MINUTES

Directorate: **Governance**

Minutes of: **Resources Committee**

Date: **27 November 2019** **Time: 11.15**

Venue: **Executive Meeting Room, Uxbridge Campus**

Present:	Alasdair MacLeod	Governor (Chair of Resources Committee)
	Sally Westwood	Governor
	Darrell De Souza	Group Principal and CEO
	Steve Owen	Governor
For items 1J to 5J only:		
	Nasim Khan	Governor *(HCUC Audit Committee Chair)*
	Tracey Critchley	Governor *(HCUC Audit Committee member)*
In attendance:	Imtiaz Aziz	HR Director *(In attendance for Item 7 only)*
	Pat Carvalho	Principal and Deputy CEO
	Shane Woodhatch	Group Director Finance and Resource Planning
	Tracy Reeve	Clerk to the Corporation
For items 1J to 5J only:		
	Nick Simkins	Moore Stephens LLP *(external auditors)*
Apologies:	Lucky Dube	Interim Head of Finance

The Resources Committee meeting was preceded by a joint meeting of the HCUC Resources Committee and the HCUC Audit Committee; this commenced at 10.00am and was chaired by Alasdair MacLeod.

JOINT MEETING OF HCUC AUDIT AND RESOURCES COMMITTEES

ITEMS FOR DECISION

1J. To RECEIVE the Report & Financial Statements and associated reports for the period ended 31 July 2019 for Uxbridge College

i) Financial Statements

The GDFRP (SW) introduced the draft reports and financial statements for the period ended 31 July 2019 and highlighted that the Resources Committee would be required to approve the Report and Financial Statements and then recommend to the full HCUC Corporation for approval.

The following key points were highlighted:

- The operating surplus for the year was £1,005,000 (compared with £547,000 in 2017/18). This equated to 1.14% of income.
- Once the impact of the £6.4m actuarial FRS17 pension loss was applied this resulted in a 'Total Comprehensive Loss' of £5.473m.
- The balance on the income and expenditure account (excluding pension reserve) now stood at £71.777m (compared with a figure of £68.950m in 2016/17).
- Total income for the year was at £50.102m compared with £49.365 in the prior year. This included a 30% increase in Element 2 funding to reflect the increased number of High Needs learners.

- Total expenditure was at £49.097m compared with £48.786m. The increase of £311,000 equated to a figure of 1% increase and the meeting noted that within this figure £279,000 had been spent on exceptional staff restructuring costs post-merger. Other operating expenses had been kept flat at circa £10.2m in the current and prior year.
- The College had accumulated reserves of £54.679m, non-current assets of £93.065m and cash balances of £19.935m.
- Net Current assets were at £9.238m compared with £8.888m in the prior year.
- The LGPS pension liability was noted as £21.773m compared with £13.521m last year. Governors were reminded that the pension liability (FRS17) was not included by the ESFA when assessing the financial health of colleges. The reason for this large movement was a change in the actuarial assumptions especially in the discount rate used. However, external audit partner NS confirmed that the assumptions used by the College actuaries were largely in line with those used at other Colleges by different actuaries but the discount rate at 2.1% was at the upper limit of an acceptable range based on the benchmark data of 2.1%. NS highlighted that the important issue for the College to keep a close eye on were the underlying contribution rates payable and the tri-ennial revaluation.

The meeting went through the Income and Expenditure account and the Notes to the Financial Statements and Balance Sheet in detail. The meeting noted that in 2018/19 the College delivered activity that produced £41.522m in Agency main allocation funding (compared with £40.361m in 2017/18). The total Agency funding was at 81.3% of income in 2018/19 (81.6% in prior year). SW confirmed that the depreciation at Harrow was now correct and he had released the provision to allow for this. The meeting noted the detail of the fixed asset additions during the year, which amounted to £6.833m; of which £5.366m was on land and buildings and £1.467m was on equipment. The meeting noted the strong financial performance indicators for the 2018/19 year that included a very strong operating cash inflow (£2.2m) as well as the following:

- Operating surplus of 1.14% of income (1.14% in 2017/18).
- Current ratio (assets over liabilities) of 2.12 (1.9 in 2017/18).
- EBITDA (education specific) - earnings before interest, tax, depreciation and amortisation - at 13.0% which was an increase on the prior year figure of 12.12%.
- 67% staff costs as a percentage of income including agency staff (69% in prior year).

