

MINUTES



Directorate: Governance

Minutes of: Resources Committee

Venue: Online via MS Teams link

Date: 28 June 2023

Time: 10.00am – 12.00pm

Present: Alasdair MacLeod Governor/Chair
 Simon Boulcott Governor
 Susan Kingman Governor
 Keith Smith CEO

In attendance: Dylan McTaggart Deputy CEO/ Principal Uxbridge College
 Gavin Hughes Principal Richmond College
 Shane Woodhatch Group Finance Director
 Karen Elliott Director – Human Resources
 Andy Miller Group Director – Corporate Services
 Anna Beattie Director of Finance
 Suba Dickerson Vice Principal – Academic Ambition and Delivery
 Perry Perrott Group Director of Governance

Apologies: Jo Withers Principal Harrow College
 Judith O'Neill AP* IoT, Engineering and Technologies

Action Tracker:	Actions:	Responsible:	By When:
1	£40K budgeted differential figure to REMCOM for consideration when salaries are to be reviewed in September 2023.	SW	Sept 2023
2	Risk Register including GDPR Compliance to be reviewed. Risks to be assessed and presented in a clear new format with a balance score card approach.	SW/PP	Sept 2023
3.	Detailed report on HRUC's position in relation to GDPR compliance including a timeline of the phased approach to ensure full compliance at each campus.	PP	Sept 2023
4.	Look into detail of HRUC's Disability representation which has decreased overall.	KE	Sept 2023
5.	Management CPD training following slight increase in Staff disciplinarys and casework	KE	Sept 2023
6.	Staff Development including progress towards HRUC target of 12% staff to achieve Exemplary grade.	KE	Sept 2023
7.	Revamped / standardised approach of Committee Action plans.	PP	Sept 2023
8.	Rothbones stipulation of wording in relation to "attitude towards risk" and "investment strategy" to be formalised in the HRUC Reserve Policy and/or Finance Strategy prior to sending to Rothbones.	SW	Sept 2023
9.	Rothbones to provide an update on what they presented in November 2022, in relation to changes in markets, current financial climate and levels of risk. The Committee can then make a final informed decision in relation to £5m Rothbones investment in the autumn term.	SW	Sept 2023
10.	HE Strategy is being re-developed by Judith O'Neill and Asif Khan. To be distributed in advance of the next Committee meeting.	DM	Sept 2023

MINUTES



1. Apologies for absence:
Chair and Governor (AM) welcomed all to the Resources meeting. GDoG (PP) to leave at 11:00am and SK to leave at 11.30am. Apologies were received from JW and JO'N.
2. Notification of any urgent items members may wish to raise under Any Other Business:
There were no items notified.
3. Notification of Interests Members may wish to declare relating to any item:
There were no interests declared.
4. Minutes of the Resources Committee meeting held on 23 March 2023 via Teams Link:
The minutes were approved and would be taken as 'signed by the Chair'.
5. Matters arising from the minutes of the meeting on 23 March 2023, not on the agenda:
There were no matters arising that were not already included on the agenda.
- 5.1 Tier One and Two Salary – verbal update by CFO:
Following staff member is confirmed in post and salary agreed: Director of Public Relations, Marketing and Communications.
 - **SW to forward the circa £40K budgeted differential figure to REMCOM for consideration when salaries are to be reviewed in September 2023. [SW ACTION 1]**

ITEMS FOR INFORMATION:

- 6.0 Risk Register: The Chief Finance Officer presented the Risk Register to the Committee, it being **reported** that no changes had been made to the Register since the date of the last meeting.
 - **Risk Register including GDPR Compliance to be and revamped reviewed [with oversight by Director of Governance] from 1st Sept 2023. Risks to be assessed and presented in a clear new format with a balance score card approach. [SW/PP ACTION 2]**
 - **PP to provide detailed report on HRUC's position in relation to GDPR compliance including a timeline of the phased approach to ensure full compliance at each campus. Report to be provided in September 2023. [SW/PP ACTION 3]**
- 7.0 HR Report: HR Director (KE) provided a detailed report. The Committee highlighted key points within.
 - **Look into detail of HRUC's Disability representation which has decreased overall, due to decreased Richmond figure. [KE ACTION 4]**
 - **Management CPD training following slight increase in Staff disciplinaries and casework. [KE ACTION 5]**
 - **Ongoing focus on Staff Development including progress towards HRUC target of 12% staff to achieve Exemplary grade (currently at 10%). [KE ACTION 6]**
 - **Revamped / standardised approach to Committee Action plans by Sept 2023. [PP ACTION 7]**

The Committee thanked KE for the report.

KE exited the meeting at 10:20am.

8.0 IoT update (standing item): A detailed paper was provided by JW and Mark Byerley. There were no questions from the Committee.

9.0 Financial Regulations update (MPM and ONS): Detailed update reports were provided by Head of Finance (AB) confirming of HRUC's continued compliance of MPM and ONS.

The term "novel transaction" in relation to managing public money was discussed and it was deemed that the college's investment strategy falls outside of this. "Contentious or repercussive" were also deemed as not being relevant and do not come under NCR. The committee thanked all for the detailed information.

