

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

RESOURCES COMMITTEE

Minutes of the meeting held virtually on MS Teams at 9.30am on Monday 09 December 2024

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

*denotes present

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

1 Election of Chair

Ed Whittle was unanimously elected Chair of the Resources Committee.

2 Apologies for Absence

There were no apologies for absence.

3 Declarations of Interest

There were no additional declarations of interest.

4 Minutes of the Previous Meeting

The minutes of the Resources Committee meeting held on 03 July 2024 were agreed as an accurate record and signed by the Chair.

5 Matters Arising from the Minutes (not mentioned elsewhere on the agenda)

Deanne Morgan confirmed that the loan had been repaid as planned.

6 ESFA Financial Health Rating Letter and Governing Body Finance Dashboard

The Resources Committee received and considered the ESFA financial health rating letter and ESFA Governing Body finance dashboard.

The Committee noted that the letter is a standard letter from the ESFA confirming the College's financial health rating for 2023-2024 and forecast for 2024-2025. It provides a snapshot of the College's finances at a given point in time and does not contain anything that Governors would not have previously seen. It provides Governors with reassurance that figures were submitted to and processed by the ESFA.

A Governor asked if the move from forecast outstanding financial health in the ESFA's

letter to the College forecasting good financial health for 2024-2025 was primarily due to the repayment of the loan. Deanne Morgan confirmed that this was the case. The College's cash levels have fallen due to repaying the loan and this has an impact on the current ratio. A Governor highlighted that the College has always strived to have good financial health rather than outstanding financial health and Deanne Morgan reported that this was taken into consideration when deciding to recommend the repayment of the loan.

A Governor asked about the big jump in adjusted cash days in July 2025. Deanne Morgan reported that the forecasts in the financial plan were not based on the repayment of the loan therefore the College's cash days increased. The College's cash position was forecast to increase due to the limitation of the bank covenants with freeing up cash to be spent in year.

Deanne Morgan highlighted that due to the loan being repaid in 2024-2025, a lot of the information contained within the letter and dashboard has changed.

A Governor asked about the increase in the number of colleges with good or outstanding financial health and whether this is an indicator of finances in the sector. Karen Spencer reported that colleges were given extra funding in November 2023 and in general, the sector was in decline until the base rate was increased therefore college finances were seen to improve. Deanne Morgan also reported that the College had received £1.6m in capital funding in addition to the increase in the base rate. Karen Spencer reminded Governors that at the start of 2023-2024, the College set a deficit budget, with many colleges being in a similar position. It appears to be well recognised that the FE system seems healthier than the university system at present however the FE sector is used to having to be more prudent.

The Resources Committee noted the ESFA financial health rating letter and ESFA Governing Body finance dashboard.

7 Management Accounts for the Period 1 August 2024 – 31 October 2024

The Resources Committee received and considered the Management Accounts for the period 1 August 2024 – 31 October 2024, presented by Deanne Morgan, Executive Director – Finance.

Governors were informed that the management accounts were the first full set of accounts for the year and Deanne Morgan reported that a year-end deficit is currently forecast due to increases and decreases on income lines. The main issue has been staffing which has been particularly challenging. There has been an increase in learner numbers therefore additional staffing is required. Some posts are filled by agency staff however, where appropriate, the College is looking to make these staff permanent. It is early days in terms of the financial year however there is a need for the College to react to this.

A Governor asked about the use of agency staff, how the Committee was informed last year there was a plan to reduce the use of agency staff and whether the College had made progress with the plan or not. Karen Spencer reported that there is an issue with growth as in-year growth is not fully funded. There is a lag between the number of learners and the funding provided to teach them. The College is a victim of its own success and should not stop growing due to funding constraints.

A Governor highlighted that 50% of the agency staff budget has already been spent and the College is only 25% through the year. Deanne Morgan reported that it is the intention that some of the agency staff will convert to permanent staff. Agency costs have been split out to analyse the data further, such as agency staff used to cover sickness or used to cover growth, and whether each agency worker is likely to be a full year's worth of costs or not. Not all agency workers are expected to be full year costs.