The notes to the accounts were considered in detail by the meeting. The meeting also considered and noted the Statement of Corporate Governance and Internal Control and the assessment of the College as a ‘going concern’. SW confirmed that the other senior members of the SLT at HCUC had contributed to the narrative of the Members Report on HCUC Strategy, curriculum and the summary of capital works undertaken at the Harrow Weald and Harrow-on-the-Hill campuses. The meeting commended the strong financial results and agreed that the College was in a position to meet current and future economic challenges from a position of relative strength when compared with many other FE Colleges. It was agreed that the College’s key strategic aim in relation to finances ‘To maintain the strong financial profile needed to ensure a secure future’, had been fully achieved.
The Chair of Resources Committee highlighted that he had found a couple of typographical errors in the narrative; he would e-mail the detail of these to the GDFRP for correction.
The Chair of Audit asked that the final column on the Governors listing be amended to ‘Overall’ attendance (page 13 of the financial statements).

ii) <u>*July 2019 Management Accounts*</u>
The restated Management Accounts for 31 July 2019 and the adjustments arising from the preparation and audit of the Financial Statements were noted by the meeting. Adjustments totaling £175,000 were made against the income and expenditure. As previously noted by the meeting the revised operating surplus was £1,005,000 against a forecast surplus of £710,000. The Chair sought clarification on the adjustments and was informed that they were in relation to the reversal of capital grants for the Institute of Technology and Armstrong and Newton buildings that had been expected but were not received; SW and LD had identified this error in advance of the BDO audit commencing. Governors sought clarification

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on the £952,000 adjustment to rectify the Harrow opening balance and bring it into line with the HCUC financial statements. SW confirmed that this was remedied through the trial balance to align with the management accounts; fixed assets as a balance. NS confirmed that this adjustment of the ledger/ trial balance had no impact on the financial outcome and was not an audit concern.
The 2018/19 Financial Statements and July 2019 Management Accounts were NOTED and RECEIVED, (they would be recommended to the HCUC Corporation for approval by the Resources Committee).

iii) *Audit Findings Report of the External Auditors, BDO, following their audit of the HCUC Financial Statements for 2018/19, for APPROVAL & recommendation to Corporation.*
Nick Simkins (NS) of BDO LLP (formerly Moore Stephens LLP) presented the Audit Findings Report to the Governors, which acknowledged the strong financial outturn and cash position for HCUC. The meeting was pleased to note the clean unqualified opinion on the financial statements and for the regularity audit. NS informed the meeting that once again, the audit had gone very smoothly from their perspective; the flow of information from management had been accurate and timely. He reminded the meeting that this was a notable achievement as it was SW and LD's first year in post at HCUC. SW agreed that the audit process had gone well from the College management perspective from the planning stage to the completion of the audit. The Management Report was considered in detail.

The meeting was pleased to note that the audit conclusion on all qualitative aspects considered was clean; NS also highlighted the unmodified regularity audit opinion. The meeting noted the materiality level, which had been set at £750,000, based on 1% of income. The meeting went onto consider the significant audit risks that had been identified by Moore Stephens and detailed in their audit-planning letter. The risks were noted as follows: revenue recognition; management override of control; and the pension liability valuation. Governors noted that Moore Stephens conclusion against all three of these risks was clean and that there were no issues identified which needed to be reported to the Audit Committee. Governors sought clarification on what was meant by 'GMP equalization' in relation to the defined benefit pension scheme. NS informed the meeting that this referred to the requirement for pension contributions to be equalized between women and men. The meeting also noted the adjustment made for the opening balance in relation to assets under construction; this £2m adjustment was reflected in the final statements. The Chair of Resources Committee sought clarification on when depreciation on assets under construction commenced; SW confirmed that this was when the building was operational and ready for occupation. Governors also noted the positive assurances given by BDO around the risks of fraud and independence and related party transactions. The meeting spent some time discussing the need for the College to remain vigilant as the incidence of fraud and financial swindles perpetrated in the FE sector was on the increase. The meeting noted the importance of the 'going concern' judgement and Governors were reminded that this would be discussed under a separate agenda item. The meeting noted pages 15 and 16 of the BDO Management Report that detailed adjustments made during the audit process. In total these had the net effect of decreasing the operating surplus by £119,000 and were all approved and actioned by the management of the College; this was below the level of materiality for the audit.

