

**HARROW COLLEGE FURTHER EDUCATION CORPORATION
MINUTES OF THE MEETING OF THE
RESOURCES COMMITTEE
WEDNESDAY 24 JUNE 2009**

1 PRELIMINARY PROCEDURAL MATTERS

1.1 Attendance, apologies for absence

Membership: Phil Harding (Chair)
Anna Kyprianou
Tony Medhurst (Principal)
John Steady
Leslie Wilson (up to item 4)

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

Apologies: Sandra Ernstoff

1.2 Declarations Of Interest, Confidential items & Agenda Changes

There were no declarations of interest.

It was:

1.2.1 **RESOLVED** that Item 4 would be taken as confidential item.

1.2.2 Reported that agenda items 4.2 to 4.5 were unavailable and would be the subject of report at a later date.

1.3 Minutes of Previous Meeting

The minutes and confidential minutes of the meeting held on 4 March 2009, were confirmed as a correct record, and were signed by the Chair.

1.4 Matters Arising

There were no Matter Arising.

2 FINANCIAL MATTERS

2.1 Management Accounts (May 2009)

The Management Accounts for the period 1 August to 31 May 2009 were received.

It was reported that the review for May indicated that the current predicted outturn was a deficit of £541k, a negative position primarily associated with reduced income from work

based learning and learndirect contract income, as well as reduced activity and income from tuition fees and income generating programmes. It was noted that:

- 2.1.1 In addition, it had become evident that the planned savings from staff vacancies would not be achievable due to the increased costs associated with part-time lecturer and business support costs. Members were advised that much of this was attributed to additional cover for long term sickness absence.
- 2.1.2 The deficit position was likely to increase further with the restructuring programme underway and the likelihood of absorbing further redundancy costs up to 31 July 2009.

The year to date activity was summarised and there was a discussion of:

- 2.1.1 The shortfall in 16-18 year old learner numbers and the potential implications; and the degree to which the 19+ adult learners targets were likely to be achieved.
- 2.1.2 The total pay expenditure, higher than planned at £250k, and the reasons attributed to this.
- 2.1.3 The overspend in capital expenditure, particularly in the context of the current climate. The reasons attributed to the overspend were noted.

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

- 2.1.4 **RECOMMEND** to the Corporation the **APPROVAL** of the Management Accounts for May 2009.

2.2 Progress against Recruitment Targets: Update

A report was received updating members on progress against recruitment targets.

Members were advised of the actual position to date against the LSC target learners and it was noted that:

- 2.2.1 Recruitment to College programmes for 16-18 years old learners continued to be below plan with a shortfall in income generated of around £1.7million. Members were advised that despite the implementation of franchise and partnership arrangements it had proved difficult to reduce the shortfall and that whilst this may not impact on the current year's funding, there had been a negative impact in terms of numbers and funding for 2009/10, a reduction of £400k in real terms.
- 2.2.2 There was a current shortfall in 19+ adult responsive of just over 100.
- 2.2.3 After a slow start, the target learner numbers for the employer responsive provision had been achieved although the actual funding was likely to be £100k below target due to the large number of learners carried over from 2007/08, which had resulted in lower funding per learner.

- 2.2.4 The Train to Gain contract for the provision of security related programmes in the workplace was progressing well with funding of £278k generated and achievement of contract targets anticipated.
- 2.2.5 There was a significant shortfall in both numbers and funding for work based learning provision, which had resulted in the LSC re-profiling the College's contract with a reduction in funding of £97k.

It was reported that all franchise provision was progressing well and would achieve target numbers and funding with the exception of the CTL contract, which it was noted had lower than planned numbers due to the delay in implementation of the contract. Members were advised however, that no further recruitment was planned in order to avoid the potential impact on the 2009/10 learners.

There was a discussion in target numbers and in particular:

- 2.2.6 The shortfall in the 16-18 learner target numbers about which it was noted that although there was one further programme planned, the numbers were so low that there would not be a significant reduction in the funding gap.
- 2.2.7 The LSC measure for 19+ Adult responsive achievement by funding target only. It was noted that colleges achieving more than 97% of their funding target were protected from any re-profiling and possible reduction in income; and that having currently achieved 98% of its funding target the College therefore would not see any reduction in this funding this year.
- 2.2.8 The challenges ahead in respect of the continued transition from 18-19+ Adult Responsive provision to increased Employer Responsive programmes.
- 2.2.9 Current indications regarding recruitment for 2009/10.