Paul Whitehead reported that the College has had a growth in learner numbers in the last two years. This year, the College has an additional 126 learners however only 26 will be funded in-year. In-year growth was not planned in the financial plan with learner numbers being kept at the same level as last year. The College therefore has the same issue this year with agency fees as it had last year. Governors were informed that the College has launched a new teacher apprenticeship programme for staff to work at the College. Some areas are therefore overstaffed at present to accommodate the apprentice teachers however this will benefit the College in the long-term. Governors noted that it takes time to work through the strategies which the College has put in place to address these issues. Paul Whitehead also reported that a number of staff employed as Learning Support Practitioners (LSPs) were successful in securing teaching posts in the College therefore there was a need to backfill these posts. The College needed to react quickly as the LSPs support the College's learners with additional needs therefore agency staff were used. The College however has converted five of these agency staff to permanent members of staff, therefore this was an effective recruitment strategy.

A Governor asked if there was any update on in-year growth funding. Paul Whitehead reported that the College has met the threshold for growth however the first 100 learners are unfunded therefore only 26 learners are in scope for growth funding. This equates to approximately £150k however the College will not get confirmation of this funding until February 2025, with payment in April 2025. This is however subject to change however the indication is that this will be paid. The College will be fully funded for the additional learners next year and this will equate to an additional £650k - £700k. This demonstrates the gap in what the College is required to teach this year without the funding to do so and highlights the reason behind the increases in staffing costs.

A Governor asked about the spend for exam fees and how expenditure is significantly higher than currently planned. Deanne Morgan reported that a lot of exam registrations are taking place now and not for the rest of year, therefore the costs are front loaded. Increased learner numbers have also led to an increase in exam fees. Paul Whitehead reported that there is a flat profile for exam fees and the overall level this year is similar to last year. There has however been a change in the awarding organisations used by the College, which has had an impact on the timings and payment of exam fees. The Exams Department will analyse this further to inform next year's plan and profile.

A Governor asked if there was any merit in separating out exam fees and resit exam fees in the accounts. Paul Whitehead reported that there is a mixture of internal resits and English and maths resits from school. There is an internal process for managing and analysing resits for different categories of students and a significant reduction in the teams with the highest level of resits has been seen over the last few years. Karen Spencer reported that resits are a contractual requirement for colleges therefore there is no benefit to have the information split out.

A Governor asked about the income from interest and why the current budget is so far from the actual income. Paul Whitehead confirmed that this is prefaced with how much cash was forecast to be in the bank and the current amount in the bank. Deanne Morgan

reported that the forecast was based on the financial plan before the loan was paid off therefore more interest has been received in the early part of the year however this will decrease going forward. Deanne Morgan reported that it is hard to predict what will happen with interest rates therefore the College is prudent in forecasting the income it will receive from the interest.

A Governor asked if there is anything more prudent the College can do with the forecasts. Deanne Morgan reported that there are a lot of underlying activities that are taking place to ensure that the most up-to-date information is recorded in the management accounts.

Governors were informed that the College is forecast to have good financial health and the bank covenants are forecast to be met throughout the year.

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

8 Human Resources Reports

8.1 Human Resources Annual Report 2023-2024

The Resources Committee received and considered the Human Resources Annual Report 2023-2024, presented by Natalie Smith, Head of HR and Employee Relations.

The report was taken as read.

Natalie Smith highlighted the benchmarks and KPIs included at the start of the report and Governors noted that further information on these was contained within the body of the report.

Governors were informed that the Annual Report now reports on staff retention as well as staff turnover as Ofsted asked for retention data in some key areas. Natalie Smith explained that retention is the proportion of staff who stay employed by the College over a period time and turnover is the proportion of staff who leave the College over a period time.

Natalie Smith reported that recruitment has been a key area during 2023 – 2024 and the College continues to experience recruitment challenges in some hard to recruit to areas. These challenges are sector-wide and the College has tried to recruit internationally to help address the issues however this has not worked as well as hoped and alternative strategies are now being looked at.

The College is mindful of the cost of agency staff and is looking at its whole recruitment and benefits package to make it more attractive to potential staff. The College is often unable to compete with salaries from industry or schools, along with working hours compared to schools.

Governors were informed there has been an analysis of short-term and long-term absence and there has been a slight increase in short-term absence as detailed in the report. There is a slight change in the Sickness Absence Policy being proposed in agenda item 8.3 – Human Resources Policies to help manage and address

short-term absence. Governors noted that despite the increase in short-term absence, the College is still below benchmarks.

Natalie Smith reported that in terms of future HR projects, there will be a continued focus on recruitment, the further development of the applicant tracking system and the Investors in Diversity work.

