

# HARLOW COLLEGE FURTHER EDUCATION CORPORATION

## RESOURCES COMMITTEE

### Minutes of the meeting held virtually on Zoom on Thursday 04 March 2021

Membership: Eddie Johnson  
\*Julian Bedford  
\*Jo Breen  
\*Liz Laycock  
\*Brian Spencer  
\*Karen Spencer  
\*Paul Taylor (Chair)

*\* Denotes Present*

In attendance: Paul Whitehead, Vice-Principal  
Deanne Morgan, Executive Director – Finance & Facilities  
Sally Appleby, Executive Director – HR Services  
Ruth Lucas, Head of Governance

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

Apologies for absence were received from Eddie Johnson, due to an Essex County Council meeting, and from Will Allanson.

Paul Taylor was elected as chair for the meeting.

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

There were no declarations of interest.

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

The minutes of the Resources Committee meeting and the joint Audit and Resources Committee meeting both held on 03 December 2020 were agreed as an accurate record and signed by the Chair.

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

##### **4.1 Any Other Business – ESFA Financial Return (minute 8 refers)**

The Resources Committee noted that the Chair of the Corporation, Vice-Chairs of the Corporation and Chairs of Committee met on 25 January 2021 to approve the financial forecasts that were included in the return to the ESFA.

Karen Spencer reported that no feedback on the return had been received from the ESFA to date.

The Resources Committee retrospectively approved the financial forecasts included in the return to the ESFA.

## **5 Management Accounts for the Period 1 August 2020 – 31 January 2021**

The Resources Committee received and considered the Management Accounts for the period 1 August 2020 – 31 January 2021, presented by Deanne Morgan, Executive Director – Finance and Facilities.

Deanne Morgan confirmed that current end of year forecast is £500k in deficit however this is an accounting deficit and the College continues to generate underlying cash. The forecasts contained with the management accounts are realistic based on what the College currently knows with income streams and the impact of COVID-19.

Governors noted that income is on target, with project income and apprenticeship income performing well. Project income is currently higher than forecast. Income areas most impacted by COVID-19 are adult learner loans, catering, higher education and the adult education budget (AEB). AEB has been particularly challenging and colleges are awaiting guidance from the ESFA on threshold and reconciliation levels for this funding.

Paul Whitehead provided the Committee with extra information on the AEB income which is the College's main area of concern. The return submitted to the ESFA in January 2021 assumed the same level of reconciliation as last year for this year. The ESFA has not yet made an announcement on the tolerance levels. Colleges are opening up out of Lockdown 3 earlier than originally thought therefore the potential for earning AEB funding has increased and it is possible that the ESFA could set a higher threshold. The College will continue to monitor the income closely and at present the College is unsure of what people's appetite will be in terms of accessing face-to-face training. The College continues to work closely with the ESFA and is keeping them informed of the College's position.

Governors were informed that the Government is funding the increase in the Teachers' Pension Scheme (TPS) up until July 2022. Staff costs are mainly on target however the figures look higher than originally planned due to the increase in project work and the associated staff costs. The other increase in staff costs is due to the pension provision which has been included in the management accounts. The same level of increase as last year has been assumed for this year as the final figure will not be confirmed for this year until August / September 2021. Estimates in increases have been included as they form part of the key ratio tests.

Karen Spencer reported that the Government finalised the outcome of the McCloud Review in February 2021 however it is difficult to work out the implications for colleges as a result of this. Karen Spencer gave an overview of how this might affect College staff and confirmed that the College will bring in a pension advice service for staff, as it has done previously

Governors noted that the Local Government Pension Scheme (LGPS) review outcome has not yet been fully published.

Paul Taylor asked what the pension interest was in the management accounts. Deanne Morgan confirmed that the pension costs are calculated for the year along with interest coming in and out of investments therefore the pension interest is the net cost associated with the investment. The Committee noted that pension costs are the biggest ongoing liability for the College however it is an issue faced by the whole sector and is out of the College's control.

The Resources Committee noted that catering staff have been furloughed due to the College being closed and this saving has been reflected in the staff costs.

Non-pay costs are on target and Deanne Morgan explained that depreciation is higher than forecast due to a higher than forecast value being attributed to the Anglia Ruskin University Building which was transferred to the College.

Governors were informed that the College continues to monitor cash closely and cash levels are currently higher than forecast due to grant funding being received which has not yet been spent. AEB funding is also paid to contract and not on actual delivery however the College does not spend income which it has not earned.

The balance sheet is on target and Governors noted the loans that are due for renewal in May 2021. Discussions are taking place with the bank and different products are being explored. Options will be presented to the Corporation for discussion and approval. Deanne Morgan confirmed that the College is not in a position to pay off the loans in May 2021 as the College would encounter cash difficulties in May 2022 and would not be able to run its day to day operations.

Governors noted that the College's financial health is forecast to be good and the bank has confirmed that both bank covenants were met for the year ending 31 July 2020.

Governors noted that annual banking facility with Clydesdale Bank and were informed that the annual review will take place in May 2021 to coincide with the refinancing of the loans where the whole package of facilities will be considered. Governors noted that no overdraft facility is required and that consideration is being given to reducing the non-salary BACS payment limit which will lower the College's risk when refinancing the loans.