NS highlighted that during the audit there had been two weakness of controls identified which had resulted in recommendations for improvement; one in relation to the Fixed Asset Register and the other to Accruals. Both recommendations were accepted by College management and would be actioned as soon as possible; the College FMIS would be updated with current IT and estate valuations. The meeting agreed that the low number of recommendations highlighted an ongoing positive control environment at HCUC. The Audit Committee members commended the College finance team and BDO for another positive result.
The Audit Report and Management Letter of the External Auditors, BDO LLP, for HCUC 2018/19 was APPROVED and would be taken to the HCUC Corporation for approval (10/12/19).

iv) *Letter of Representation*
The meeting noted the draft Letters of Representation; one for the Financial Statements and one for the Regularity Audit. NS confirmed that these letters had a standard format for all FE Colleges – dictated by

the Joint Audit Code of Practice – they did not include any narrative specific to HCUC.
The Letter of Representation for HCUC would be taken for approval to the HCUC Corporation (10/12/19) before being signed by the Corporation Chair on behalf of the Corporation, and the Group Principal/ CEO as Chief Accounting Officer of HCUC.

2J. Assurance of Going Concern
SW reminded the meeting that the FE/HE Statement of recommended practice required the Corporation to carry out a formal assessment of going concern. NS highlighted that it would be important to demonstrate that the Corporation had undertaken due diligence around their consideration of the going concern of the College now that the FE sector had moved forward to being bound by a new Insolvency Regime. Members noted that the governing body were required to make their own assessment of their institution's ability to continue as a going concern so that they were certain of the validity of the 'going concern' assumption when preparing the financial statements. In making this assessment, an institution's governing body were required to take into account all available information about the future for at least, but not limited to, 12 months from the date the accounts were approved. An institution must disclose any material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern. SW assured the meeting that HCUC Corporation had carried out a formal assessment of the going concern in preparation of signing the financial statements. This had included an assessment of the following factors:

- The financial position and reserves as at 31 July 2019
- Cash and investment balances and cash flow forecasts for the next 12 months
- The 2019/2020 financial budget as approved by the corporation
- The level of student recruitment in 2019/20
- Known liabilities and commitments in the next 12 months

The meeting agreed that the Governing Body should be assured that the College had adequate resources to continue in operational existence for the near future. For this reason, HCUC should continue to adopt the going concern basis in preparing the financial statements.

The assurance around 'Going Concern' was NOTED and APPROVED; the Resources Committee would recommend it to the Corporation for approval (10/12/19) alongside the HCUC Financial Statements 2018/19.

3J. Regularity Self-Assessment Questionnaire
The meeting considered the detailed Self-Assessment Questionnaire 2018/19. This was completed by the College Management Team for the assurance of the External Auditors on all Regularity Issues. As previously noted BDO had provided a clean opinion on the Regularity Audit for HCUC during 2018/19. The meeting agreed that this document provided a useful summary for the Governors. Governors sought confirmation on whether the College was required to submit this document separately to the OfS. It was confirmed that if they needed it the OfS could access this information via the ESFA.

The Regularity Audit Questionnaire was NOTED and APPROVED; the Audit Committee would recommend it to the Corporation for approval (10/12/19).

4J. Any Fraud/ Corruption issues 2019/20.
It was noted that there were no known attempted fraud or corruption issues to report year-to-date 2019/20.
The report was NOTED

5J. Any Other Business
There was no other business.

The joint meeting of the HCUC Resources and Audit Committees closed at 11.15am and

Resources Committee continued.

1. Apologies for absence
There were no apologies.

2. Notification of any urgent items members may wish to raise under Any Other Business
There was no other business.

3. Notification of Interests Members may wish to declare relating to any item
No interests were notified.

4. Minutes of the Resources Committee meeting held on 18 September 2019
The minutes were approved and signed by the Chair.

5. Matters arising from the minutes of the Resources Committee meeting held on 18 September 2019.
There were no matters arising that were not already covered by the agenda.

