

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

RESOURCES COMMITTEE

Minutes of the meeting held online on MS Teams on Wednesday 25 June 2025

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

*denotes present

In attendance Paul Whitehead, Deputy 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 Heather Wilson due to work commitments.

2 Declarations of Interest

Paul Taylor declared an interest as he is a director of a company which the College is in discussion with around leasing space for STAC. Paul Taylor confirmed that he will not benefit for the College entering into such an arrangement.

3 Minutes of the Previous Meeting

The minutes and the confidential minutes of the Resources Committee meeting held on 14 May 2025 were agreed as an accurate record and signed remotely by the Chair.

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

4.1 Financial Planning 2025 – 2026 (confidential minute 1 refers)

Paul Whitehead informed the Resources Committee that as discussed previously, the College needs to secure additional classroom space on the airport base for STAC due to an increase in learner numbers.

A number of options were explored by managers and a decision was made to lease space at Endeavour House which is owned by Zap Air Leasing Ltd. This option best meets location, size and cost requirements.

The Chair of Governors is a Director of Zap Air Leasing Ltd and has declared this as an interest and has confirmed that he does not gain financially from this directorship. The College believes that this is not novel or contentious but has raised this with external auditors.

This would usually be a management decision, however for transparency it was agreed that the College's assessment and decision is clearly documented and shared with Governors.

Karen Spencer reported that the College has a clear process for declarations of interest and related party transactions, which it has followed previously and will continue to follow.

Paul Whitehead recommended that a report outlining the management decision is presented to the Corporation meeting on 10 July 2025. Governors, with the Chair recused, will be asked to review and confirm that they are in support, or not, of the management decision.

5 DfE and FE Commissioner Communications

5.1 DfE Governing Body Finance Dashboard

The Resources Committee received and considered the DfE Governing Body Finance Dashboard, presented by Deanne Morgan, Executive Director – Finance.

Deanne Morgan reported that the information is based on the 2024 year-end accounts and the Financial Plan which was submitted to the DfE in July 2024. The dashboard confirms to the College and to Governors what is already known.

A Governor asked if the College's staff cost to income is continually being looked at as it is always above the benchmark. Karen Spencer reported that the measure used is not ideal. Some colleges contract out a number of services therefore their ratio will be lower however the College does therefore its staff costs are higher. The College is more aligned to the sixth form colleges model with how it manages its staff and resources, with the average ratio being 72% - 73%. The College has no issue with solvency therefore the staff ratio is not seen as risk and this has not been raised with the FE Commissioner in the College's Annual Strategic Conversations. Paul Whitehead reported that if the College's financial health was unstable, it would be an indicator that adjustments to staff levels might be required. Investment in staff is critical and the College's infrastructure is still being invested in. The curriculum planning process ensures that each team is appropriately sized and there has been an increase in group sizes. The Principalship ensure there are good robust sizing of groups before the opening up new groups is permitted. Management is confident that the College has the right level of staffing.

A Governor asked why the financial health rating is showing as outstanding on the dashboard however as good in the management accounts. Deanne Morgan reported that the accounts did not include the repayment of the loan therefore the current ratio has reduced and the financial health rating changed.

The Resources Committee noted the DfE Governing Body Finance Dashboard.

5.2 Letter from the FE Commissioner – Financial Benchmarks

The Resources Committee received and considered the letter from the FE Commissioner – Financial Benchmarks, presented by Deanne Morgan, Executive Director – Finance.

Deanne Morgan reported that the letter contains recommended financial benchmarks for colleges to assess against. Deanne Morgan confirmed that the

management accounts have been updated to ensure the most up-to-date benchmarks are being used.

The Resources Committee noted the letter from the FE Commissioner – Financial Benchmarks.

6 Management Accounts for the period 1 August 2024 – 30 April 2025

The Resources Committee received and considered the management accounts for the period 1 August 2024 – 30 April 2025, presented by Deanne Morgan, Executive Director – Finance.

Governors were informed that there has been a reduction in the predicted year-end deficit as additional grants have been received. Some project income has not been released, therefore the income and the associated expenditure has been reduced accordingly.

Bank covenants continue to be met and the cash position remains, and is project to remain, good. The financial health remains good.

A Governor asked about the national insurance increase which was expected to be funded at 80% however look like it is around 65%. Deanne Morgan reported that the allocation is based on historical data and it has been adjusted down for all colleges.

A Governor asked why the project income figures are all negative. Deanne Morgan reported that this is how the information is pulled through from the finance system and that the figures are indeed income. The auditors have asked the same question however it is common in finance.

A Governor reported that the reduction in agency spend is positive and asked for the reason behind it. Deanne Morgan reported that the College has been successful in converting a number of agency staff to permanent members of staff.

