

**HARROW COLLEGE FURTHER EDUCATION CORPORATION
MINUTES OF THE MEETING OF THE
RESOURCES COMMITTEE
WEDNESDAY 3 MARCH 2010**

1 PRELIMINARY PROCEDURAL MATTERS

1.1 Attendance, apologies for absence

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

In Attendance: Pat Carvalho
Jayne Chaplin (Clerk)
John Cudmore
Rena Prindiville
Matthew Westmore

Apologies: Nick Davies

1.2 Declarations of Interest & Confidential Items

There were no declarations of interest.

It was **RESOLVED** that the items forming Minutes 2.2.10 and 2.2.11 should be taken as confidential in accordance with the Board's confidentiality policy.

1.3 Minutes of Previous Meeting

The minutes of the meeting held on 27 January 2010, were confirmed as a correct record, and were signed by the Chair, subject to the amendment of Minute 2.1 to read "a surplus of £571k compared to..."

1.4 Matters Arising

There was no Matters Arising.

2 FINANCIAL MATTERS

2.1 Management Accounts

The Management Accounts for January 2010 were received.

It was reported that the Management Accounts now reflected the position outlined in the reforecast budget presented to the Committee at its last meeting.

Members were advised that the position at the end of January 2010 now showed a surplus of £63k compared to a planned surplus of £259k reflecting an adverse variance of £196k. It was noted that this was associated with decreased income of £24k and an increase in expenditure of £172k compared to plan.

There was a discussion of the key issues to which the variances were attributed and in particular the current forecast for staff costs indicating an increase of nearly £300k.

There was a discussion of the part-time and casual staff costs, which it was noted were under review to ensure that the College remained within the overall plan; and it was reported that no further contracts could now be issued without authorisation from the Director of HR or the Director of Finance.

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

2.2.1 **NOTE** the Management Accounts.

2.2 Draft Budget 2010/11

The draft budget 2010/11 was received.

In respect of 2010/11, it was reported that the College was aiming for a surplus of £50k. It was noted that the initial draft budget showed a deficit of £580k; highlighting a planning gap of £630k. Members were advised that the key issue was the significant decrease in LSC income, coupled with increased staff costs associated with increments, increased NI costs and pay awards.

It was acknowledged that a deficit budget was not an acceptable option and it was reported that the College would be preparing an action plan that would aim to achieve a balanced budget. It was noted that the entire budget remained unconfirmed pending formal confirmation of the final funding allocations for 2010/11.

Members were advised that in respect of income and:

2.2.1 LSC Recurrent Funding and LSC other income:

- 16-18 funding was based on the assumption that the College would have a target of 2,260 learners, with an SLN ratio of 1.35 and a funding rate of £2,920.
- Adult and Employer Responsive funding assumed a reduction in funding in line with LSC requirements.
- The target for ALS current assumed 2009/10 rates until further notification from the LSC.
- That marginal work with Collegiate Schools would continue and that the Work Based Learning funding would be as per LSC allocation for 2010/11.

- There would be Project Funding of £200k based on the assumption that existing projects would continue and that there would be further opportunities in line with government targets aimed at returning the unemployed to work.

2.2.2 Contract Income and Tuition Fees:

- There would be marginal income in education contract income associated mainly with Higher Education.
- Tuition fees for home students were assumed to remain static in light of cuts to adult programmes and overseas tuition fee income was assumed to increase by £100k in anticipation of growth associated with partnership arrangements and lifting of regulations in relation to visa applications.

2.2.3 All other income, it was assumed that on the whole it would remain static.

With regard to expenditure, it was reported that:

2.2.4 Pay expenditure assumed the provision of a staff pay award and incremental increases; and it was noted that National insurance contribution rates were forecast to increase by 1% from April 2011, with the impact for the College expected to be an increase in pay costs of £45k part year, increasing to £135k in a full year.

2.2.5 Most non- pay expenditure was currently set at 2009/10 rates except for franchise provision where there is an increase of £220k associated with more outsourcing to train to gain provision. It was noted that non- discretionary costs such as utilities would need revisiting once there was more clarity.