ITEMS FOR DECISION

6. Chairs Agenda Item
The Acting Chair had nothing to bring to the meeting under this item.

7. Human Resources Update
The HR Director (IA) presented the standing Human Resources update report to the meeting. This reported on a number of key HR metrics for 2019/20 year-to-date (to 31 October 2019) including the following: workforce data; equality data; recruitment data; sickness absence; training and development; employee relations; a Brexit Impact Assessment; and feedback from the staff focus group meetings.

Workforce data: Governors noted the overall headcount (not FTE) for HCUC for permanent staff YTD was now 760, which was up from the average headcount of 713 for 2018/19. This was mainly due to the conversion of agency staff to established staff at Harrow College. The new data on agency and casual staff at each of the Colleges was also noted by the meeting. The current HCUC staff turnover figure after the first quarter of 2019/20 was low as expected at 4% (compared with the full prior year figure of 15%); this was below the AoC benchmark of 17.4%. There was no variation in turnover rate by age: 50% of leavers were under the age of 44 and 50% were over 44.

Equality and Diversity data: The equality and diversity (E&D) data was considered and IA highlighted that the current BAME figure at each of the colleges was: HC 34.98% (a decrease on the final prior year figure of 38.32%), UC 34.31% (a decrease on the final 2018/19 figure of 35.27%). Governors noted that the overall HCUC figure was at 34.52% which was marginally below the College target of 36%. The gender profiles for each of the Colleges were noted as: HC 75% female and UC 62% female. IA informed the meeting that the AoC benchmark data for the FE sector was 73% of the workforce being female; ***this BM figure would be included in future HR Reports for information***. The representation of disabled staff was 3.7% at HC and 7.0% at UC. Overall for HCUC this figure was 5.94% declaring a disability which was an increase on the prior year figure of 5.47%. However the representation of staff declaring a disability was below the 12% which was the GLA figure for disabled persons who were economically active in the London population. Governors sought additional clarification on what the reason and action plan for this potential under-representation was. IA informed the meeting that he believed that the College was not yet capturing this data fully, particularly when existing staff developed a disability. He also highlighted that the College had now signed up to the Disability Confident scheme, this was a government initiative which aimed to help employers make the most of the opportunities provided by employing disabled people. There were also plans for a review of disabled access at Harrow in order to make positive improvements.

__Recruitment:__ The meeting discussed the considerable recruitment activity that had taken place during the first quarter of the academic year. At Harrow there had been 29 recruitment campaigns with 218 applicants and 8 appointments (7 of which were female and 6 were from BAME groups). There were also 6 promotions at HC all of which were from BAME groups. At Uxbridge during the same period (1 August 2019 to 31 October 2019) there had been 47 recruitment campaigns with 478 applicants and 14 appointments (5 of which were female and 7 were from BAME groups). There were also 8 promotions at UC of which 3 were from BAME groups. IA highlighted that 42 recruitment campaigns were still ongoing at the time of producing the report. The detailed E&D characteristics of the HCUC appointees was noted by the meeting and Governors were pleased to note that the number of BAME applicants had risen to 61.5% as had the percentage of offers made to BAME candidates as a percentage of all offers, now at 75%. The meeting discussed this matter in some detail and it was noted that the college had a rigorous recruitment process which was based on objective scoring when interviewing applicants; all recruitment decisions could be justified based on this. All interview questions were accessed via HR and HR staff did random sampling of shortlisting. DDS confirmed that the new cross-college processes were consistent and fully objective. IA informed the meeting that he signed off the composition of each recruitment panel and in addition, from January 2020, each interview panel would contain one member of staff that had undertaken 'Safer Recruitment' training.

__Sickness absence__: Governors were pleased to note that the absence rates for the rolling 12 month period to 31/10/19 were below the AoC benchmark and College target of 5.6 days for HCUC (5.53) and Uxbridge (5.45) but just above at HC (5.71). IA informed the meeting that the College was very mindful of stress related absences and staff were being provided with resilience training at the Whole College Training day in December 2019. Occupational Health Advisers would also offer advice and training to line managers to help them to support staff. The CEO (DDS) informed the meeting that this matter had been discussed in detail by the Senior Leadership Team who had identified the need to separate long-term sickness and so look at the ongoing impact of self-certified short-term sickness. The operational impact of repeated bouts of short-term sickness ***It was agreed that the next HR Report to Resources Committee would show the split between short and long-term sickness absence.***

__Training and Development__: The meeting noted the update on the new cross-college online appraisal process which had been launched in June 2019; 15 training sessions had been run for line managers to support them in this new process. The meeting noted the summary of the various levels of completion at 31 October; 100% of appraisals at Harrow and 93% at Uxbridge were now underway. The meeting was pleased to note the high completion rate for Prevent and safeguarding training of staff with a figure of 99%.

