

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

RESOURCES COMMITTEE

Minutes of the meeting held at Harlow College at 9.30am on Thursday 06 March 2025

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

2 Declarations of Interest

There were no additional 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 09 December 2024 were agreed as an accurate record and signed 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 2024 – 31 December 2024

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

Deanne Morgan reported that the year-end forecast is below target, mainly due to adult income having been reduced due to current performance against the allocation and due to apprenticeship income, where an allowance for the apprenticeship debtor has been made in the accounts.

Governors were informed that staff costs are higher than originally budgeted due to the increase in learner numbers this year which are not currently being funded in-year.

Karen Spencer reported that the College believes it will be eligible for in-year growth funding and an announcement was expected in February however this has been

delayed. The College is expecting an adjustment in its income due to growth and a reduction in T-Levels funding which has already been included in the management accounts. An additional £50m is being allocated in-year to the sector however there are no further details on this at present.

Governors were informed that colleges usually have their funding allocation for the following year by this point however it has been announced that allocations will not be published until the end of April. At this Resources meeting, a Future Funding paper is usually presented however this has not been possible for this meeting due to the uncertainties with funding for next academic year.

A Governor asked if the delay in announcing the growth funding is because all funding is being wrapped up together. Karen Spencer reported that the College has been informed it is all separate however the College should benefit from some of the £50m allocation and growth funding. The DfE is likely to cut the Adults Skills Fund by 2-3% next year therefore the College is planning for a decrease in this budget line. There is an additional £250m available for next academic year however the details of this are unclear at present and the announcement on the funding has been delayed.

Paul Whitehead reported that the DfE is saying they will fund in-year 16-19 growth if affordable and that it is likely to be funded at 30% and not 50% as originally believed.

Paul Whitehead reported that there has been a significant increase in the College's high needs funding. The majority of growth is from Essex County Council and is paid in-year.

Governors noted that there is likely to be some movement with the predicted year-end surplus.

A Governor agreed that the College's prudent approach to financial management was a fair approach to be taking and asked if there is a greater level of uncertainty with funding than usual. Paul Whitehead confirmed this is the case. Indications are positive for the College however it is frustrating that the College cannot plan properly until all the information is received.

Governors were reminded that 75% of the College's costs are staff costs and that the pay award for 25-26 has been agreed with the Trade Unions, subject to affordability. This has been built into the Collective Agreement and gives the College more protection.

Non-pay costs are being closely scrutinised. Paul Whitehead reported that regular meetings are being held to discuss capital expenditure and funding for capital projects is only released when the College has the cash to do so.

Governors noted that cash levels are good and that cash levels are used as a financial indicator by management, as the bank covenants are now easier to meet as one of the loans has been repaid.

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 and for the next 18 – 24 months.

The issue with the Greater London Authority and devolution was highlighted to the Committee. The College earns funding for working with adult residents living in London at Stansted Academy however there is no growth in the College's contract and the

demand is greater than the funding available. The College cannot use its main adult contract for these learners therefore the College is delivering to London residents without receiving funding for all the learners. Paul Whitehead reported that the College has a commitment to the Academy, it is good, quality provision and progression rates are good, however the funding rules hinder the College. The College is looking to diversify its recruitment area at the airport therefore trying to balance out the funding issue.

A Governor asked what the “transfer (to) / from revaluation reserve” entry in the management accounts refers to. Deanne Morgan reported that it relates to assets that are transferred and gifted to the College in incorporation and every year a proportion of the value is recognised, as it is depreciated over the life of the asset, It is a non-cash, accounting entry in the accounts and as it comes off the balance sheet, it moves into income and expenditure in the accounts.

A Governor asked about project staff costs. Deanne Morgan reported that these relate to staff who are assigned to and costed to projects and Karen Spencer highlighted that some specific staff time is accounted as costs to some projects. A Governor asked why these were not in the original budget. Paul Whitehead reported that due to timings of projects, this budget line is not known until after the budget has been set. Project costs are budgeted in the “other operating expenses” budget line and are netted off with project income.