There was a discussion of:

2.2.6 The LSC's proposals to cut funding for additional learner support funding. The financial and legal implications of the proposed cuts were considered, along with the potential impact on enrolment. It was noted that a business case had been put forward to protect both the funding and learners.

2.2.7 The 19+ learners funding, which represented a reduction of £528k on 2009/10 funding. It was noted that a business case had been submitted to mitigate the significant cut in funding.

2.2.8 The increase in LSC other income by £5m following the grant for exceptional support funding associated with the aborted property project.

2.2.9 The College's the current cash flow, which indicated that even with the grant for exceptional support funding there remained insufficient cash to meet the ongoing needs of the College. It was noted that a further business case had been presented to LSC Managers to support the College's request for further exceptional funding. Members were advised that it was also likely that a proposal for the College to consolidate its loans would be submitted to the Committee at its next meeting.

2.2.10 CONFIDENTIAL MINUTE

2.2.11 CONFIDENTIAL MINUTE

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

2.2.12 **NOTE** the 2010/11 draft budget

3 ESTATES & PROPERTY MATTERS

3.1 Property Update

A report was received updating members on the College's property plans.

It was reported that there had been no further information from the LSC regarding capital funding and that it was anticipated that there would be no new money available in the short term. It was noted that even when funding became available, it was not anticipated to be sufficient to fund a project the size of One Harrow. Members were advised that as a consequence the College would need to operate from its existing estate for at least a five year period.

In respect of the College estate, it was noted that:

- 3.1.1 There was a considerable backlog of maintenance because of the decision to adopt a minimal maintenance strategy whilst the One Harrow project had been pursued.
- 3.1.2 A new five year planned maintenance programme had been prepared, which it was reported was intended to address some of the most significant problems rather than the functional suitability of the College's accommodation.
- 3.1.3 An investment of funding of about £1.75m per year would be required for at least the next five years.
- 3.1.4 Following discussion at the recent Governors' conference, about the development of the College's future curriculum requirements and the key accommodation priorities that would inform the new College property Strategy, it was proposed to engage professional support in the development of the new Property Strategy. Members were advised that tenders for development of the Master Plan were in preparation and that the estimated budget for stage 1 was £50,000.
- 3.1.5 The new Property Strategy would be published in two stages:
 - Preparation of a Master Plan for the development of both campuses.
 - Detailed evaluation of all the options in the Master Plan and identification of preferred options.

There was a discussion of the proposal for the new property strategy and the need to engage professional support in its development; and it was agreed that it represented a tangible step forward for the College in moving towards the achievement of its strategic direction.

It was **RESOLVED** to:

3.1.6 **APPROVE** the proposal to prepare a new Master Plan at a maximum cost of £50,000.

4 MONITORING REPORTS

4.1 Progress against Recruitment Targets

An update was received advising members of progress against targets.

It was reported that;

4.1.1 Targets were currently being met with plans to exceed 16-18 learner numbers; and

4.1.2 The measurable target for 19+ learners was funding and that currently the College was generating funding of over £400k above plan. It was noted that all further recruitment would therefore be reviewed and implemented only where there were no additional costs or where fee income as sufficient to cover costs and generate a contribution.

There was a discussion of the current position, noting that the College was in a much stronger position that it had been in 2008/09, and the success of the Whitefriars provision was recognised. However, it was noted that it remained important to maintain a careful overview and continued monitoring to ensure full achievement of learner targets and associated funding.

After consideration it was **RESOLVED** to:

4.1.3 **NOTE** the update.

5 OTHER BUSINESS & MEETING EVALUATION

5.1 Other Business: Relationships under the new Funding Arrangements

It was confirmed that dialogues had already commenced and were on-going with the new agencies that would be responsible for funding under the new arrangements.

5.2 Date of Next Meeting

Wednesday 3 March 2010

5.3 Meeting Evaluation

Members completed the meeting evaluation forms and the meeting closed.