__Employee Relations:__ The meeting noted the categories of the 40 current employee relations cases currently underway across HCUC; 15 of these were in relation to sickness absence and 9 to absence/ leave/ wellbeing. Other reasons included: capability (2); disciplinary (4); and flexible working (2). IA informed the meeting that the two Employment Tribunal (ET) cases flagged at the 18 September 2019 Resources Committee meeting *(item 9 page 4 of the minutes)* had been successfully resolved before going to the formal ET.

__Brexit Impact Assessment:__ IA presented the findings of a recent Brexit Impact assessment undertaken by the HR Team; it was noted that HCUC currently employed 48 staff of EU origin who may be impacted by Brexit. On a no-deal scenario, there would be no immediate impact as the government has set up a transition period of 12 months for EU nationals to get UK settlement status. However, with uncertainty around what will happen to Brexit, the College would continue to monitor the impact of any changes that might result from the outcome of the UK general election to be held on Thursday 12 December 2019.

__Lecturing Staff Focus Group Feedback:__ The meeting noted the summary feedback from the Staff Focus Groups that had been held at each College in October 2019 for 19 lecturing staff (11 at Uxbridge and 8 at Harrow).

The range of topics covered, had been as follows: Time management and barriers to fulfilling the job role; Communications; Learner impact/ culture & ethos; Lesson observations; Teaching & learning hour;

Study programmes, including English & math's; Ofsted Inspection; Student attendance & punctuality; People management; Career development; Staff training; E-learning; IT resources; Improving the quality of TL&A; College values. The detailed reports which outlined the staff feedback and the management responses were noted and taken as read. The meeting discussed the summary which highlighted the positive and negative feedback and the subsequent management action that would be implemented in response to this staff voice.

Lecturers were positive about:

- Communications (HC/UC);
- Learning walks/lesson observations (HC/UC);
- E-learning, inputs were valued (HC/UC);
- Teaching & Learning hour valued as an opportunity to share best practice (HC/UC);
- Career development(HC/UC);
- Lecturers recognised the importance of English & Maths for learners progress (HC/UC);
- Teachers had a good understanding of proprieties for Teaching and learning and shared good practice ideas (HC/UC);
- Ofsted Inspection and getting outstanding was seen as very important (HC/UC);
- Student attendance & punctuality – Staff felt there was good communication between teaching staff and attendance coordinators aimed at improving attendance & punctuality (HC/UC);
- IT resources – IT trolleys were viewed as positive assistance (staff at HC wanted more IT trolleys to be available;
- People management was viewed positively with managers having an open the door to supporting staff as required (HC/UC);
- College Values -Staff had a good understanding of College's values and welcomed college values being integrated into staff appraisals (HC/UC).

Areas identified for attention/improvement by lecturers:

- Time management – issues were raised about classroom management at bot colleges (HC/UC). Staff at UC felt time could be saved by reducing the duplication of student information required for different processes;
- Lesson Observation – Staff questioned the value of developmental aspects of external lesson observations(UC), Staff questioned the number and frequency T&L hour sessions (UC),
- Training - More training around staff and student mental health was requested(HC/UC), staff asserted that there was too big a gap between the summer training and teaching starting in September (UC);
- People management – some staff felt that they were micro-managed (HC),
- ELearning/IT Resources – staff raised concerns about the need to replace 'whiteboards' as a number were not working or faulty(HC/UC);
- English & Maths attendance – Staff felt there should be clearer messages to student about the consequences of poor behaviour (UC)

IA assured the meeting that management action in relation to the areas of improvement identified above was being taken and this would be monitored by the Senior Leadership Team at each College to ensure that appropriate action was being taken in response to staff feedback. Staff that attend the focus groups also complete a questionnaire; a review of the questionnaire responses at HC had shown some inconsistencies so a further meeting had been arranged for 28th November 2019 with that focus group. Governors sought, and were given, confirmation that the progress against the proposed action plan was feedback to focus group participants and all staff.