After consideration it was **RESOLVED** to:

- 2.2.10 **NOTE** the report.

2.3 2009/10 Draft Budget

The 2009/10 draft budget and three-year financial forecast was received.

It was noted that the budget setting process, the last with the LSC, had been particularly challenging in the context of the current climate: and that the College had only just received its allocation for 2009/10, a 33% reduction in funding overall.

Members were advised that a surplus of £53k was planned which, following transfers from the revaluation reserve, would convert into an historic surplus of £270k.

It was reported that:

- 2.3.1 As the College had not achieved its target learner number during 2008/09 for 16-18 Funding, negotiations with the LSC had resulted in the College receiving

funding of £10.269 million for 2009/10, representing a reduction in funding of over £400K.

2.3.2 In terms of adult funding for 2008/09, the College was marginally below learner number targets and funding generated, and that whilst the learner number target for 2009/10 remained unchanged, the funding had been reduced by £178k.

2.3.3 With regard to employer responsive (including Train to Gain), and regardless of the fact that the College's contract for 2008/09 had proved very successful, due to the significant Train to Gain activity across the whole sector, there was insufficient funding available to meet demand. It was reported that the College therefore had seen a cut in overall Employer Responsive funding of nearly £400k.

The key income and expenditure assumptions and the sensitivity analysis were summarised.

There was a robust discussion of:

2.3.4 The pay cut costs, anticipated recruitment for 2009/10 and any potential impact of the Collegiate on recruitment.

2.3.5 Factors that could impact further on the College's financial position and the degree to which the College would be affected. It was agreed that it would be helpful, for the Corporation meeting, for the sensitivity analysis to also include a reflection of best and worse case scenarios along with an analysis of the key risks and the strategies in place to manage them.

After consideration it was **RESOLVED** to:

2.3.6 **RECOMMEND** to the Corporation the **APPROVAL** of the Budget for 2009/10.

2.4 Financial Forecast 2009/2012

See Minute 2.3

2.5 Capital Works

A report was received outlining proposal for capital expenditure for 2009/10.

Members were advised that there were two proposals, the first comprising plans for four schemes to the value of £550k for building alterations and refurbishment, cross college systems and curriculum IT and equipment.

It was reported that the second proposal outlined plans to provide new training capacity for construction trades training. It was noted that a demand had been identified for construction trades training that could not be met at the skills centre or other local colleges; and that although the College currently operated the Harrow Skills Centre, which provided such training focused on 16-16 year olds, there was currently no capacity on either campus to provide such a facility.

It was noted that a search had been conducted for appropriate premises and that:

- 2.5.1 A preferred unit, Whitefriars, had been located, which would provide of one or two workshops and two or three classrooms depending on the capacity required. Two options, (a) and (b), were noted on that basis. It was reported that there were Town Planning requirements regarding change of use that would need to be fulfilled; and that whilst reservations had been expressed about volume of traffic and car parking, indications to date about approval had been positive. It was noted that with a capital budget of £400k was proposed.
- 2.5.2 An alternative option, (c), a building called Lexus House, had been identified, which whilst considerably larger provided substantial additional car parking capacity. Members were advised that it was in poorer condition by comparison with the Whitefriars unit but that it was available at a much lower rental. It was noted that a budget of £40k was proposed to develop schemes and approximate costs for Lexus House.

There was a discussion of:

- 2.5.3 The capital expenditure plans for 2009/10 and in particular the proposals to provide new training facility for construction trades training in the current climate. The need to make such an investment in order to bring to fruition the College's plans to add and expand vocational programmes to its curriculum offer was recognised, which had been the subject to discussion at the February Governors' Conference.
- 2.5.4 The costs associated with the proposals and the funding that would be available in the context of the 2009/10 budget and the Town Planning requirements, a formal decision on which it was noted was imminent.
- 2.5.5 The next steps in the progression of options (a) and (c) and the timescales within which the College would be required to work in implementing the proposals.

After consideration it was **RESOLVED** to:

- 2.5.6 **RECOMMEND** the **APPROVAL** of proposed capital expenditure of £550k for the four curriculum related schemes for building alterations and refurbishment, cross college.
- 2.5.7 **REQUEST**, in advance of any formal approval, an update at the Corporation meeting on the proposals for the new training facility for construction trades training, at which time the outcome on the Town Planning approval would be known and a clearer indication on the funds available was anticipated.