10.0 Investment update as at July 2023: CFO provided a detailed verbal update. Specific points were discussed relating to the £15m cash reserve policy.

It was **AGREED** that Chair will authorise the additional requested documentation (a signed set of minutes of meeting) to be sent to Rathbones, relating to £5M investment.

- **SW to add an additional form of words, as stipulated by Rathbones, in relation to "attitude towards risk" and "investment strategy". Updated words to be formalised in the HRUC Reserve Policy and/or Finance Strategy prior to sending to Rathbones. [SW ACTION 8]**
- **SW to request Rathbones to provide an update on what they presented in November 2022, in relation to changes in markets, current financial climate and levels of risk. The Committee can then make a final informed decision in relation to £5m Rathbones investment in the autumn term. [SW ACTION 9]**

ITEMS FOR APPROVAL:

15.0 Financial Reports:

15.1 – 15.3 The CFO introduced the CFFR and detailed budget for the period ended 31 July 2023 and highlighted that the Resources Committee would be required to approve the Reports and Financial Statements and then recommend to the full HCUC Corporation for approval.

The following HCUC key points were highlighted:

- HCUC health score is confirmed as Outstanding (300 out of 300 points). Strong KPIs were reported.
- EBITDA is over 10%.
- Cash generated is healthy.
- HRUC consolidate figure is Outstanding, though slightly diluted due to Richmond's EBITDA.
- £15m restricted Cash Reserve policy, as discussed earlier in meeting.
- Richmond – proceeds from sale of land is Restricted: unadjusted/including restricted reserves for budgetary purposes, the organisation can trade for 180 days/3 months without any assistance from external sources.
- HRUC dependency on 16-18 provision is increasing to 74% (RC 82%, HCUC 70%).
- Staff costs as a percentage of income was at 66% (64% in planned year, as generated by the CFFR).
- RC Staff income budget 77% and combined 68.25% (2024) and 66.4% (2025).
- HCUC historical cost surplus was £1.1m (against mid-year forecast of £248,000) increase of £941,000.
- Educational income increased by £200,000, of which £500,000 increase in Element 3 Funding, a rise from alignment of the fees structure at Harrow and Uxbridge college. It was pleasing to see the good work done by Sue Tarrant (Assistant Director – Foundation and Learning Support) and team resulting in increase.
- HCUC Staffing £34.9m (mid year forecast £35.6m, saving of £757,000 saving achieved due to natural attrition February – July and appointment of vacancies).

- HCUC Expenditure £20.5m vs. £19.9m (increase £583,000). £275,000 increased energy costs due to latest energy contracts.
- HCUC Finance increase £467,000 (funds allocated towards merger costs were initially £250,000 per year, has been accelerated forward to £750,000 to alleviate pressure on finances next year, to incur as much merger costs this year). The increase spend is for integration of systems, processes and alignment of policies and contracts including consultancy work on IT infrastructure systems.
- Pleasing to see Interest earned of £953,000 (£450,000 more than forecasted)
- HCUC planning to submit budget of £345,000 against the plan year. Deficit £1.4m (improvement £1.7m).
- HCUC Total Income £55.9m against Planned £54.3m (increase of £1.5m). £750,000 Small Group Funding is confirmed and Other contingency in Balance Sheet.
- HCUC Staff costs £34.8m against £36.3m (slight increase £25,000) due to two factors: mid year forecast had assumed 1% increase to pay, actual was 3% increase which resulted in additional £936,000 to staffing. Also agreed to find £1.2m in vacancies factor to be able to produce a balanced budget.
- CFO proposal for staffing budgets to be allocated to the three Principals, outlining the affordable staff costs to each college and each Principal is empowered to make decisions in terms of how and when to spend the money to be able to realise the cost base.
- Personnel budget planned £886,000 against a plan of £740,000. Provision made for staff training, wellbeing and recognition awards.
- CFO would like to revisit budgets for Marketing and Personnel, new Directors starting in these areas, the caveat is that they may want to spend more than forecasted in these areas.
- Finance £2.5m against £2.8m (improvement of £325,000).
- HCUC cash levels are over £35m.
- HCUC Capital investment programme: set aside £8.4m, two planned years wanting to spend £10m. Much of this related to Capital Transformation Fund. £6.5m was received from ESFA this this gives us the opportunity to address the condition of our buildings and to improve the energy efficiency.
- Self funded £2.7m and £2.5m for Project Ambitious – Uxbridge campus which is repurposing of campus in areas of reception, mall, social spaces, staffrooms.

The Committee queried the rise in staffing costs and what plans were in place to bring this back in line. Assurance given that staffing costs have been scrutinised at Richmond College to ensure the correct amount of staff are in place to deliver 2023-24 provision. Actual Learner numbers were depleted by 200 learners in 2021-22 (£1.2m lost income). Richmond College growth strategy will address staffing ratio to income costs. RC portfolio is viable this year and the provision is efficient in terms of the number of hours taught at RC. The financial recovery strategy at Richmond College is to continue to take all the necessary steps to drive efficiency through the system. It is understood that in one year, one third of operating deficit costs have been removed and the funding has been stabilized. The proposed student growth strategy at Richmond for the next two – three years is to drive up (300) students numbers.