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The Human Resources Report was RECEIVED.

8. HCUC Management Accounts to 31 October 2019

The historical cost surplus for the period ending 31st October 2019 was £3,280,000 compared to a budgeted surplus of £2,254,000 giving a favourable variance of £1,026,000. The significant variances were highlighted as follows:

- Education Income of £13,717,000 compared to budget of £13,586,000, (positive variance of £131,000). Within this major variances were noted as: an adverse variance of £20,000 in Tuition fees home due to fewer 19+ enrolments than forecast; a positive variance of £25,000 in overseas tuition fees due to a higher number of overseas students than forecast; an adverse variance of £24,000 for HEFCE Funding Fees due to later timing of the funding claim than expected.
- Services and other activities: adverse variance of £51,000 against the deficit budget of £19,000 (of which £33,000 adverse was due timing and pending recharge of hospitality in the Refectory).
- Employer Services income of £396,000, an adverse variance of £28,000. The meeting noted the large adverse variance against short-courses, £112,000 against the budget of £397,000. SW highlighted the ESFA Programmes for the Unemployed income which was £26,000 ahead of profile due to higher activity than in the prior year.
- Employee costs of £7,646,000 compared to budget of £8,403,000, (favourable variance of £758,000 due to vacant posts within Academic and Support staff).
- Expenses: a favourable variance of £233,000 against the budget of £3.567m. This was noted as mainly being due to timing issues with later expenditure on exams and materials than forecast. The current £82,000 positive variance on energy costs was noted; this was due to over-provision in the prior year budget. The positive variance on depreciation (£72,000) was noted as being due to later than forecast capital expenditure and more accurate depreciation forecasts now derived from the FMIS system for Harrow assets.
- Balance Sheet remained strong with a cash balance of £19,925,000. The in-month decrease in cash of £1.908m was due to the College repaying a loan after securing capital funding from the DfE for the car park work to facilitate the Institute of Technology at the Uxbridge campus. HCUC now had no loan liabilities.
- All ratios were healthy: cash days in hand at 137.4 (budget 119.1); current ratio at 1.84 (budget 1.74); and reserves/ income at 109% (budget 105%). The Chair sought, and was given, confirmation that the decrease in the current ratio compared with the prior month (2.48) was again due to repayment of the loan.

The Management Accounts for the first quarter to 31st October 2019 were RECEIVED

- ***Insolvency Regime***

The meeting was reminded that the Insolvency Regime for FE Colleges had now been in force since January 2019 and there was an ongoing imperative for Corporations to ensure that the College management undertook comprehensive and monthly cash-flow forecasting. The CEO informed the meeting that one reason for College financial failure highlighted in recent guidance had been that costs were not controlled sufficiently tightly during any capital projects especially in relation to fluctuations in material costs. Governors were given assurance around the tight controls in place on the current IoT building project; the College used an experienced project manager and also had expert advice provided by Gardner Theobald as quantity surveyors. GDFRP also highlighted the risks around sub-contracting of provision which had led to some enormous claw-backs of funding within the FE sector; this was not an issue of concern for HCUC with it current provision. The meeting agreed that the Corporation should remain mindful of the need for strong contracts and rigorous control mechanisms over the next few years when a number of capital projects would be undertaken across HCUC.
NOTED

- ***Integrated Financial Model for Colleges (IFMC)***

In light of the new insolvency regime and several recent high profile College financial failures, SW informed the meeting that the ESFA had just launched a new financial return requirement for Colleges known as the IFMC. This would now be a mandatory return for all Colleges and would require forecasting of financial plans for the current year and next two plan years to be submitted to the ESFA by the end of January each year (deadline extended to 28 February 2020 for the first return). The rationale for this new return was to enable the ESFA to spot any potential cash-flow issues in Colleges at an earlier stage. ***The Clerk confirmed that the IFMC return would require Corporation approval and it was AGREED that she would liaise with the GDFRP to establish timelines for an additional meeting to secure this approval.***
NOTED

9. Capital/ Property Update
The GDFRP presented the HCUC property update report to the meeting.

Health & Social Care Building, Harrow: The H&SC building had now been in use since November 2017 but there were still an outstanding snagging issues in relation to the BMS software. Governors noted that the College was still in negotiation for a sum of money to enable the College to complete this work. SW confirmed that the balance of the retention was still being held by the College and would be used to cover any required remedial work.