Paul Whitehead reported that the apprenticeship debt issue will be resolved by year-end and has been discussed with the external auditors in the external audit planning meeting. A Governor asked what the value of the debt is. Paul Whitehead reported that it is approximately £300k, with a third likely to be paid and two thirds likely to be written off. This position is reflected in the management accounts.

Governors were informed that positive work is being undertaken by the adult team to earn as much of the Adult Skills Fund budget as possible and this budget line will be in a stronger position at year-end.

Karen Spencer reported that project income is lower than anticipated due to there being no replacement for the Local Skills Improvement Fund. Governors were informed that the College is submitting an application to become a Construction Technical Excellence College for the Eastern Region and that the College is the only eligible institution in Essex to apply. This would bring in £10m over four years across the East of England therefore would be similar in size to the Local Skills Improvement Fund. Karen Spencer also reported that the College has been successful in its application to the Turing Scheme which gives the opportunity for students to go to Bali.

A Governor asked if there was an update on the bursary funding for students. Paul

Whitehead reported that the position is the same as previously reported. Work is being undertaken with the delivery teams to ensure students are aware of the changes and the impact of the changes will be monitored. The College will ensure that those in hardship can be supported. The College has received its free school meals allocation and an indication of additional funding for next year. Adjustments will be made to the financial plan in-year.

The Resources Committee noted the management accounts for the period 1 August 2024 – 30 April 2025 and the forecast position in terms of financial health and bank covenants.

7 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 references to the ESFA have been replaced with the DfE. There have been updates to expenses and procurement in line with the Procurement Act 2023 and the Procurement Policy covers best value, sustainability, social value and equality, diversity and inclusion.

A Governor asked what the College's overall VAT position is. Deanne Morgan reported that the College is partially exempt however can only claim back up to 1% and that this needs to be linked to non-direct delivery. There is an assumption that the DfE grant covers VAT however this is not the case. Currently the College pays approximately £1m in VAT. Karen Spencer reported that the Association of Colleges is lobbying for colleges to have the same VAT status as schools.

The Resources Committee approved the Financial Regulations for 2025 – 2026.

8 Procurement Report

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

Deanne Morgan reported that the College's electricity contract expires in September 2025 and the College is looking for a two-year fixed contract due to the volatility in the market currently. The unit price quoted as of 9th June is 24.21p per kWh however the prices have increased slightly since then.

The Resources Committee approved for the College to enter into a two-year fixed term contract for electricity at up to 25p per kWh and agreed to delegate responsibility to the Principalship to sign the new contracts. If the price increases above 25p, approval should be sought from the Chair of the Resources Committee.

9 Estates Reports

9.1 Property Strategy Update

The Resources Committee received and considered the Property Strategy Update, presented by Will Allanson, Deputy Principal.

The report was taken as read.

Governors were informed that the College has engaged with Energy Services UK with a view to them potentially converting all the College's lighting to LEDs. The College would enter into a lease with them, with Energy Services UK securing grant funding for the work and the cost savings would be shared. A site survey has been undertaken and the College is awaiting the report from this. The report will then be compared with the College's own approach for gradual replacement.

A Governor asked how the cost saving would be realised. Will Allanson reported that this be detailed in the report that is being prepared however he has had discussions with schools who have entered into such a lease agreement. Energy Services UK will bear all of the capital costs and they will take a proportion of any savings which are realised. The work would be completed overnight therefore there would be minimal disruption to the College. A Governor asked if any colleges have entered into an agreement with them and Will Allanson reported that a number of colleges are considering them and will ask if any colleges have signed up. A Governor asked if the College would be able to access the grants themselves however this is not possible. A Governor asked who would maintain the lights and Will Allanson confirmed that Energy Services UK would and there is a 10-year life expectancy on the LEDs. A Governor asked if they would be an impact on ownership of buildings. There is not likely to be an impact however this will be looked at when the final report is received.

Works continues on STAC Phase 2. Management have engaged with a number of modular manufacturers of hangars and it is envisaged that a significant saving could be made on the figures in the RIBA Stage 2 report.

The investment prospectus for STAC Phase 2 is in the final draft and a working group has been established to take this forward, which includes Essex County Council and Manchester Airport Group. The prospectus will be used to lobby the DfE, private stakeholders and partners for funding. Essex County Council are looking at the best vehicle to hold funding for Phase 2 once it is secured. Essex County Council has committed funding in principle however they are keen to know how their funding will be matched.

In order to manage growth at STAC in the interim, work has commenced on installing a mezzanine floor in the engineering workshop and classroom space offsite has been secured, as previously discussed.

Will Allanson reported that the College is in discussions with Harlow Council around a transfer of land which would allow the College to extend its campus to the rear. There is a £200k difference in the land valuations and the Council has asked if the College would pay this. The College is not in a position to do so and Council officers will follow this up with the Leader of the Council, who is committed to the swap of land. It was agreed that the area could be used as an outdoor classroom and that some analysis on return on investment should be sent to the Council.

