

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

RESOURCES COMMITTEE

Minutes of the meeting held virtually on Zoom on Thursday 21 June 2022

Membership: *Eddie Johnson (Chair)
*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
Ruth Lucas, Head of Governance

1 Apologies for Absence

There were no apologies for absence.

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 10 May 2022 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 2021 – 30 April 2022

The Resources Committee received and considered the Management Accounts for the period 1 August 2021 – 31 April 2022, presented by Deanne Morgan, Executive Director – Finance.

The Resources Committee was informed that the year-end forecast position is a £500k deficit which is due to the difficulty in the recovery of the Adult Education Budget post-pandemic. Governors noted that despite this, the College's financial health rating is still forecast to be good, the bank covenants are forecast to be met, the cash position is good and the College has been successful in securing project income. The College's borrowing to income ratio is low and the staff costs to income ratio is as expected.

Governors were reminded of the bank covenant waiver that is in place which allows the College to spend cash that it generated on campus improvements for this year and next.

The bank covenant test performance for the year end has changed from 1.4 to 2.4 as a result of the waiver. The bank covenant would not have been met in October 2022 as it would have been 0.4 without the waiver being in place however it is now forecast to be 1.4.

Capital spending is being closely monitored. The reduced adult income has had a knock-on effect. The College is paid to contract so is expecting a clawback therefore the income that the College has not earned is not spent in year in readiness to pay it back to the ESFA.

Deanne Morgan informed Governors that the year-end accounts could look quite different to these accounts due to movements that take place at the end of the year and that the financial statements will be presented to the Resources Committee for consideration and to the Corporation for approval in December 2022.

Deanne Morgan highlighted that the LGPS cost could change on the balance sheet as the College will not be informed how the pension has performed until August 2022.

Paul Taylor asked about the Adult Education Budget. At the May Resources Committee meeting, the College was forecasting £3.5m delivery however this is now forecast at £3m, with only £2.048m achieved to date and asked if this is a risk and what impact under delivery could have on the College.

Paul Whitehead confirmed that the College is still aiming for £3m delivery which is challenging, however the College is looking to earn as close as possible to £3m and careful planning is taking place for next year to achieve the £3.5m target. If required, the £3m figure for this year will be adjusted in the next set of management accounts.

Paul Whitehead highlighted that Community Learning and Learner Support funding is not included in the £2.048m figure and he confirmed that last year the College earned approximately £400k in Community Learning and £100k in Learner Support Funding. Governors were informed that this is not currently clearly reported and the income for both these elements is currently reconciled at the end of the year, even though it is earned throughout the year. It was agreed that Paul Whitehead and Deanne Morgan would look at how this is reported in the management accounts to give Governors more assurance in the future.

Julia Fillary reported that the year-end position for this year is slightly improved however in July 2023 there is still negative movement in the forecast final position. Karen Spencer reported that this is due to Governors agreeing to make a fair pay award and set a deficit budget with recovery in following years. Without the pay award there would be a more recovered bank position next year however next year is forecasting a similar year-end position as this year.

Paul Taylor asked about 09 – additional costs. Deanne Morgan reported that this is the associated non-pay costs of project work. Paul Whitehead highlighted that when the project income line is planned in the management accounts, the College is not always aware of all projects at the start of the year and a prediction is made in the income line. Some projects have additional expenditure which is not always known at the start of the year and that the contributing income is looked at rather than the full income. Karen Spencer reported that it is not possible to plan some projects into the financial forecasts at the start of the year as bids sometimes come out during the Summer, and outcomes of applications are not often announced until October / November with the funding needing to be spent by March.

Paul Taylor highlighted that project income is currently £1.2m, with a year-end forecast outturn of £1.9m and asked if any additional costs are expected to come out of the £700k still to be earned. Deanne Morgan reported that the College forecasts the costs that are known therefore it is not anticipated that there will be any other additional costs. Will Allanson confirmed that the College forecasts what it thinks it will spend compared to the income and that the College is not anticipating any additional expenditure.

The Resources Committee noted the following the management accounts for the period 1 August 2021 – 30 April 2022 and the forecast position in terms of financial health and banking covenants.

6 Financial Regulations

The Resources Committee received and considered the Financial Regulations, presented by Deanne Morgan, Executive Director – Finance.

Deanne Morgan reported that the Financial Regulations are approved annually by the Resources Committee and that the proposed Financial Regulations have been updated based on recommendations for the internal and external auditors and are based on the Chartered Institute of Public Finance and Accountancy model.

Governors were informed that the proposed changes are highlighted in yellow throughout the document.

Julia Fillary asked about the reference to EU regulations linked to procurement on page 10 and asked if these are still in place. Deanne Morgan reported that there is currently a transition stage and that the College has to follow the EU regulations until new laws are passed. When notification is received that the laws have changed, the Financial Regulations are reviewed and updated.

