

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

RESOURCES COMMITTEE

Minutes of the meeting held virtually on Zoom on Tuesday 6 December 2022

Membership: *Eddie Johnson
*Julia Fillary
*Liz Laycock
*Rachel Miller
*Brian Spencer
*Karen Spencer
*Paul Taylor (Chair)
*Ed Whittle

** Denotes Present*

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

1 Election of the Chair

Paul Taylor was unanimously elected as Chair of the Resources Committee.

The Resources Committee thanked Eddie Johnson for his commitment to the Committee over the years.

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 21 June 2022 were agreed as an accurate record and were signed remotely by the Chair.

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

There were no matters arising.

6 ESFA Financial Health Rating Letter

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

The Committee noted that the letter is a standard letter from the ESFA confirming the

College's financial health rating as good.

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

7 Management Accounts for the Period 1 August 2022 – 31 October 2022

The Resources Committee received and considered the Management Accounts for the period 1 August 2022 – 31 October 2022, presented by Deanne Morgan, Executive Director – Finance.

Deanne Morgan informed the Committee that the management accounts contain information on forecasts, cashflow and the bank covenants for this academic year however they take into account the year-end position as of 31 July 2022. Now the financial statements figures have been finalised, the October management accounts have been updated accordingly. The current forecast year-end position is a £451k deficit, with the original budgeted position being a £478k deficit. The adjustment for the apprenticeship income has been made in the October management accounts.

Governors were informed that the bank covenants are calculated on a rolling year basis therefore it will not be until July 2023 that the July 2022 figures will not be included in the calculations. The bank waiver which is in place has been agreed for a year. The College will measure against the bank covenant throughout the year to ensure it is on target to meet the covenant once the waiver ends. The other bank covenant waiver is in place until April 2023 and will allow the College to undertake capital works.

Changes have been made to the 16-18 income forecasts as the College will not be able to apply for in-year growth. This has been mitigated by staff costs being lower than anticipated due to a lag in recruitment therefore the College is still on target to achieve the forecast position. The College has signed up to the Real Living Wage and is committed to pay staff on lower bandings above this rate, as the Real Living Wage is expected to rise again soon. This will mean a 15% pay increase for the lowest earning staff. These increases have been included in this set of management accounts.

Non-pay costs continue to be challenging. The College is in fixed terms contracts until September 2023 and September 2024 for its utilities however this is being monitored.

A Governor asked what the College is doing in terms of utilities as September 2023 is only nine months away. Deanne Morgan confirmed that options will be looked at from March 2023 onwards and it could be that a variable rate might be more beneficial at this time. A Governor asked if this would be linked to sustainability and a review of the College's buildings and Karen Spencer confirmed that this is the case.

The College has three loans, one of which is on a fixed rate and the other two have swap provisions which will help to protect the College from the rises in interest rates.

Governors were informed that a new line for trade debtors has been added into the management accounts so that this can be monitored and reviewed by management. It relates to invoices issued to employers for apprenticeship contributions.

A Governor asked if the trade debtors was for non-levy paying employers. Deanne Morgan confirmed this was correct and that the contribution is from non-levy paying employers on the apprentice employment service.

A Governor highlighted that with smaller employers, there are bigger risks from the learner and financial perspective and asked what the College's strategy was with this. Paul Whitehead confirmed that the College's first duty when an apprentice loses their job is to work with them to secure another employer. The contribution the new employer is required to pay can be a barrier and therefore the College will deal with this on a case by case basis. Contributions could be written off as bad debt and this would allow the apprentice to continue with their apprenticeship however the College would not receive the employer contribution. Governors were informed that a significant amount of work is undertaken with employers and apprentices before sign-up to ensure they are fully aware of their commitments.

The College is predicting its financial health to be good and other financial indicators are on target to be met.

Cashflow continues to be closely monitored.

The College has shared its financial plans and indicative student numbers with the bank and they have not raised any issues with the information received.

The Committee was informed that the College has entered into a staff car leasing scheme which had been discussed when the College agreed the staff pay award. The ONS reclassification does not have an effect on lease agreements and colleges can enter into them without the ESFA's permission. The leasing scheme is a salary sacrifice scheme.

A Governor asked if the scheme is open to all employees. Paul Whitehead reported that there are parameters that have been set by the company which are external to the College and that there is a minimum salary level to ensure that staff are not below the minimum wage once the contributions have been taken. There is an internal requirement for staff to have worked at the College for at least a year to be eligible for the scheme.

A Governor asked if the scheme was linked to the College's Environmental and Sustainability Policy. Paul Whitehead confirmed that it was and the College had considered only offering electric and hybrid cars in the scheme. There is however a delay with these cars so this restriction was not put in place however it does mean staff are able to access newer, more efficient cars.

A Governor highlighted that there has been an increase in the costs for running projects and asked if this is offset against the income received. Deanne Morgan confirmed that this is the case. The income is recorded in income lines however there are outgoing costs associated with the delivery of projects.

A Governor asked if Governors should be concerned with the red dots in the management accounts. Deanne Morgan reported that there are only small differences in the figures and there are no significant concerns. The Committee requested that the lines be reflagged if the differences are immaterial.

A Governor asked if the ONS reclassification would have an impact on the College's audit costs, if there will be a greater audit requirement and if the audit might have to change. Karen Spencer reported that colleges have been informed that there are no proposed changes for next year and the new Accounts Direction will be published in November 2023 for implementation in the following year, therefore it will be a two-year process. The Government is saying it is not its intention to increase costs. Deanne Morgan reported that the Government's policy around managing public money may mean that there are some

elements that need to be looked at straightaway. Karen Spencer reported colleges are already broadly subject to this policy and currently there is insufficient detail on the exact implications for colleges.