Governors noted that if the Construction Hub was re-sited, it will need to comply with new building regulations which have come into force therefore the College is currently considered all available options.

The Resources Committee noted the Property Strategy Update.

9.2 Carbon Reduction Roadmap Update

The Resources Committee received and considered the Carbon Reduction Roadmap Update, presented by Will Allanson, Deputy Principal.

The report was taken as read.

Governors' attention was brought to Section C which contains targets for 2025 – 2026, all of which align to areas in the roadmap and some actions are rolled over from last year and are summarised as follows:

- Including carbon reduction measures when setting budgets.
- Establishing a Sustainability Committee to drive forward the College's roadmap.
- Embedding the United Nations' Sustainable Development Goals into schemes of work.
- Recruiting Green Ambassadors from the student body.
- Prioritising recommendations in the site wide Heat Decarbonisation Plan, the final report of which is being prepared by the consultants.
- Implementing a number of carbon reduction projects.
- Identifying ways to further reduce waste.
- Updating the College's Travel Policy and establishing a car share scheme.
- Development of a 3-5 year plan to move to responsible investment and purchasing.
- Joining a climate action network aimed at local initiatives.
- Engaging with other leading colleges.
- Achieving a Green Gown award or similar.

A Governor asked if there has been an assessment of whether targets have been achieved from the previous year. Will Allanson reported that some are rolling targets however it was suggested that there could be a self-assessment for the roadmap so it could integrate into the College's annual processes. It was agreed that this could be reviewed by the Sustainability Committee and the Corporation would receive the notes from the meetings as it does with Safeguarding, Health and Safety and Equality and Diversity Committees. Deanne Morgan reported that the Streamlined Energy and Carbon Reporting report is on the College's website and is included in the Financial Statements annually. It was agreed that this could be made more explicit in line with this report and for regular reporting to be included.

The Resources Committee noted the Carbon Reduction Roadmap Update.

10 Human Resources Reports

10.1 Human Resources Gender Pay Gap, Ethnicity Pay Gap and Disability Pay Gap Reports

The Resources Committee received and considered the Gender Pay Gap (GPG), the Ethnic Pay Gap (EPG) and the Disability Pay Gap (DPG) reports, presented by Natalie Smith, Head of HR and Employee Relations.

The report was taken as read.

Governors were informed that the GPG has decreased which is partly due to the College's commitment to paying the Real Living Wage, which has had a positive impact alongside the College's wellbeing and family friendly policies.

Governors noted that there is no requirement to report on the EPG and the DPG however the College chooses to publish this data and comment on it. Governors agreed that it is good that the College is voluntarily reporting on the EPG and DPG.

Governors were informed that the definition of disability includes both physical and learning difficulties and that more staff are coming forward with later diagnoses. The College is also looking into the Disability Confident Scheme.

A Governor asked more about learning disabilities being diagnosed later in life. Karen Spencer reported that society is more aware of different learning needs and it is easier to recognise them and get support. Adults are more aware of this and have learnt strategies to adapt, which are engrained in the way they work. Some people may need some extra support and sometimes this is seen as a positive. Natalie Smith reported that the College has put more strategies in place to support these members of staff and they have had a positive impact.

The Resources Committee noted the GPG, EPG and DPG reports and noted the positive movements made.

10.2 Investors in Diversity Update

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

The report was taken as read and gives Governors a clear understanding of what the College has been working on in terms of achieving Investors in Diversity accreditation.

Governors were informed that the next step is to undertake the second survey which is planned for Spring 2026.

The Resources Committee noted the Investors in Diversity Update.

11 Any Other Business

A Governor reported that the new style of cover sheets on the reports are positively received.

12 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.

Key Points From The Meeting For Corporation:

1. Leasing of Classroom Space for STAC

To receive a report on the College's assessment of this being non-contentious.

2. DfE Governing Body Finance Dashboard

To receive the DfE Governing Body Finance Dashboard.

3. Letter from the FE Commissioner – Financial Benchmarks

To receive the letter from the FE Commissioner on financial benchmarks.

4. Management Accounts

To note the current position.

Action Plan:

Action No.	Agenda Item	Action	By Whom	By When
001	8 – Procurement Report	The College to enter into a new electricity contract and for the paperwork to be signed by the Principalship.	Deanne Morgan	ASAP.
002	9.1 – Property Strategy Update	The College to provide Harlow Council some analysis of return on investment for the land to the rear of the campus.	Will Allanson / Paul Whitehead	ASAP
003	9.2 – Carbon Reduction Roadmap Update	Look at the reporting on carbon reduction targets and how they can be reported to Governors.	Will Allanson / Paul Whitehead / Deanne Morgan	Ongoing