The Resources Committee approved the Financial Regulations for 2022 – 2023.

7 Human Resources Reports

7.1 Gender Pay Gap and Ethnic Pay Gap Reports

The Resources Committee received and considered the Gender Pay Gap (GPG) and Ethnic Pay Gap (EPG) reports, presented by Sally Appleby, Executive Director – HR Services.

Sally Appleby reported that the GPG report for 31 March 2021 is required to be published by March 2022 therefore organisations have a year to publish it. The College however has brought this forward and is now publishing its GPG report for 31 March 2022, therefore the analysis is undertaken in a more timely way.

The mean GPG for 31st March 2022 was 4.13% and the median GPG was 11%. It is hard to identify reasons for change however there has been a positive movement in the middle management group with internal progression for female staff.

There are no prescribed methods of analysing the EPG as there is no statutory requirement to publish it. The College made a strategic decision to publish the EPG and has used the Chartered Institute of Personnel and Development's approach.

The mean EPG for the College as of 31st March 2022 was 1.66% and the median was 0% which is low. The College's staffing profile of BAME employees remains at 11% which matches that of the local community however this data is based on the 2011 census data, as the 2021 census data has not yet been published.

The Resources Committee thanked Sally Appleby for providing a very clear report earlier than required and agreed that the College is doing a good job at addressing the GPG and the EPG.

The Resources Committee noted the GPG and EPG reports.

7.2 Trade Union Recognition and Procedures Agreement

The Resources Committee received and considered the Trade Union Recognition and Procedures Agreement, presented by Sally Appleby, Executive Director – HR Services.

Sally Appleby reported that the Agreement is currently working well in practice and documents the way the College works with the Unions.

Sally Appleby highlighted the changes to the Agreement with particular reference to a change in Appendix 4 relating to stage 3 of the dispute procedure. The change has made the process clearer and reference to arbitration and mediation has been removed. Eddie Johnson reported that ACAS is classed as arbitration and mediation therefore there was no need to repeat it. Sally Appleby confirmed that arbitration and mediation had been removed as it could be interpreted as an additional step after ACAS when this is not the case.

Sally Appleby confirmed that the pay award negotiations have now been concluded and there is a collective agreement in place for the next two years.

Karen Spencer highlighted that the Unions need to approve the Agreement which they have done therefore the Resources Committee is asked to endorse the approach to the Agreement.

The Resources Committee endorsed the approach to the Trade Union Recognition and Procedures Agreement.

7.3 Local Government Pension Scheme Statement of Policy

The Resources Committee noted that there had been no changes to the Local Government Pension Scheme Statement of Policy, set by the Resources Committee in 2014, however there is a requirement that this is reported to the Resources Committee annually.

8 Policies for Approval

The Resources Committee received and considered the 16-19 Bursary Fund Policy 2022-23, the 19+ Discretionary Learner Support Policy 2022-23, the Fee Policy and Student Terms and Conditions 2022-2023 and the Probation Policy.

- 16-19 Bursary Fund Policy 2022-23:

Minor changes are highlighted in the Policy. The main change is the increase of the income threshold from £27k per annum to £30k per annum allowing more people to access the fund.

- 19+ Discretionary Learner Support Policy 2022-23:

Minor changes are highlighted in the Policy. The main change is the increase of the income threshold from £27k per annum to £30k per annum allowing more people to access the fund and minimum attendance of 80% has been made more specific.

Paul Taylor asked about the 80% minimum attendance and if this is hard to measure with a hybrid learning model. Paul Whitehead reported that home study is recorded on attendance records when home learning has been agreed. Reports are run and attendance below 80% is highlighted. Teams will ensure the marks are accurate and agree payments based on achieving 80% attendance. The College's expectation on attendance is higher than 80% however learners are aware that 80% attendance is a minimum in order to receive the payments. Previously the College had adapted its approach for its ESOL learners however the expectations for these learners are the same as all learners at College therefore the process was aligned with the rest of the College in the last few years.

- Fee Policy and Student Terms and Conditions 2022-2023:

There has been one addition to the Policy.

- Probation Policy:

There are no proposed changes to this Policy.

The Resources Committee approved the 16-19 Bursary Fund Policy 2022-23, the 19+ Discretionary Learner Support Policy 2022-23, the Fee Policy and Student Terms and Conditions 2022-2023 and the Probation Policy.

9 Any Other Business

There were no items of any other business.

10 Dates of Future Meetings, Terms of Reference and Calendar of Business

The Resources Committee received, reviewed and approved the Calendar of Meetings, the Committee's Terms of Reference and the Committee's Calendar of Business, without any proposed amendments.

Key Points From The Meeting For Corporation:

1. Management Accounts

To note the current position.