

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

RESOURCES COMMITTEE

Minutes of the meeting held virtually on Zoom on Tuesday 14 December 2021

Membership: *Eddie Johnson (Chair)
Julian Bedford
Julia Fillary
*Liz Laycock
*Brian Spencer
*Karen Spencer
*Paul Taylor

** Denotes Present*

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

1 Apologies for Absence

Apologies for absence were received from Julian Bedford due to work commitments and Julia Fillary for personal reasons.

2 Declarations of Interest

Eddie Johnson declared that he is an Essex County Councillor.

3 Minutes of the Previous Meeting

The minutes of the Resources Committee meeting held on 22 June 2021 were agreed as an accurate record and were signed remotely 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

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 confirming information which the Corporation has already received. The College's financial health rating has been confirmed by the ESFA as good.

Paul Taylor asked about the level of debt charge as a percentage of income and if this was due to an issue with timings of the loans. Karen Spencer confirmed that this is the case.

Paul Taylor reported that he believes that there is no ESFA human intervention or close scrutiny of the data when the dashboard is produced. Karen Spencer reported that the ESFA are undertaking a survey and this will be fed back through this if possible. Deanne Morgan also highlighted that the ESFA created a focus group looking at financial health calculations, which Paul Bartlett and Ray Levy were part of. Deanne Morgan reported that the College is anticipating some clawback and this affects the figures and the graphs. Deanne Morgan informed Governors that the dashboard is not a public document and it is only shared with Governors and the bank. Karen Spencer reported that every college has its own individual issues which would affect the dashboard. Paul Whitehead highlighted that whilst benchmark data is useful, it will not always be a like for like comparison.

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

6 Management Accounts for the Period 1 August 2021 – 31 October 2021

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

Deanne Morgan highlighted that the format of the management accounts has changed. The ESFA produced a recommended template and therefore the College has added in some additional headings from the template.

Governors noted that the year end forecast is currently a deficit, predominately due to the difficulties in recovering the Adult Education Budget (AEB) work.

Project income however continues to grow and the College has been successful in several bids for project work.

Pension costs are a concern however these are outside of the College's control. Provision has been put in the accounts however the actual amount could increase. There is also the National Insurance increase which comes into effect in April 2022 which will cost the College an additional £56k this year.

In terms of non-pay costs, there has been a dramatic increase in the cost of materials and energy costs could increase by up to £500k in total if the College moved over to a variable contract. At present the College is in a fixed contract until 2024 with a big supplier therefore the College is confident that the supplier will not go into administration.

The bank covenants have been met for October and are forecast to continue to be met through careful monitoring of cash. The College's capital expenditure will be adapted accordingly to ensure the bank covenants continue to be met.

LIBOR (London Inter Bank Offered Rate), the interest rate used for two loans, is ending on 31 December 2021. This is a global banking change. The College is switching at the point when there is no choice but to transition (an earlier switch would have resulted in break costs) to the replacement Base Rate. There is no change in the net interest cost as these loans have an existing swap cover which protects the College from rate increases. The new loan in May 2021 was put on the Base Rate with a swap cover, so no transition is required for this loan.

The College has not entered into any new leases.

A discussion was held around the AEB as the biggest risk to the College's finances. It has been most affected by COVID and the College expects it to be further affected by the current situation. The College is in dialogue with the ESFA who are aware of the difficulties faced by colleges nationally. Paul Whitehead reported that there is a current plan in place to re-energise the College's AEB provision in January however there are now questions around what will be possible due to the current situation and recovery of the College's AEB provision is significantly at risk.

Paul Taylor asked about the creditors paid within 30 days which is currently at 82% against a target of 95%. Deanne Morgan confirmed that this was not a cash issue however an internal issue with invoices not being paid until they are authorised by staff. Monthly reports are sent to managers to highlight where the 30 days is not being met.

Paul Taylor asked about the -6977% on the last page of the management accounts. Deanne Morgan reported that this relates to negative cash due to repaying AEB funding. Despite opening the year with a high level of cash, the College is expecting to have to pay up to £2m back to the ESFA as the AEB is paid on profile, not on delivery. The £2m relates to funding from last year however it will look like it is from this year and cash generation will therefore be low. The -6977% figure is a new addition to the management accounts from the ESFA's template.