Mr M Westmore left the meeting at this point.

2.6 Financial Regulations and Procedures

The College Financial Regulations and Procedures were received.

Members were advised that both the Financial Regulations & Procedures had been reviewed in full with the intention to “slim down” and publish only those parts of the procedures of relevance to cross-college staff; with those Procedures solely of relevance to the Finance Department set out in a new separate document to be held and maintained by the Department.

It was reported that the Internal Audit made two recommendations in January 2009 in relation to the College’s BACS procedures and the frequency of review of the Refund Procedure, following which a new procedure for BACS payments had been introduced accordingly.

After discussion it was **RESOLVED** to:

2.6.1 **RECOMMEND** to the Corporation the **APPROVAL** of the Financial Regulations and Procedures as updated.

3 FRANCHISE, PARTNERSHIP & PROJECTS MONITORING REPORTS

3.1 Franchise & Partnerships Report

A report was received updating members on progress with the College’s franchise, partnership and projects.

It was reported that:

3.1.1 The contract in place with The Shaw Trust had a value of £52,680 and would support 20 students. It was noted that current student numbers enrolled were 13 with associated funding of £34k.

3.1.2 To date there had been 47 students recruited on to the contract with Construction Training London Ltd generating total funding of £190k. Members were advised however, that no further recruitment was planned for the remainder of this year, as any students recruited after April would carry over into 2009-2010 and impact on next year’s learner numbers.

3.1.3 The LSC had agreed to fund the provision with Nisai through Additional Learning Support Funding and to contract with the College for provision totalling £136k. It was noted that the actual cost to the College would be in the region of £147k and that the College was keen to develop this partnership in particular because it would assist in the College meeting its 16-18 learner target; and provide an opportunity for the College to grow and enhance this stream of activity.

3.1.4 To date 147 learners had been recruited to the SAFE Train to Gain provision and that it was anticipated that the target of 351 learners would be achieved. It was noted that a monthly schedule of meetings had been put in place with College Managers and SAFE to ensure achievement of target numbers, as well as quality of provision and compliance with LSC requirements.

With regard to the Collegiate partnership provision members were advised that:

- 3.1.5 Planned learner numbers were 1,187 at £250 per learner. It was noted that the actual numbers were 1,127 generating income of approximately £275k and that offset against this were approximately 36 College students who were studying AS/A2 programmes at the schools, giving a net income of £252k.
- 3.1.6 In respect of staffing support, only three schools had required such support during the year, generating marginally lower funding planned of £58k.
- 3.1.7 The College had assumed that approximately 160 (53 fte) collegiate learners would study one or more ASA2 at the College with associated funding of £200k. It was noted that in the event over 220 (73 fte) learners were actually studying one or more AS/A2 at the College, generating funding of £281k.
- 3.1.8 In respect of the 2009/10 contract the Collegiate had advised the College that it no longer required its Admissions, Examinations and MIS services for 2009-2010 but the provision of academic staff support as well as infill of their students to Harrow College programmes had been requested. It was noted that this was in the process of being finalised with the Vice Principal.

After consideration it was **RESOLVED** to:

- 3.1.9 **NOTE** the report.

4 HR MATTERS

4.1 CONFIDENTIAL ITEM

5 COMMITTEE BUSINESS

5.1 Developing the Work of the Corporation Report

A report was received outlining proposals intended to develop further the future strategic focus of the Corporation to ensure that it remained fully prepared for the on-going changing post 16 education and training landscape.

Members were advised of plans to revise the Corporation committee structure.

It was noted in particular that it was proposed, subject to any further major developments following the LSC's decision to suspend and review all capital projects, that the Property & Accommodation Committee had now substantially fulfilled its role and that it was appropriate for future business to be resumed by the Resources Committee.

After discussion it was **RESOLVED** to:

- 5.1.1 **NOTE** the proposals as outlined.

6 OTHER BUSINESS & MEETING EVALUATION

6.1 Other Business: Swine Flu

It was reported that the College had been notified of a student with a suspect case of swine flu and that the College was following official guidance accordingly.

6.2 Date of Next Meeting

Wednesday 7 October 2009

6.3 Meeting Evaluation

Members completed the meeting evaluation forms and the meeting closed.