Armstrong Building, Harrow on the Hill: The meeting was reminded that this refurbishment work had been phased in order to progress on a timely basis and minimise disruption (the total forecast budget was £8,200,800). Phase 2 was now completed which had been the upgrade to the second floor for the new IT classrooms. This was completed in December and students would move into the space in January 2020 to enable a start on phase 3. The meeting was reminded that this final phase would include the first floor fit-out for ESOL classes and ground floor for the new reception, student services and canteen. The final work would be the conversion of the old canteen to a small sports hall. The project was still on track for completion ready for September 2020 enrolment.

Institute of Technology (IoT): The meeting was reminded that the IoT Capital Funding and Licence agreements had been signed on the 29th August 2019 and the DfE had granted a further £1,600,000 capital to fund the car park deck works at the Uxbridge campus. The third drawdown of grant funds totalling £300,966 took place on 7th October 2019 for September activity. The year to date grant fund application was now £1,897,714. The car park work was now complete with the exception of the work for gates, barriers, power supply and the creation of 10 additional car park spaces; this was all expected to be completed by the end of November 2019. The groundworks for the new IoT building had been started and piling works were complete. The sub-structure was expected to be completed at the end of November in preparation for the steelworks.

House at Harrow Weald: The meeting noted that the house had been marketed with Haart estate agents and there had been five interested buyers. An offer had been made between £575,000 and £600,000 and the college was currently addressing questions raised by the potential buyer. SW informed the meeting that he was hopeful of completion in February 2020.

GLA Small Equipment and Project Application: Governors noted that the College had put forward an application to the GLA to create a gas workshop in the defunct training kitchen next to the new Construction Centre (Newton Building). This would be used for the new gas and plumbing curriculum which would replace the existing plumbing framework and level 3 plumbing qualifications from September 2020. The College would be required to provide match funding on a 1:1 basis and the total cost of the conversion and purchase of gas equipment would be £298,708. The result of the application to the GLA would be known at the end of December 2019. The meeting noted that the value of an individual apprenticeship standard was £21k over 18 months and the 1-year programme was circa £11k. SW outlined the three options open to the College with regard to the application for funding: go ahead with a 50% match funding; go ahead without any funding; or to not undertake the gas workshop project.

Governors noted that the payback period for the project would be 4 years regardless of whether funding was received. If the College undertook the project without GLA funding HCUC would have to fund a further £150 000 towards this initiative. SW highlighted that HCUC was currently involved with major capital projects totalling £20.3m of which a third would be funded from HCUC reserves. From a timing point of view there is a possibility of delaying the above because of the timescales involved in completing these major projects. However, Governors agreed that doing nothing would not be an option as the HCUC curriculum would need to include level 3 gas as an offer for learners. This qualification would be an absolute requirement from September 2020 to: meet the new occupational standards requirement; provides progression for learners; meet growth predictions in the business plan for the West London IoT.
The Property Update Report was RECEIVED.

ITEMS FOR INFORMATION

10. ESFA Dashboard and Confirmation of SFA Financial Health Rating
The meeting noted a letter from the Head of Provider Financial Management and Assurance at the SFA to the Principal which confirmed that the assessment of the financial health of HCUC was at Outstanding for 2018/19 and for the current budget year 2019/20. The accompanying Dashboard which showed KPIs for the College were noted and commended for the useful information. SW highlighted the College's HCUC's strong performance in the key metric of EBIDTA, ('Earnings before interest depreciation, tax and amortization'); the HCUC figure was 12% against a sector average of 6% in 2018/19. The meeting was reminded that the slight decline in financial performance during the plan years reflected a cautious approach to the IoT; 100% of costs were included but only 50% of forecast income. The Chair highlighted the need to keep a close eye on the 'staff costs as a percentage of income' during the plan years; SW confirmed that this was a reflection of the aforementioned approach to IoT costs and income. This would be revised as the IoT project developed and outcomes became more certain. Governors highlighted the need for the ESFA to update their database with DDS as the CEO.
The ESFA confirmation of Outstanding Financial Health grade for HCUC was NOTED.