Karen Spencer reported that the College has had a number of large-scale projects over the last few years, including the Strategic Development Fund and the Local Skills Improvement Fund. The majority of funding was capital however there was some revenue funding and this was dispersed with other colleges across Essex. At present there is no successor for these projects.

Paul Whitehead reported that the College is implementing the Real Living Wage which will be in place by May 2025. This has been planned within the financial projections however there is a need to look at modelling what the increases will be now and over the next few years. There is likely to be a need to adjust the bands at the bottom of the pay scales in-year as the gap within the lower pay range is narrowing. The College will need to take a strategic view on this.

A Governor asked about the bursary values. Paul Whitehead reported that they are reviewed on an annual basis and the Bursary Policy will be presented at the May Resources Committee meeting for approval. Karen Spencer reported that the College’s Bursary Policy goes beyond the minimum income requirements and is supplemented by the College. Paul Whitehead reported that bursary income is recognised when it is used and that at present the College is above the current budget.

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

6 Treasury Management Report

The Resources Committee received and considered the treasury management report, presented by Deanne Morgan, Executive Director – Finance.

Deanne Morgan reminded Governors that this is a report which needs to be considered

by Governors annually to ensure that the College has plans in place to have adequate cash.

Governors were reminded that the College's facility remains with Virgin Money / Clydesdale Bank and that there are currently no proposals for fixed term investments as the College's current account's interest rate is favourable. This will however be kept under review.

The outstanding loan amounts were highlighted and Governors noted that the bank covenants continue to be met.

The Resources Committee reviewed the College's bank facility as follows:

Facility	Previous Limit	New Limit	Frequency
Overdraft	£0	£0	-
BACS (salaries)	£950,000	£1,100,000	per month
BACS (non salaries)	£1,000,000	£1,000,000	per week
Business Card (credit card)	£40,000	£4,000 (Replaced credit cards with payment cards)	per month
Open Credit (Cash facility with Natwest)	£10,000	N/A (Account closed)	per week

The proposed uplift in the BACS limit for salaries is due to the increase in staffing levels and the national insurance increase. A Governor asked why the facility is proposed at £1.1m whereas the management accounts are reporting £1.6m in staff costs per month. Paul Whitehead reported that the BACS is for staff payroll costs paid directly to staff whereas the £1.6m includes pension and national insurance costs that the College pays in a different way. Deanne Morgan reported that the payroll costs have been looked at and forecast forward and there is no need to increase the BACS limit further than £1.1m. If there is a one-off higher payment, the College would contact the bank to explain its position and seek approval for the payment.

The business card limit has been reduced due to credit cards being replaced with payment cards.

The Resources Committee agreed to recommend to the Corporation the approval of the annual banking facility with Virgin Money / Clydesdale Bank from 1 April 2025, as detailed above.

7 Property Strategy Update

The Resources Committee received and considered the Property Strategy Update, presented by Karen Spencer, Principal.

The report was taken as read.

Karen Spencer reported that the College is having active discussions with Manchester Airport Group (MAG) and Essex County Council on STAC Phase 2 and there is a need to get some clarity on the funding possibilities and how to secure the required funding.

Governors were informed that STAC is currently over capacity and that the College is

having discussions with MAG and other airport partners to work through off-site options and the remodeling of the existing building. Paul Taylor declared an interest as the company he works for is one of the companies the College is having discussions with.

Paul Whitehead reported that aviation operations at STAC has increased by four groups this academic year compared to last year. The capacity in the building is at its maximum and off site options or better utilisation of the current space will come with resource implications therefore there is a need to look at the impact of this on the management accounts and cash levels. The College needs to prove growth in order to secure investment therefore finding additional space is crucial. STAC will be significantly over capacity for 25-26 based on the number of applications received to date. Paul Whitehead reported that there is a need to ensure that growth is manageable and that this growth demonstrates the need for growth and capital investment. Karen Spencer reported that capacity at STAC has been added as a new risk on the College's risk register.