The Committee queried VAT savings on the purchasing of Agency staff. CFO explained HCUC normally spends £6m on Agency staff. There is a potential saving of £1m if we set up subsidiary company and GDoG has prepared a paper for 11th July GBC for recommendation and approval.

The Committee noted the sensitivity of the CFO's proposal regarding flexibility around the considered 3% budgeted staff pay rise which is normally agreed by Committee in November. CFO felt it will be prudent to review the 3% decision, dependent on autumn term student enrolment numbers, for the Committee to review and decide in November 2023.

The Chair thanked CFO for highlighting HCUC budgets details. It was pleasing to see the budgets were an encouraging improvement.

Head of Finance (AB) presented a detailed report for Richmond College.

The following RC key points were highlighted:

- Deficit Operations is predicted on four year outturn of £2.9m (improvement of previous predicted deficit £3.7m). Staff savings £800,000, due to natural attrition and not replacing vacant posts.
- Operating expenses savings £760,000 (of which £416,000 savings in Estates costs).
- Profit on sale £16m which gives net operating profit £14.4m.
- Budget 2023-24: forecasting RC deficit £1.7m against previous plan £3.6m.
- Higher income from allocation statement and improved result from employer services.
- Overall increase in Education £573,000.
- Staff costs overall same as previously planned with £600,000 saving.
- Academic staffing model is efficient.
- There is potential for savings in Support staff of £200,000 - £250,000 as further efficiencies are found.
- Expenses are lower £750,000 savings in Depreciation.
- £139,000 lower Energy costs and savings in Estates.

The Committee queried Richmond College Student number allocation. The main portion of income represents the students that we have this year (not a forecasted increase). 16-19 student allocation operates on a lagged year basis, however it was agreed with DfE ESFA, due to work being done post-merger, if we do over recruit in Sept 2023 we can put growth claim in. The two year plan is for another (200) learner, 100 is from Richmond College's school engagement activity undertaken by GH this year and 100 for STEM centre learners. GH added the local demographics in the college's favour and local school engagement is going well.

The Chair concluded it is encouraging to see improvements made at Richmond College.

The CFO continued to highlight elements of the Budget Plans.

The Committee APPROVED the budgets for the period ended 31 July 2023 and financial reports 15.1 – 15.3 as they were presented above.

18.0 HRUC Fees Policy 2023-24 for approval:

CFO outlined key changes normally administrative fees is chargeable to process a refund. 10% increase for overseas.

The Committee APPROVED the HRUC Fees Policy 2023-24.

11.0 Raising Higher Education fees for HRUC:

SD outlined proposal to raise HE fees for HRUC including cost / benefit analysis and reputational considerations. Currently charge is £6000. The proposal is to increase to £6,500. Based on current HE numbers, the income would increase by approximately £100,000, which would be sufficient to pay for the OfS required administrative work to complete the detail amount of work in terms of level of work involved in updating the onerous Access and Participation plan.

The CEO explained the wider strategic objective for HRUC to increase HE programme, including wanting to pursue Degree Awarding powers. Teaching Education Framework building block.

- **HE Strategy is being re-developed by Judith O'Neill and Asif Khan. To be distributed in advance of the next Committee meeting. [DM ACTION 10]**

Once approved, the Access and Participation document would be produced in 2023-24 in order that in 2024-25 we can start to raise the fee.

The Committee APPROVED the raising of HE Fees.

ITEMS FOR INFORMATION continued:

12.0 Review OfS Compliance spreadsheet (HE assurance): Information item only.

13.0 OfS Access and Participation plan: Cautionary Amber Risks (for RC) mitigations are place.

14.0 Capital Projects report:

Detailed report was provided, which is normally presented to Estates & Property Committee (later in summer term). CFO talked to the highlights in the report. This report will go to Estates & Property Committee for approval.

The Committee NOTED this detailed report and it encouraging to see the RC estates works are underway.

Several members of the committee left the meeting and quorate was not able to be achieved, therefore all following notes are for information only.

16.0 ESFA and Agencies Funding 2023-24 Allocation update:

A detailed paper was prepared outlining annual ESFA allocation statement. If we were allocated the same number of learners as this year i.e. 7872 learners we would have had cash injection of £2.5m. Hence importance of drive to meet and exceed our student allocation. Less reliance on Sub Contracting provision and increase on internal delivery.

17.0 Notification of any potential Fraud in the period to date:

AB talked to a detailed paper, which has already gone to the GB Audit & Risk Committee. The Committee thanked AB for bring this report to our attention and reiterated the importance of staff training to properly mitigate against such activity.

20.0 Any other business:

There was no other business.

20.1 To confirm and agree the dates and times of Remuneration Committee meeting for 2023/24:

The date and time of the next meeting is indicative and may be subject to change:

- Wednesday 20 September 2023 @ 10.00am

The meeting closed at 12:00.

MINUTES



Signed.....

Date.....