Paul Taylor asked why borrowing increases in June 2022. Deanne Morgan reported that the increase is as per the financial plan approved by the Corporation in July 2020. The loan position had not been revised and an estimated amount has been included until the final figures are known in May 2021. The borrowing will then be reforecast in line with the newly agreed loans.

The Resources Committee noted the management accounts, the position with the loans, the bank covenants, the banking facility and the financial health rating.

## **6 College Capital Projects and Estates Update**

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

Karen Spencer informed Governors that the College has been successful in securing funding for a number of capital projects focusing on improvements to Buildings J, K, N and O and additional funding applications are being developed.

### **A) T-Levels Capital Fund:**

The College has been successful in securing £1.5 capital funding for investment in facilities which will be used to deliver T-Levels. There was an expectation of 50% match funding however the College has negotiated a £500k match funding contribution. In addition, the College has been notified it will receive £285k for T-Level equipment. The

first payment is due in March 2021 and the funding needs to be fully spent by March 2022.

**B) South East Local Enterprise Partnership – Get Building Fund:**

The College has secured £1.5m from the Get Building Fund which will fund additional work linked to digital, construction and health for delivery above and beyond the T-Level offer.

**C) Institute of Technology:**

The College is a partner on South Essex College's Institute of Technology application and is awaiting the outcome of the stage 1 application.

**D) FE Capital Allocation:**

The College is using its allocation to replace cladding and windows in Building K.

**E) FE Capital Transformation Fund:**

The College is developing a stage 1 application to the FE Capital Transformation Fund which will focus on the redesign and the reshaping of Building J.

**F) Other Property or Project Updates:**

The College is converting the O Zone into a COVID-19 rapid flow testing centre and an additional lease has been secured for East Walk.

Paul Taylor asked about the affordability of the schemes. Karen Spencer reported that substantial amounts of match funding required have been reduced through negotiations with the funders. There is a need to invest in the buildings as some are at the end of their span and will become redundant if they are not improved. Deanne Morgan reported that the College's own capital investment programme has been deferred due to the uncertainty with the AEB funding. Paul Whitehead reported that there is a mix of capital expenditure, expenditure which is required as a match funding contribution for external capital projects and expenditure that is the College's own capital investment. The College is able to be responsive and make adjustments to the capital investment within its control, with capital projects on campus prioritised and planned into the cashflow over the longer term.

Deanne Morgan informed Governors that the Government has low carbon funding available. The College has applied for initial funding and a survey of the campus has been undertaken. The next phase is to identify works that the College wants to undertake and then apply for funding for them.

Karen Spencer reported that the College is involved in a number of additional projects and has secured additional smaller pots of funding, such as the EdTech Demonstrator project, Greater London Authority funding to ensure teaching spaces are COVID- secure and the Government's laptop scheme. All of these, along with the projects listed above, have different reporting and accountability requirements, all of which need to be managed effectively by the College.

The Resources Committee noted the College Capital Projects and Estates Update and approved the following:

- The current stage, scope and use of funding for projects A – E above;
- The partnership with South Essex College for the Institute of Technology;
- The submission of a stage 1 application to the FE Capital Transformation Fund.

## 7 Human Resources Policies

The Resources Committee received and considered the Human Resources Policies, presented by Sally Appleby, Executive Director of HR Services.

Sally Appleby informed Governors that there were no proposed changes to the Senior Post Holder Disciplinary Policy and Procedures and the Senior Post Holder Grievance Procedures.

Sally Appleby informed the Committee that the Salary Policy provides the details of the overarching principles and policy of how salaries are managed by the College, along with a set of procedures at the end of the Policy. The Policy is an amalgamation of a number of different salary placement policies and procedures for different roles within the College. Sally Appleby highlighted that the main change to the Salary Policy was the renaming of the tutor role to teacher, which have resulted in changes to the salary scales as well as changes to the mechanisms by which staff are placed on the salary scales.

Paul Taylor asked if there is a caveat within the Policy that states “subject to affordability”. Sally Appleby confirmed that there is reference to the annual salary review which is undertaken by the College.

Paul Taylor asked if the Policy has been well-received by staff and Karen Spencer informed the Committee that the Policy documents everything that the College has in place however previously they were in six separate documents therefore this Policy just amalgamates these into one document

The Resources Committee approved the Senior Post Holder Disciplinary Policy and Procedures, the Senior Post Holder Grievance Procedures and the Salary Policy without amendment.

## 8 Any Other Business

Paul Taylor wished the College good luck with the student COVID testing will commence on 8 March 2021. Karen Spencer reported that Essex County Council has worked incredibly hard and is offering additional community testing which students can be referred to. This will assist the College in its testing capacity. Karen Spencer also thanked Rainbow Services who are providing volunteers to help with student testing.

## 9 Dates of Future Meetings

Summer Term 2021	Tuesday 11 May 2021	9.30am
	Thursday 22 June 2021	9.30am

### Key Points From The Meeting For Corporation To Note:

#### 1. Management Accounts

To note the current position and the latest discussions with the bank on the refinancing of the loans

#### 2. College Capital Projects and Estates Update

To note the approval of the stage 1 application to the FE Capital Transformation Fund

