

# HARLOW COLLEGE FURTHER EDUCATION CORPORATION

## RESOURCES COMMITTEE

### Minutes of the meeting held at Harlow College on Thursday 09 May 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 Will Allanson and Sally Appleby.

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

There were no additional declarations of interest.

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

The minutes of the Resources Committee meeting held on 27 February 2024 were agreed as an accurate record of the meeting and were signed by the Chair.

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

There were no matters arising.

#### **5 ESFA Financial Health Rating Letter and Governing Body Finance Dashboard**

The Resources Committee received and considered the ESFA financial health rating letter and the Governing Body financial dashboard, presented by Karen Spencer, Principal.

Karen Spencer reported that this is a standard letter which colleges receive annually based on the financial statements' submission to the ESFA. The information gives Governors and the College assurance on what they already know and gives the auditors and bank external assurance on the College's finances and processes.

The Resources Committee noted the ESFA Financial Health Rating Letter and Governing Body Financial Dashboard.

#### **6 Management Accounts for the period 1 August 2023 – 29 February 2024**

The Resources Committee received and considered the management accounts for the period 1 August 2023 – 29 February 2024, presented by Deanne Morgan, Executive Director – Finance.

Governors were informed that due to the economic closure, shadow March management accounts were produced therefore the full set of February accounts are being presented at this meeting.

Governors were informed that the accounts are based on the re-based budget presented to the Corporation in October 2023 and that whilst a £61k year-end deficit is currently forecast, the College is confident that the April covenants will be met and financial health will remain good.

Karen Spencer reported that there have been discussions internally on the RAG ratings and that there is a need to look at the tolerances when looking at financial planning as some of the areas rated red seem counter-intuitive.

Governors noted that some areas such as project income are being worked on, including the way it is reported in the accounts.

A Governor highlighted that at the last Resources Committee meeting a £76k surplus was forecast and now a £61k deficit is being forecast and asked why there was such a difference. This is mainly due to additional agency staff costs and where project income has been re-categorised. As a result of the external audit, the College cannot include project income in its income lines in the year-end financial statements when it is acting as an agent for other institutions. The College is therefore looking to replicate this in the management accounts and how this is reported in the management accounts is being looked at. There has been a £500k shift in project work and the February accounts do not include all project funding to date as some staff time allocations had not been completed in February. There is an issue with how this is allocated throughout the year and a new system will be implemented which will specify staffing costs and revenue budgets upfront so they will show monthly in the management accounts. There is an issue, outside of the College's control, with the short amount of time to deliver projects and spend the funding. For LSIF, this was only four months due to delays in the DfE. It was agreed that the February management account figures do not show the College's current position due to timings of when claims needed to be made to the DfE.

A Governor asked if any movement was expected in recognising project income and Paul Whitehead confirmed that there will be a balanced effect on both sides. There has been a £500k shift from project work income and expenditure and this is now reported as an agent cost. Paul Whitehead confirmed that some partners were underspent on some of their LSIF allocations however these had been reallocated to partners who had overspent. A Governor asked if there would be the need to clawback funding. This is not the case as funding is not paid in advance by the DfE.

Deanne Morgan confirmed that this is the first time that the auditors have asked for project income to be treated differently as it has now become material.

A discussion was held around agency fees and that these should be split out in the management accounts to show increases in agency costs and a saving in staff costs. This will be incorporated in the management accounts next year.

A Governor asked if the surplus was a negative trend or if it was stable and Paul

Whitehead confirmed that it is stable.

A Governor asked about the College's cash days which are reported as 71 in the management accounts however the ESFA dashboard reports the College is under 50. Deanne Morgan reported that the calculations are not the same and the ESFA include different elements to calculate cash days. The College uses the methodology used by the bank to calculate cash days, as this is an important part of our covenants and bank monitoring.

The Resources Committee noted the management accounts for the period 1 August 2023 – 29 February 2024 and noted the forecast position in terms of financial health and bank covenants.

## **7 ESFA College Financial Handbook 2024**

The Resources Committee received and considered the ESFA's College Financial Handbook 2024.

Governors were informed that the handbook has recently been published and that the main additional requirement is for colleges to have a Reserves Policy. It was agreed that this will be included in the College's Financial Strategy and form part of the Treasury Management Report presented annually to the Resources Committee and the Corporation. A statement will also be included in the College's Financial Regulations.

The Resources Committee noted the ESFA's College Financial Handbook 2024.

## **8 Harlow College Capital Projects and Estates Update**

The Resources Committee received and considered the Harlow College Capital Projects and Estates Update, presented by Karen Spencer, Principal.

The report was taken as read.

Karen Spencer informed Governors that cladding work to J Building has commenced and the feasibility study and costings for STAC Phase 2 have been received. Phase 2 has been broken down into Stage A and Stage B and a meeting is planned with Essex County Council to look at options to take the project forward. The current estimate is looking higher than expected because of new requirements for carbon reduction and renewables, plus inflationary costs.

Governors noted that there is LSIF capital funding for 2024-2025.

A discussion was held around Harlow Gilston Garden Town (HGGT) and Karen Spencer confirmed that this has been included in the draft Strategic Plan for 2024 – 2029. A Governor asked if the College would be working with other providers and Karen Spencer reported that it is not the case due to its location and that HGGT was planned to be intrinsically linked to Harlow rather than anywhere else. Karen Spencer reported that there is opportunity and risk associated with the project and informed Governors that discussions have commenced with the UK Innovation Corridor and with Hertfordshire County Council.