Paul Taylor asked if the College is planning for the long-term in terms of looking at its energy footprint and usage. Will Allanson reported that this is currently being actively looked at. Scrutton Bland, the College's internal auditors, have undertaken some initial work to look at the College's strategic carbon management usage. The audit report will be presented to the Audit Committee once it has been finalised and the College will develop a strategy going forward.

The Resources Committee noted the management accounts for the period 1 August 2021 – 31 October 2021 and the forecast position in terms of financial health and banking covenants.

7 Human Resources Reports

7.1 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 2020-2021 however the AoC benchmarking data is from 2019-2020.

The report is largely dominated by the impact of the pandemic. Staff and students returned to full onsite delivery and working from September 2021 and throughout last academic year, the work of the HR team has been dominated with handling COVID related issues and queries. Communication has been key throughout the pandemic and a number of surveys have been undertaken throughout the year.

Recruitment all took place remotely and levels of recruitment remained high, although there are some areas which have been difficult to recruit to.

There have been changes to the immigration system. The College employs 18 staff from the EU, 16 of which have settled status and 2 of which have pre-settled status therefore there are no issues with them continuing to work in the UK. The College continues to hold a UK Border Agency Immigration Licence.

Staff turnover has remained stable, with a slight decrease in numbers which is favourable in comparison to sector averages.

There has been a slight increase in overall sickness levels from 5.52 days per employee to 5.87 days. This is 0.77 days over the AoC benchmark. An additional 199 days were lost due to sick leave in 2020-2021 compared to 2019-2020 however levels are not back up to the level they were in 2018-2019.

Karen Spencer reported that the impact of COVID on sickness level was not apparent in the report and asked if the figures could be recorded differently so the impact of COVID could be ascertained. Sally Appleby reported that 405.5 days were lost due to COVID in 2020-2021 compared to 100 days in 2019-2020. There are three cases of long COVID. Additional statistics and a further breakdown can be provided by HR Services. Karen Spencer reported that would be useful for Governors.

Karen Spencer asked about how useful the AoC benchmarks are if they are not comparing the same year that the report covers. Sally Appleby reported that the AoC moved the collection of data from colleges to later in the academic year and releases their figures between January and Easter annually. Karen Spencer asked if the Annual Human Resources Report could be presented to a later Resources Committee meeting to ensure that the benchmarks cover the same period as the report as this would allow the Committee to understand whether they are in line with other colleges. Sally Appleby reported that this could mean a big gap in time from the end of the reporting period to the presentation of the report. It was agreed that it would be useful to revisit the report once the new benchmarks are published.

Eddie Johnson asked COVID absence in relation to sickness absence thresholds. Sally Appleby confirmed that COVID related absence is not taken into consideration when calculating if any sickness absence thresholds have been met. Karen Spencer reported that COVID absence might not be a realistic figure as some staff who have had COVID or have had to isolate have worked from home and it was agreed that it is a very complicated picture.

Governors' attention was brought to the occupational health analysis. The College continues to work with Prestige who offer a valuable service to the College. They have helped with the transition back to onsite working and have held COVID clinics. There has been a focus on mental health and anxiety and Prestige has worked with partners to reduce the waiting time for staff to access psychological support.

The profile of menopause has been raised and managers have been coached in handling menopause related issues.

HR Services continues to work with managers on employee relations and many are resolved informally.

A small number of catering staff were furloughed and HR Services recruited volunteers to help run the onsite COVID testing centre.

The staff profile has not changed significantly. There has been an increase in delivery and delivery support staff and a decrease in non-delivery staff, mainly due to the casual National Citizenship Service staff no longer working for the College.

Priorities for HR Services moving forward are carrying out the staff survey and the modernisation of the HR recruitment system.

Liz Laycock highlighted that given the unique nature of the last academic year, the College has supported staff well.

The Resources Committee noted the Annual Human Resources Report.

7.2 Human Resources Policies

The Resources Committee received and considered a number of Human Resources policies, presented by Sally Appleby, Executive Director – HR Services.

