.1.1 An update on the staff restructuring, about which it was noted that the reorganisation of the College management structure and staffing had now taken place and that, where required, the redundancy process had been undertaken in line with the College's redundancy policy and legal requirements. It was reported that there had been anticipated saving on established staff costs 2009/10 of £1million.
- 3.1.2 An update on the National Pay Negotiations for 2009/10. It was reported that the Aoc had recommended a 1.5% increase, which had been accepted by all unions except the UCU, but that the College had at this stage budgeted for a 1% pay rise for all staff for 2009 /2010.

- 3.1.3 A reminder that this year's Staff Awards ceremony was to be held on Wednesday 9 December 2009
- 3.1.4 Advising members on the implications of the new vetting and barring scheme scheduled to come into effect on 12 October.

There was a discussion of the report and in particular:

- 3.1.5 The National Pay Negotiations for 2009/10 in the context of the College's current financial situation and enrolment numbers It was noted that colleges remained responsible for their own pay policies and any national agreement that might be reached by the AoC with the trade unions served as a recommendation only. It was agreed that until clarity had been obtained from the LSC about the College's position in respect of the abortive costs of One Harrow, no decision should be made in respect of a pay award.
- 3.1.6 The new vetting and barring scheme and the systems in place and the additional processes that were being introduced. It was noted that in addition, there was a proposal, going to the next Corporation meeting, to include governors in the CRB checking arrangements.

After consideration it was **RESOLVED** to

- 3.1.7 **NOTE** the report.

4 PROJECTS REPORTS

4.1 One Harrow Financial Update

A report was received updating members on the financial position with regard to the One Harrow Project.

Members were advised that in respect of the LSC position and the outcome of the Capital task Group:

- 4.1.1 There was no money available from the LSC for abortive project costs. It was reported that there was only a small "pot" of money available for colleges in financial difficulties and that the next round of capital spending was already committed so that no funds would be available for projects until 2012 at the earliest.
- 4.1.2 It was a pretty stark position with no available cash for colleges and only limited, if any, help over the next few years.

It was reported that in respect of the implications for the College:

- 4.1.3 Total expenditure on the project had been £10.6million, off-set by capital funding of £920k; resulting in net expenditure of £9.680 million.
- 4.1.4 Positive cash flow was only supported by a short-term loan of £2.5million from Barclays Bank and LSC funding of £4.1 million.

The financial implications were considered and it was noted that:

- 4.1.5 The external auditors had advised that the net costs of £9.680 million must be written off in the financial year 2008/09; which would result in a huge deficit, eliminating reserves and driving the College into a position of negative net assets for the foreseeable future. Members were advised that this would also drive the College's financial status with the LSC from a Grade A at 31 July 2008 to Grade C by 31 July 2009.
- 4.1.6 In the shorter term, the cash flow report indicated that whilst the College would have positive balances at bank until January 2010, thereafter for the following three months it would require further financial support.
- 4.1.7 Bank loans and funding advances were required long term if the College was to remain solvent and meet its commitments.

There was a discussion of the College's financial position, directly result from the LSC's decision to suspend all capital project, and the wider implications politically with the impact on Harrow council's own redevelopment plans for the area. It was agreed that it would be useful for the Chair to write to the LSC London region to express the Corporation's disappointment with events.

Dissatisfaction was expressed that to date the College still had not received any indication as to the form of support that the LSC was likely to give in order for the College to continue as a going concern; a position that the Committee considered wholly unacceptable.

After further consideration it was **RESOLVED** to:

- 4.1.8 **NOTE** the Report.

5 COMMITTEE BUSINESS

5.1 Committee Annual Report

The Annual Report for the Resources Committee was received outlining the work of the Committee during the period 1 August 2008 to 31 July 2009.

Members were advised that as the Property & Accommodation Committee had now been dissolved, the report had included a summary the business conducted by that Committee during the same period; along with the highlights of the business considered by the Resources Committee.

The contents of the report were discussed and the Committee's attendance rate for the year was noted. After discussion it was **RESOLVED** to:

- 5.1.1 **NOTE** the report.

5.1.2 **RECOMMEND** to the Corporation the approval of the Committee's Annual Report for 2008/09.

6 OTHER BUSINESS & MEETING EVALUATION

6.1 Other Business

There was none.

6.2 Date of Next Meeting

Wednesday 2 December 2009

6.3 Meeting Evaluation

Members completed the meeting evaluation forms and the meeting closed.