A Governor asked if the reasons for leaving the College are analysed and if there is any further categorisation of the reasons behind staff resigning. Natalie Smith confirmed that the College has further data which can be provided to the Committee. Staff are provided with a voluntary exit questionnaire and where the reason for leaving is stated, it is recorded by HR.

A Governor reported that the benchmark data and KPIs at the start of the report was very helpful.

The Resources Committee noted and approved the Human Resources Annual Report 2023-2024.

8.2 Human Resources Strategy 2025 - 2030

The Resources Committee received and considered the Human Resources Strategy 2025 – 2030, presented by Natalie Smith, Head of HR and Employee Relations.

The Strategy was taken as read.

Governors were informed that the report encompasses all new employment changes and legislation that has come into effect and projected in the future.

The Strategy is based on six key themes and KPIs have been included to measure if the College is on track to achieve all of the aims by the end of the period of the Strategy.

A Governor asked how often the College reviews the main areas of recruitment and how it identifies the areas. Natalie Smith reported that there are growth areas across the curriculum which are a priority along with the known hard to recruit to areas. It is however a continuously moving picture. Karen Spencer reported that the monthly HR report looks at key statistics and that meetings are held with the Principalship and teams which identify issues that need to be addressed.

Karen Spencer thanked Natalie Smith for all of her hard work in stepping up and preparing all the reports and policies.

The Resources Committee recommended the approval of the Human Resources Strategy 2025 – 2030 to the Corporation at its meeting on 19 December 2024.

8.3 Human Resources Policies

The Resources Committee received and considered the following Human Resources policies, presented by Natalie Smith, Head of HR and Employee Relations:

- Grievance Procedure;
- Grievance Procedure – Senior Postholders;
- Management of Change Procedure;
- Parental Leave Policy;
- Sexual Harassment Policy;
- Sickness Absence Policy;
- Staff Disciplinary Policy and Procedures;
- Staff Recruitment and Retention Policy.

Natalie Smith informed the Committee that seven of the policies have been reviewed and updated, based on changes in legislation, and the Sexual Harassment Policy is a new policy in response to the new requirement for employers to take reasonable steps to prevent sexual harassment in the workplace.

Governors were informed that all the policies have been checked with and agreed by the College's employment lawyers.

Governors were informed that the volume in the Sickness Absence Policy now includes a pro-rated provision for part time employees.

A Governor highlighted the effective use of the word "may" in section 11.2 of the Sickness Absence Policy as the application of the thresholds and threshold meetings may not be applicable in all circumstances. Natalie Smith reported that "may" has always been kept in the Policy as there can be some disparity in short-term absences and those going through the threshold meetings. For example, staff who are off due to an operation will not have a threshold meeting. Operations are often pre-planned therefore the College has time to plan and cover the absence with minimal disruption to the team and students. If staff are signed-off and reach a threshold, then a threshold meeting will take place however a stage 1 letter will not automatically be issued. A Governor reported that this is exactly how their company operates.

The Resources Committee approved the Human Resources policies listed above.

9 Business Continuity Plan

The Resources Committee received and considered the Business Continuity Plan, presented by Will Allanson, Deputy Principal.

Governors were informed that the Plan is a strategic document to manage the College's response to any critical incident and that there were no substantive changes proposed to the Plan, due to a comprehensive review being undertaken last year.

A Governor asked if the Plan sufficiently covered digital and IT. Will Allanson reported that it does as the College's IT Department has undertaken around cyber security.

The Resources Committee approved the Business Continuity Plan.

10 Environmental and Sustainability Policy

The Resources Committee received and considered the Environmental and Sustainability Policy, presented by Will Allanson, Deputy Principal.

Governors were informed that there are no proposed changes to the Policy and that it aligns to the College's roadmap to net zero. It was agreed that an annual update on the Property Strategy and roadmap be presented to the Resources Committee in May.

The Resources Committee approved the Environmental and Sustainability Policy.

11 Any Other Business

There were no items of any other business.

12 Dates of Future Meetings

Spring Term 2025	Thursday 06 March 2025	9.30am
Summer Term 2025	Thursday 08 May 2025	9.30am
	Wednesday 25 June 2025	9.30am

Key Points From The Meeting For Corporation:

- 1. ESFA Financial Health Rating Letter**
To note the letter from the ESFA.
- 2. Management Accounts**
To note the current position.
- 3. Human Resources Strategy 2025 – 2030**
To approve the Human Resources Strategy 2025 – 2030.