Karen Spencer reported that the sector is waiting for the DfE's capital funding announcement. It is likely to be formula-based with some funding this academic year and some next academic year.

Negotiations are continuing with Harlow Council about a possible swap of land. A new structure is now in place at the Council and discussions are now starting to progress.

A positive meeting has been held with the new Chief Executive at Princess Alexandra Hospital and the STAC model is being looked at as to how something similar can be achieved on the Harlow campus to create a Health Sciences and Social Care Academy.

Discussions are being held with the CITB around relocating the Construction Hub onto the Harlow campus. This will take a significant amount of funding to achieve and the College is not likely to be in a position to relocate it this academic year.

Governors were informed that Hertfordshire County Council are not currently pursuing a devolution deal however the College is still hoping for some fluidity in contracting along economic, as well as political, geographies.

A Governor asked why the College was not considering a non-traditional term time and timetabling model to make best use of space available at Harlow and at STAC. Karen Spencer reported that the College is not allowed to charge and generate income from its buildings at STAC because of the lease agreement, it would be considered a sublease. To open the campuses up for longer teaching terms or days would pose a challenge contractually where examination dates and holiday periods are fixed. Often other users want space for longer periods of time or a permanent space. The College already hosts for example the dance school out of hours. The staff base is truncated, there are agreed non-teaching and some contractual holiday times. A Governor asked if anyone in the sector had trialled this. John Godley reported that some had tried two-year degree courses. Paul Whitehead reported that a model for stretching the day had been explored however this identified issues with infrastructure and staffing. It was agreed that there is no simple way of doing this. Deanne Morgan reported that the College is making savings during the periods of economic closure and these savings would be lost if the College were to open.

A Governor asked if the issues with the roof in N Building have been resolved. Karen Spencer reported that a solution has been put in there and it is in the College's

programme of planned maintenance.

A Governor asked about the EV chargers at STAC still being free of charge to use. Karen Spencer reported that there is a need to deinstall them to then reinstall them and this is in a plan of capital works required however there is a need to balance priorities and at present there is no great benefit to the College for spending funding on this.

A Governor asked if the College receives updates from contractors on the work taking place on Velizy Avenue. Karen Spencer reported that the College is notified when the road is being closed however the College has reported concerns around the safety of the crossings, setting out its position. The College has limited influence on it however it is taking its own actions to help improve safety.

The Resources Committee noted the Property Strategy Update,

8 Human Resources Reports

8.1 Human Resources Update

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

Natalie Smith reported that positive work has started on the College's Investors in Diversity (IiD) accreditation, with five task forces being created, comprising EDI Ambassadors and members of the Executive. The task forces are working through the College's action plan and setting up their own three-year action plan for each of the five areas. These action plans will be amalgamated with the overarching IiD action plan.

As a result of the work being undertaken, the EDI profile across the College has been raised, with staff being more aware of what the College is doing.

The College is looking to establish additional support groups for staff and offer well-being activities for staff.

There have been positive changes to the staff appraisal system and EDI is being drilled down further in the College's recruitment and interview processes.

New EDI training is being rolled out to all staff.

Karen Spencer reported that there was positive feedback from staff at the recent staff development day.

A Governor asked about the ethnicity profile for apprentices. Karen Spencer reported that the College has a lower number of black and minority ethnic apprentices however this mirrors the national picture. There is also an over prevalence of male apprentices due to the majority of apprenticeships being in trade areas. The College is working with employers and STEM organisations to address this difference and small incremental improvements are being seen. Deanne Morgan reported that the target for ethnicity was met this year and now gender is being looked at. Karen Spencer reported that there is a better balance with the apprentices at STAC.