Sally Appleby reported that the policies have been updated in light of employment law changes, case law and the College's experience of using the policies and procedures. Flexibility clauses have been added in to specify that they are non-contractual and policies can be amended without notice. In some policies the need for a panel of Governors at appeal stage has been removed to allow greater flexibility. Karen Spencer asked if advice has been sought from the College's employment solicitors. Sally Appleby confirmed that advice had been sought, the policies are based on good practice and the College has been advised to minimise the policies, ensure the College is not "tripped over" by its policies and to not go beyond the law.

Brian Spencer asked about the policies being non-contractual and asked if they were non-contractual would the College be on weaker grounds if employees fail to comply with the policies. Sally Appleby confirmed that this would not be the case as the College has a procedure for handling non-compliance with policies and from an Employment Tribunal point of view the College cannot be challenged. Karen Spencer highlighted that the employment contract is completely separate. Brian Spencer confirmed he is comfortable with this approach with the lawyers are.

The following policies were reviewed by the Resources Committee, as follows:

- **Absence Improvement Policy**

It has been made clearer who an Occupational Health report will be shared with as it needs to be shared with the line management structure. It also requires the employee to inform the College when they are returning to work from long term sick leave.

- **Adoption Policy**

The remit of this Policy has been extended in law.

- **Discretionary and Compassionate Leave Policy**

Type of absence and type of pay have been updated.

- Equality and Diversity Policy

There are no proposed changes to this Policy.

- Grievance Procedure Senior Post Holders

There are no proposed changes to this Policy.

- Grievance Procedure Staff

There are no proposed changes to this Policy.

- Management of Change Procedure

There has been a legal change with the length of consultation being reduced from 90 days to 45 days.

- Maternity Policy

Gender neutral pronouns have been used following an internal equality impact assessment.

- Parental Leave Policy

Parental leave can now be taken up to a child's 18th birthday.

- Paternity Policy

Additional Paternity Leave (APL) has now been abolished and has been replaced with the Shared Parental Leave (SPL).

- Performance Management Policy and Procedures

Flexibility has been added to allow a judgement to be made as to whether to enter the procedure at a higher level rather than working through each stage. It also aligns the length of the notices to Improve with the ACAS code.

- Shared Parental Leave Policy

Out of date transition arrangements have been removed.

- Staff Code of Conduct

There are no proposed changes to this Policy.

- Staff Disciplinary Policy and Procedures

Clarification points have been added in and confidentiality has been strengthened.

- Staff Recruitment and Selection Policy

There are no proposed changes to this Policy.

Sally Appleby informed Governors that all the policies will be shared with the Trade Unions and equality impact assessed where required.

The Resources Committee approved the following policies: Absence Improvement Policy; Adoption Policy; Discretionary and Compassionate Leave Policy; Equality and Diversity Policy; Grievance Procedure Senior Post Holders; Grievance Procedure Staff; Management of Change Procedure; Maternity Policy; Parental Leave Policy; Paternity Policy; Performance Management Policy and Procedures; Shared Parental Leave Policy; Staff Code of Conduct; Staff Disciplinary Policy and Procedures and Staff Recruitment and Selection Policy.

8 Business Continuity Plan

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

Governors noted that this Plan was previously the Disaster Management Plan which was reviewed annually. The Business Continuity Plan has been updated and been subject to a successful internal audit. The College adopts a dynamic approach to business continuity given the number of sites it operates on. Page 3 of the Plan details the latest updates.

Governors were informed that the Business Continuity Plan is usually presented to and approved by the Health and Safety Committee however approval is required before the next Health and Safety Committee meeting therefore approval is sought from the Resources Committee as a one-off.

The Resources Committee approved the Business Continuity Plan.

9 Any Other Business

There were no items of any other business.

10 Dates of Future Meetings

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|------------------|------------------------|-----------------|
| Spring Term 2022 | Thursday 03 March 2022 | 8.30am / 9.30am |
| Summer Term 2022 | Tuesday 10 May 2022 | 8.30am / 9.30am |
| | Thursday 21 June 2022 | 8.30am / 9.30am |

Key Points From The Meeting For Corporation:

1. ESFA Financial Health Rating Letter

To note the letter and correspondence between Harlow College and the ESFA.

2. Management Accounts

To note the current position.