

# HARLOW COLLEGE FURTHER EDUCATION CORPORATION

## RESOURCES COMMITTEE

### Minutes of the meeting held online on MS Teams on Wednesday 3 July 2024

Membership                      \*Paul Taylor (Chair)  
   \*John Godley  
   \*Liz Laycock  
   \*Karen Spencer  
   \*Ed Whittle  
   Heather Wilson

\*denotes present

In attendance                      Paul Whitehead, Vice-Principal  
   Deanne Morgan, Executive Director – Finance  
   Natalie Smith, Head of HR and Employee Relations  
   Ruth Lucas, Head of Governance

#### **1 Apologies for Absence**

Apologies for absence were received from Heather Wilson due to work commitments.

#### **2 Declarations of Interest**

There were no additional declarations of interest.

#### **3 Minutes of the Previous Meeting**

The minutes and the confidential minutes of the Resources Committee meeting held on 9 May 2024 were agreed as an accurate record and signed remotely by the Chair.

#### **4 Matters Arising from the Minutes (not mentioned elsewhere on the agenda)**

There were no matters arising.

#### **5 Management Accounts for the period 1 August 2023 – 31 May 2024**

The Resources Committee received and considered the management accounts for the period 1 August 2023 – 31 May 2024, presented by Deanne Morgan, Executive Director – Finance.

Deanne Morgan reported that the College is on track to achieve a forecast year-end surplus and is meeting or above target for the bank covenants and ESFA financial health rating. Governors were informed that project income has now been allocated and attributed to partners where required. Governors noted that the College's cash position is good and the current ratio is good.

A Governor asked about the significant dip in creditors paid within 30 days. Deanne Morgan reported that it is an area that the College struggles with and if an invoice is paid one day late, it counts as not being paid within the 30 days. Reminders are sent to staff and payment of outstanding invoices are on the summer checklist which is circulated to staff. All invoices need to be signed off and returned to Finance. The date they are

returned are logged on the system and the invoices are paid in the next payment run, with an additional payment run made if required.

A Governor asked how we compare to other colleges and another Governor reported that based on what they see, the College is about average and similar to other colleges.

A Governor asked if there are any repeat offenders. Paul Whitehead reported that this is more prevalent in high volume areas where more invoices are being processed and can be linked to areas with staffing issues.

A Governor asked if there are any implications of having outstanding financial health that the Committee need to be aware of and another Governor highlighted that historically the College had an ambition not to have outstanding financial health. Deanne Morgan reported that with outstanding financial health, a question could be raised as to whether the College is utilising its cash in line with its Teaching, Learning and Assessment Strategy. Karen Spencer reported that there was hope that the financial indicators used to calculate financial health might change with the new Financial Handbook however this was not the case.

The Resources Committee noted the management accounts for the period 1 August 2023 – 31 May 2024 and the forecast position in terms of financial health and bank covenants.

## **6 Loan Repayment Information**

The Resources Committee received and considered loan repayment information, presented by Deanne Morgan, Executive Director – Finance.

Deanne Morgan reported that the College has accumulated a lot of cash over the years and highlighted that bank covenants are measured on a rolling year and some project income has only just been realised. Test 1 of the bank covenant is a limiting factor and due to this, it has been difficult for the College to plan to spend the cash it has earned.

Governors were informed that the College has two loans, one which is fixed until July 2027 and another fixed until October 2026, at which point this one will have a residual value of £1.5m. When the fixed rate ends, the College would have historically negotiated with the bank and amend the loan if necessary however this is no longer an option due to the ONS reclassification. If the College pays back the loan which is fixed until October 2026, there would be a break gain. The College could use its cash to pay back the loan early, save on interest and benefit from the break gain. The College's two-year financial planning looks at income and expenditure and the balance sheet and Deanne Morgan confirmed that the College has enough cash to pay the loan off early. A Governor asked if the loan would be paid off when it matures in October 2026 or earlier than this. An earlier repayment is the preferred option due to the break gain.

A detailed discussion was held around the loan and the implications paying it back early would have. Governors were reminded that at the Corporation meeting held on 13 June 2024 this was initially discussed and Governors approved for this option to be explored further by the College.

A Governor asked if the College has any reservations with reducing the cash reserves by paying the loan off early. Deanne Morgan reported that the College has sufficient cash reserves to pay off the loan and that the new Financial Handbook and guidelines is

that colleges will be expected to use their cash to pay off loans.

A Governor asked how this would align with the College's new Reserves Policy which is part of the Financial Regulations to be approved in agenda item 7 at this meeting. Deanne Morgan reported that the College's current cash position is high and if the College was looking for funding for capital projects, the DfE would expect colleges to use their cash rather than accessing loans. Karen Spencer reported that colleges with cash reserves will not get approval for access to Government backed lending or private loan funding. Deanne Morgan reported that paying off the loan will have a positive impact on the in-year surplus due to the break gain.