A Governor asked if the College looks at socio-economic backgrounds for apprentices. Karen Spencer reported that the College maps those on bursary and free school meals where it can however bursary is not applicable for apprentices as they are employed. Overall, learners with an EHCP over achieve compared to those without and learners on free school meals under achieve compared to those who are not on free school meals. This mirrors the national picture. Paul Whitehead reported that postcode deprivation indicators could be looked at however in the national figures, deprivation is often hidden as it is based on the first four postcode digits. It was agreed that it would be useful to track the socio-economic backgrounds of any progressing learners. Natalie Smith highlighted that socio-economic factors are discussed in the recruitment task force and discussions could be held with the apprentice and employer around these factors however there is a need to be careful with this. This information can be sensitive therefore the College needs to be mindful on why it is collecting the information.

Paul Whitehead agreed to have a look at how this could be reported, looking at the 16 – 18 data and the adult data, along with bursary and free school meal key indicators. A Governor asked if this data is looked at at course level and Paul Whitehead confirmed that this is reported to the Standards and Curriculum Committee. Karen Spencer reported that over 50% of students have some indicator and are fairly well dispersed across all levels and teams. Paul Whitehead highlighted that the ESOL and Choices data is heavily skewed due to the backgrounds of the learners and the data overall is not currently looked at in terms of proportion in recruitment onto courses.

It was agreed that Deanne Morgan would report back to the apprenticeship task force on ways to look at deprivation indicators.

Paul Whitehead reported that the Government has undertaken an equality impact assessment on T-Levels policy and they have recognised that it has an impact on certain groups in society, accepting that this is ok.

A Governor highlighted that the College offers good benefits and training for its staff and asked if the College knows what people think are the top three benefits and if this is something that can be learnt from. Natalie Smith reported that anecdotally holidays and economic closures are the top benefits. John Godley also highlighted that staff are able to access their accredited teacher training from the College is also of benefit. Karen Spencer suggested a staff survey focusing on the top benefits would be beneficial, followed by the second liD survey and then the whole staff survey.

Governors' attention was brought to the reasons staff stated for leaving the College.

A Governor highlighted that around a quarter of staff are leaving for other colleges and asked if there was any further information on this. Natalie Smith reported it was a mixture of promotion opportunities or relocation and there have been a number of individuals who have left for another college and then returned to Harlow College. A Governor asked if there was any particular colleges staff were going to and Natalie Smith reported that there is no particular college. A Governor asked if other colleges are offering staff things that the College does not however Karen Spencer highlighted that the College offers more than a lot of other colleges. Karen Spencer reported that losing staff to other colleges is not a big concern, the bigger issue is

when staff go back to industry, with the lower salaries in education being the challenge.

The Resources Committee noted the Human Resources Update 2024.

8.2 Maternity Policy

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

Natalie Smith reported that a section on neonatal care leave has been included as this is coming into law from April 2025 and that the wording has been agreed with the College's lawyers.

A Governor asked if a line could be inserted to show more empathy and to say that the College is supportive in these circumstances. After a detailed discussion, it was agreed that a softer FAQ / managers' guidelines would be produced to sit alongside the Policy.

A Governor asked if the Policy could change again with the upcoming changes for the right to leave following a miscarriage. Natalie Smith confirmed that HR are keeping abreast of the changes being proposed and when they will come into force, with policies being updated as required.

The Resources Committee approved the Maternity Policy.

9 Any Other Business

There were no items of any other business.

10 Dates of Future Meetings

Summer Term 2025	Tuesday 13 May 2025	9.30am
	Wednesday 25 June 2025	9.30am

Ed Whittle reported he may not be able to attend the next meeting and Heather Wilson agreed to chair the meeting if required.

Key Points From The Meeting For Corporation:

1. Management Accounts

To note the current position.

2. Treasury Management Report

To receive the report and approve the recommendations from the Resources Committee.