11. To receive the Resources Committee Risk Register update
The meeting noted the combined Resources Committee section of the HCUC Risk Register which had only had one change since the last meeting of the Resources Committee. The red risks aligned to the Corporate Goals were considered in more detail; these were in relation to:

- 1.08 *Insufficiently qualified and equipped staff to support the delivery of study programmes and quality outcomes for learners.* (Risk score at 12 'red').
- 1.09 *Failure to recruit sufficient staff, qualified at the appropriate level.* (Risk score at 12 'red'.)
- 1.13 *College SAR and/ or Ofsted rating falls below 'outstanding'.* (Risk score at 12 'red').
- 3.11 *Underachievement of funding targets* (Risk score still at 15 'red'). The meeting was assured that this was still being monitored on a weekly basis by SLT.
- 3.14 *Management Information – finance, funding, HR* (Risk score reduced from 12 'red' to 10 'amber'). Governors were reminded that consistent procedures across HCUC were now in place and additional resource had been put in place where required.

- ***IoT Risk Register***

The meeting also noted a separate Risk Register for the West London Institute of Technology (IoT), to be opened at the Uxbridge Campus from September 2020. SW reminded the meeting that this Risk Register format was in a format specified by the Department for Education and was used by them as a monitoring tool as well as internally by HCUC. There were no 'red' risks shown but there were two 'red/ amber' risks. These were in relation to: the implications of Brexit and possible increased cost of building materials for the capital project; and, risks associated with not recruiting staff to identified skills gaps.

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The HCUC Resources Committee Risk Register and the IoT Risk Register were NOTED and RECEIVED.

12. To confirm and agree the dates and times for the meetings in 2019/20
The dates and times of the meetings were noted and agreed as follows:

- Tuesday 24 March 2020 at 10.00am
- Wednesday 24 June 2020 at 10.00am

13. Any Other business
- **Office for Students (OfS) Reportable Events**

The CEO (DDS) presented a paper which explained more about the regulatory requirements of the College being registered as a Higher Education (HE) provider with the Office for Students (OfS). Members were reminded that the OfS was the independent regulator for English HE providers, established by the Higher Education and Research Act 2017 (HERA). The OfS registered and monitored HE providers to ensure that the conditions of registration were satisfied. DDS highlighted that the OfS had a range of powers to intervene where there was a breach of a condition, or where there was an increased risk of such a breach. The OfS's enforcement powers included the power to impose a financial penalty, to suspend aspects of a provider's registration and to deregister a provider. A regulatory framework had been sent to HE Providers in Autumn and there was a need for the College to be familiar with the content of the regulatory framework as this sets out the requirements placed on them and the OfS approach to ensuring that they were satisfied. DDS highlighted that one of the requirements from the framework was that Colleges were required to submit notice of any a reportable event. Provision of information under condition F3 (provision of information to the OfS) Paragraph 595 of the regulatory framework defined a reportable event as: Any event or circumstance that, in judgement of the OfS, materially affects or could materially affect the provider's legal form or business model, and/or its willingness or ability to comply with its conditions of registration. The meeting also noted a document 'annex A' which was an extract from the OfS regulatory framework and outlined examples of reportable events. DDS informed the meeting that the HE Link Governor (MRW) had suggested that the College should develop a template which gave the Corporation assurance around the OfS Requirements on an ongoing basis. This would be even more important as the College moved forward with the IoT provision which would include HE. Governors noted this development work and the consideration that the SLT were giving to what was 'material' and so required to be reported to the OfS.
NOTED

- **Human Resources Reporting to Resources sub-committee**

Governors challenged the management on bringing a full HR Report to each meeting of the Resources Committee; there was often little change between meetings. After discussion it was agreed that a full Annual HR Report (in its current format) should be brought to the November meeting of the Resources Committee. A mid-year update report should then be presented at the March meeting of the Resources Committee. At the other Resources Committee meetings only exceptional events within HR should be reported e.g. any employment tribunals or other areas of risk.

It was AGREED that the format of Human Resources reporting to Resources Committee should be amended as above:
- ***Annual HR Report to Resources Committee in November and then submitted to Corporation in December.***
- ***Mid-year HR Update Report to Resources Committee in March.***
- ***Any exceptional HR items to be presented at each Resources Committee meeting.***

MINUTES

There was no other business. The meeting closed at 12.30pm

Signed ………………………………………

Date ……………………………………..

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