A Governor asked if this would limit the College's ability to be swift and responsive in terms of capital projects and investment. Deanne Morgan reported that test 1 of the bank covenant has limited how much cash the College could spend however by paying off the loan, this would reduce the burden of this bank covenant and the College would be able to spend more in year.

The Resources Committee noted the loan repayment information and agreed to recommend to the Corporation that the College explores with the bank the options and timescales for paying off the loan early. As the College normally revisits its Financial Plan at the start of the academic year, Governors will be asked to consider the repayment in this context.

## **7 Financial Regulations**

The Resources Committee received and considered the Financial Regulations, presented by Deanne Morgan, Executive Director – Finance.

Deanne Morgan reported that the Financial Regulations are approved annually by the Resources Committee and that the proposed Financial Regulations have been updated in line with the new Financial Handbook and now includes a Reserves Policy.

A Governor asked why the review of the budget has been changed from the spring term to any time in the year. Deanne Morgan reported that if there are changes in the College's finances, the College would re-budget at that point. For example, this academic year, the College was awarded an increased base rate and rebased the budget.

The Resources Committee approved the Financial Regulations for 2024 – 2025.

## **8 Procurement Report**

The Resources Committee received and considered the Procurement Report, presented by Deanne Morgan, Executive Director – Finance.

Deanne Morgan reported that the College's gas and electricity contracts are due for renewal and highlighted the context and prices included in the report.

A Governor asked how a three-year gas contract fits in with the College's carbon reduction plan. Karen Spencer reported that carbon reduction targets will be included in the new Estates Strategy however quicker wins such as lighting will be the College's short-term priorities rather than heating.

The Resources Committee approved for the College to enter into a three-year fixed term contract at 5p per kWh for gas, a one-year fixed term contract for electricity at 25p per kWh and agreed to delegate responsibility to the Principalship to sign the new contracts.

## **9 Human Resources Gender Pay Gap, Ethnicity Pay Gap and Disability Pay Gap Reports**

The Resources Committee received and considered the Gender Pay Gap (GPG), the Ethnic Pay Gap (EPG) and the Disability Pay Gap (DGP) reports, presented by Natalie Smith, Head of HR and Employee Relations.

Governors were informed that there are very few changes from last year and that the gaps remain low.

Governors were informed that reporting on EPG and DPG is voluntary however the College has chosen to report on these as well as the GPG and this is seen as good practice.

A Governor asked if there is anything from the Equality, Diversity and Inclusion Steering Group that has been actioned when addressing the pay gaps. Natalie Smith reported that the College is working to gain Investors in Diversity accreditation, which started with a survey of students, staff and stakeholders. An induction day has been held which was attended by staff and Governors and a College-wide action plan is being developed. The College has appointed Equality and Diversity Ambassadors to support this agenda. Karen Spencer reported that the action plan and report will be shared with Governors when it has been finalised.

The Resources Committee noted the GPG, EPG and DPG reports.

## **10 Any Other Business**

Karen Spencer informed the Resources Committee that the Corporation now has responsibility for the College's HR and Recruitment Strategy. This will sit alongside the College's Estates Strategy and Financial Strategy, all of which will be presented to the Corporation in October 2024 and will be aligned to the newly approved Strategic Plan.

## **11 Dates of Future Meetings, Terms of Reference and Calendar of Business**

The Resources Committee received, reviewed and approved the Calendar of Meetings, the Committee's Terms of Reference and the Committee's Calendar of Business.

### **Key Points From The Meeting For Corporation:**

#### **1. Management Accounts**

To note the current position.

#### **2. Loan Repayment Information**

To receive the recommendation of the Resources Committee

**Action Plan:**

<b>Action No.</b>	<b>Agenda Item</b>	<b>Action</b>	<b>By Whom</b>	<b>By When</b>
001	8 – Procurement Report	The College to enter into a new gas and electricity contract and for the paperwork to be signed by the Principalship.	Deanne Morgan	Asap.
002	9 – Human Resources Gender Pay Gap, Ethnicity Pay Gap and Disability Pay Gap Reports	The Investors in Diversity report and action plan to be shared with Governors when finalised.	Ruth Lucas	When the report and action plan is finalised.
003	10 – Any Other Business	The HR and Recruitment Strategy, Estates Strategy and Financial Strategy to be presented to the Corporation at its meeting on 24 October 2024.	Will Allanson Paul Whitehead Deanne Morgan Sally Appleby	24 October 2024