The Resources Committee noted the management accounts for the period 1 August 2022 – 31 October 2022 and the forecast position in terms of financial health and banking covenants.

8 Human Resources Reports

8.1 Annual Human Resources Report

The Resources Committee received and considered the Annual Human Resources Report, presented by Sally Appleby, Executive Director – HR Services.

Sally Appleby reported that the report covers the academic year 2021-2022 however it is difficult to compare the data with the last two years because of the pandemic therefore 2018-2019 statistics have been used.

Governors were informed that the number of vacancies has increased however the College continues to have good internal progression. There are some areas in which it is still difficult to recruit to, however market allowances and the College's immigration licence are being used where necessary. A new applicant tracking system has been introduced which will allow more accurate information to be produced which can be more easily monitored and it is hoped it will improve the candidate's experience.

Staff turnover increased to 13.65% however it is under the national benchmark.

Sickness absence has seen a significant increase from 5.97 days to 9.07 days, with both short-term and long-term absence rising. The main reason for the increase is believed to be the increase in covid and sickness possibly being under reported when working from home. The number of staff off due to minor operations has increased however these procedures were put on hold during the pandemic, so this not unexpected. Stress related absence has increased however this is in relation to stress at home rather than at work.

Employee relations are dealt with on an informal level where possible.

A Governor asked if the increase to seven formal disciplinary cases in 2021-2022, compared to one in the previous year, is a point of concern. Sally Appleby reported that all of the cases were valid and there were no trends emerging from the cases.

A staff survey has been undertaken and the summary tables in the report present the headline results from the survey. The scorings have been RAG rated however it was noted that some questions were slightly different to the questions asked in previous surveys. The results are an improvement on the results from the 2019 survey. Equality and diversity questions were asked and the College is addressing the lowest scoring areas in focus groups.

A Governor highlighted that some of the figures in the staff survey have improved but are still at a low level and asked what the College is doing to address this. Karen Spencer reported that there are some anomalies with the results and it is not clear

what is meant by some of the responses. HR are unsure on how questions have been interpreted and the focus groups will be used to delve deeper into this.

The survey has not run by team or level and this survey looked at some different sets of things compared to previous surveys.

The College has looked to see if there as an equality and diversity issue however scores from black and minority ethnic staff are up to 10% higher than for those who are not from a black and minority ethnic background. Working groups have therefore been set up to address issues and trends that have arisen from the survey. It has been established that lower satisfaction is not linked to ethnicity therefore a further analysis will be undertaken to see if any links can be made to other characteristics, such as age.

Governors were informed that some of the results are scores and not percentages.

It was reported that historically questions in relation to the Executive and senior managers produced a lower score and work is already being undertaken to address issues.

Karen Spencer reported that whilst some scores may appear to be low, they are significantly above sector benchmarks.

A Governor highlighted that when the results are compared to industry, they are not particularly low and that working in education will require staff to work onsite and this might have led to some of the reported dissatisfaction.

A Governor highlighted that the results linked to the Executive Team are high compared to their organisation and that this reflects the positive approach to and taken by the Executive Team. It is widely acknowledged that results for these types of questions will be lower than any organisation would like.

A Governor highlighted what the College is doing to address areas with low results is critical as there is a performance element linked to this and reported that they are satisfied with the College's approach outlined in the meeting.

The main developments in the HR team going forward are implementing the on-boarding element on the new system, continue to monitor staff retention, turnover and the number of vacancies and consider a hybrid working policy.

Governors thanked Sally Appleby for her report and asked for further updates going forward.

The Resources Committee noted the Annual Human Resources Report.

8.2 DBS and Pre-Employment Checks Policy

The Resources Committee received and considered the DBS and Pre-Employment Checks Policy, presented by Sally Appleby, Executive Director – HR Services.

Governors were informed that the DBS Policy now incorporates the pre-employment checks carried out by the College. The requirement to undertake internet search

checks on candidates has also been included in the policy, based on the updated Keeping Children Safe in Education statutory guidance.

The Resources Committee approved the DBS and Pre-Employment Checks Policy.

9 Business Continuity Plan

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

Will Allanson reported that the Plan is reviewed annually however it is a live document. Governors' attention was brought to the changes made to the Plan as outlined on page 2 of the document. The changes are minor.

Will Allanson reported that the College is continuing with the rollout of business continuity training throughout the organisation and more targeted training for those with specific responsibilities within the Plan.

The Resources Committee noted that as the Business Continuity Plan is not a statutory policy, therefore it does not need to be formally approved by the Committee.

The Resources Committee noted 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 the Policy has had a complete rewrite and has been aligned to the College's carbon reduction roadmap. How the College aims to achieve carbon reduction linked to the headings in the roadmap has been included in the Policy.

A Governor asked about the installation of electric charging points. Will Allanson reported that the infrastructure is there and orders have been placed. The College is now waiting for a date to get the connection into the power station.

A Governor asked if the points would be available for public use. Will Allanson reported that the College does not need to make them publicly available and is looking to charge for the use of them via an app.

Will Allanson reported that the College is undertaking some exploratory work around reducing energy consumption on site, such as a rolling programme to change to LED lighting and reducing the heating.

Governors were informed that as part of the Strategic Development Fund project, the College is working with Mitsubishi Electric to install a sustainable energy centre onsite however they are helping to look at the campus as a whole with the aim of reducing the College's carbon consumption.

The Resources Committee noted that whilst the Environmental and Sustainability Policy is not a statutory policy, it is being aligned to the College's strategic approach therefore the Committee was asked to approved the Policy.

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

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|------------------|------------------------|--------|
| Spring Term 2023 | Thursday 02 March 2023 | 9.30am |
| Summer Term 2023 | Tuesday 09 May 2023 | 9.30am |
| | Tuesday 27 June 2023 | 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.