The Resources Committee noted the Harlow College Capital Projects and Estates Update.

## **9 Carbon Reduction Update**

The Resources Committee received and considered the Carbon Reduction Update, presented by Karen Spencer, Principal.

Karen Spencer reported that the site-wide carbon reduction plan has been received by the College and now work will be undertaken to go through each building in turn. This will form part of the College's Property Strategy. The College also has an ongoing maintenance programme across the campus to improve energy efficiency. The College will also explore Salix funding when available from Government. Now the College has received the carbon reduction plan, this will be used to help prepare for the next bidding round for Salix funding. It was also noted that increases in the costs for STAC Phase 2 are mainly due to the installation and use of green technologies.

Work has commenced with the curriculum teams on building in the UN sustainable development goals into their delivery.

Governors were informed that the College had recently won a Harlow Town Centre award for environmental excellence.

The Resources Committee noted the Carbon Reduction Update.

## **10 Human Resources Reports**

### **10.1 Investors in Diversity**

The Resources Committee received and considered the report on Investors in Diversity, presented by Natalie Smith, Head of HR and Employee Relations.

The report was taken as read.

Natalie Smith highlighted that the staff survey was sent out to all staff this week and the closing date is 22 May. The survey has been well received thus far and the College will receive engagement reports every Tuesday and Thursday so it can monitor the number of staff having completed it. A Governor asked if the survey was sent to agency staff as well and Natalie Smith confirmed that this was the case.

Staff ambassadors have been appointed and they are engaging with staff as full engagement is crucial.

A survey will be sent out to external partners next week, which will cover organisations that the College works. This will then be followed by the rollout of the student survey. The student ambassadors are currently working with management on rolling out the student survey and Investors in Diversity student ambassadors will be appointed.

A Governor asked how long the process of accreditation is. Natalie Smith reported that there are different levels of accreditation and timescales however they are driven by the organisation. Governors were informed that accreditation provides a framework which had been requested for by staff.

The Resources Committee noted the report on Investors in Diversity.

## **10.2 Probation Policy**

The Resources Committee received and considered the Probation Policy, presented by Natalie Smith, Head of HR and Employee Relations.

Natalie Smith reported that there were two minor proposed changes to the Policy. The first being the amendment of the probation clause in apprentice contracts to incorporate an assessment at the 12 and 24 week stages, as part of the Progress Review and the second being amending the terminology used in the policy to describe the required standard to be achieved in the formal lesson observations from “Grade 2” to “Good”.

A Governor reported that at employment tribunals it is now classed as unreasonable to have a one-year probation period. Natalie Smith reported that a one year probation period can be unusual however feedback from new staff has said that six months passes quickly and for non-qualified staff, a year is more beneficial to develop their professional teaching skills. Natalie Smith confirmed that the Policy had been checked with the College’s employment lawyers. After a discussion, it was agreed that the College can justify and evidence the benefit of the one year probation period.

The Resources Committee approved the Probation Policy.

## **10.3 Local Government Pension Scheme Statement of Policy**

The Resources Committee noted that there had been no changes to the Local Government Pension Scheme Statement of Policy, set by the Resources Committee in 2014, however there is a requirement that this is reported to the Resources Committee annually.

## **11 Policies for Approval**

The Resources Committee received and considered the 16-19 Bursary Fund Policy 2024-2025, the 19+ Discretionary Learner Support Policy 2024-2025 and the Fee Policy and Student Terms and Conditions 2024-2025.

Paul Whitehead reported that there are very minimal changes to the policies. For the 16-19 Bursary Fund Policy 2024-2025 and the 19+ Discretionary Learner Support Policy 2024-2025 there are slight increases to the allowances paid to students in line with rising costs and exemptions have been added into the Fee Policy and Student Terms and Conditions 2024-2025.

The Resources Committee approved the 16-19 Bursary Fund Policy 2024-2025, the 19+ Discretionary Learner Support Policy 2024-2025 and the Fee Policy and Student Terms and Conditions 2024-2025.

## **12 ONS Reclassification**

The Resources Committee received a verbal update on the ONS reclassification, presented by management in attendance at the meeting.

Governors were informed that the College has enquired with Treasury if approval is required for the College's car leasing scheme. The DfE are undertaking a full review for FE due to the reclassification and will come back to the sector once the review has been completed.

Governors noted that the College's car leasing scheme has no material effect on the College or the College's business. There is no material impact on students and helps to recruit staff.

A Governor asked if the College's scheme is currently paused. Paul Whitehead confirmed that it is currently paused to new applicants and there are three members of staff on the scheme.

Deanne Morgan reported that if approval was required and not gained, the auditors would make a comment in the annual accounts. A discussion will be held with the external auditors as part of the audit planning meeting.

A discussion was held around restarting the scheme if the College does not hear back from the Treasury and DfE by a certain date.

The Resources Committee:

- noted the update on ONS reclassification;
- agreed it would be removed as a standing agenda item;
- agreed to pause the College's car leasing scheme until the end of this academic year with a view to restart the scheme in September 2024 if an answer has not been received from the Treasury and DfE.

### **13 Any Other Business**

There were no items of any other business.

### **14 Dates of Future Meetings**

Summer Term 2024      Wednesday 3 July 2024      10.45am

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

- 1. ESFA Financial Health Rating Letter and Governing Body Finance Dashboard**  
To note the content of the letter and the dashboard.
- 2. Management Accounts**  
To note the current position.
- 3. ESFA College Financial Handbook 2024**  
To note the ESFA College Financial Handbook 2024