MINUTES

Directorate: Corporation

Minutes of: HCUC Governing Body

Date: Tuesday 12 July 2022 **Time:** 4.30pm

Venue: Online via MS Teams

Present:	Sharon Croxon	Uxbridge Staff Governor
	Steve Cochran	Governor *(Vice-Chair & Acting Chair of meeting)*
	Tracey Critchley	Harrow Staff Governor
	Darrell DeSouza	Governor *(Group CEO and Principal)*
	Nasim Khan	Governor
	Alasdair MacLeod	Governor
	Amanda Priem	Governor
	Ketan Sheth	Governor
Apologies:	Mark Billington	Governor
	Simon Boulcott	Governor
	Nicholas Davies	Governor *(Chair)*
	Mariann Rand-Weaver	Governor
	Shaliny Lingeswaran	Uxbridge Student Governor
	Alexandra Postar	Harrow Student Governor
In attendance:	Dylan McTaggart	Vice Principal Curriculum & Quality
	Shane Woodhatch	Group Director – Finance & Resource Planning
	Jo Withers	Exec Director Employer Partnerships
	Gavin Hughes	Director of Student Services *(Items 11 only)*
	Andy Miller	Exec Director Corporate Services *(Item 15 only)*
	Tracy Reeve	Director of Governance

Governors' pre-meeting
In light of the remote meeting there was no Governors' pre-meeting. However, the Acting Chair did seek assurance that there were no specific items that any of the Governors wanted to raise outside of the formal meeting.

Presentations
The Corporation Members received a presentation from the HCUC Director of Student Services (GH) which gave the Governors an update on Learner Voice across HCUC. (Report and discussion minuted at item 11 below.)

The Student Learner Voice presentation was NOTED and RECEIVED

1. Apologies for absence
Apologies had been received from the Corporation Chair (Nick Davies), Mark Billington, Simon Boulcott, Mariann Rand-Weaver and the student governors. The Vice-Chair (SC) would be Acting Chair for the meeting.

2. Notification of any urgent business Members may wish to raise under any other business, and any items to be taken as read that Members may wish to discuss
There was no other business notified.

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

4. Minutes of the Governing Body Meeting held on 17 May and 20 June 2022 (the latter being taken in Part 2).
The Minutes from 17 May 2022 were APPROVED as an accurate record and would be signed by the Chair.

5. Matters arising from Minutes of the Governing Body Meeting held on 17 May 2022 which were not agenda items.
There were no matters arising that were not already covered by the agenda.

6. Chair and CEO's Update
In the absence of the Chair the meeting noted that much of the ad-hoc work had centred around the RuTC merger and additional meetings which had been arranged with key stakeholders to try and resolve the RuTC Phase 2 development. The Acting Chair also informed the meeting that the Chair (ND) had now met with the designate CEO Keith Smith after his appointment had been confirmed. The current CEO (DDS) informed the meeting that KS had attended the recent SLT Planning 'Away Day' and this had been a good introduction to his new role. DDS had also invited KS to come into HCUC for the last day of term staff events. The Acting Chair also highlighted the very positive recent IoT Strategy Event which had been held with key stakeholders.

NOTED

ITEMS FOR DECISION/ APPROVAL

7. Governance

- **Final Schedule of Governing Body and sub-committee meetings in 2022/23**

The Clerk presented the final timetable of Corporation and sub-committee meetings as well as Stakeholder and Scrutiny Committee dates for 2022/23; this had been considered in draft format at the last meeting. It was noted that meetings would continue to be campus based from September 2022 but there would be some flexibility moving forward if committees decided to hold some remote meetings.

The Meeting Schedule 2022/23 was APPROVED

- **Governing Body Draft Work Plan 2022/23**

The Clerk (TR) presented the annual work plan for HCUC which outlined the business to be considered by the Governing Body, sub-committees of the Corporation and the two colleges Stakeholder and Scrutiny Groups. TR confirmed that this had been updated to reflect any compliance requirements and to include any outstanding actions.

The Annual Work Schedule for Corporation and sub-committees 2022/23 was APPROVED subject to the addition above in relation to Annual HE Assurance.

- **Search Committee Recommendations**

The Director of Governance presented a paper which outlined recommendations from the Search Committee meeting held on 13 June 2022. Governors agreed that the vacancy for a Brunel Governor that would arise with the end of Mariann Rand-Weaver's (MRW) term of office (ending on 31 July 2022) should be filled from 1 August 2022. In her absence the Corporation passed a vote of thanks to Mariann Rand-Weaver for her long service as a governor at HCUC; her expertise on Higher Education had been invaluable as had her input as Chair of QCS Committee and a member of the Uxbridge Stakeholder & Scrutiny Committee. The meeting considered the recommendations from Search Committee and agreed the following.

The Corporation APPROVED the following recommendations from the Search Committee:

a. ***That Sofia Barbosa-Bouças and Mario Michaelides be appointed as Members of the HCUC Corporation from 1 August 2022; both to be appointed for a four-year term of office until 31 July 2026.***

b. ***Both appointees to join QCS Committee with immediate effect.***

c. ***That Gurdeep Singh Kohli should be appointed as a Non-Executive Adviser on Uxbridge Stakeholder & Scrutiny Committee when a vacancy arose.***

8. Merger with Richmond Upon Thames College (RuTC)

The CEO presented an update paper which outlined the current position with the proposed merger with RuTC which had been delayed from 1 August 2021. Governors also noted the current Merger Risk Register and an update on the Gateways to Merger paper presented to the Joint Steering Group (JSG) on 27 June 2022. The three 'red' risks in relation to the phase 2 capital development were noted including: rising build costs; the leaseback arrangements with the property developer; and current union action at RuTC in response to a proposed change to lecturer terms and conditions. However the meeting was pleased to note the recent progress around the planning application which was due to be considered by Richmond Planning Panel mid-July 2022. DDS also confirmed that Workstream activity although slowed was still progressing. Other key developments and future actions were noted as follows:

- HCUC's property consultant Robert Drury would be commissioned to assist by providing an independent view on planning issues and revised ISG costings;
- GLA (RuTC/HCUC) joint meeting was being arranged to discuss possible scenarios to secure a level of assurance around possible clawback of grant funding;
- Written confirmation of HMRC position would be sought to provide clarity on the VAT issue;
- TU negotiations at RuTC has been added to the merger risk register along with other reputational impact e.g. Quality outcomes and associated implications for finances;
- A baseline for acceptable debt had been set based on worst case financial situation (RuTC) before ESFA assistance sought; liability capped in relation to RuTC debt so that the ESFA understood the limit of HCUC's risk appetite;
- Corporation at HCUC would need to agree a clear Strategic Discussion around the relative importance of gaining Ofsted Outstanding in 2025 and securing the strategic future of HCUC long-term.

The meeting noted the update and agreed that it was not yet possible to confirm a likely date for the merger to vest as there were still a number of unanswered questions around ongoing liability. However, the Acting Chair asserted the positive aspects of ther merger and that both colleges would gain a lot from Richmond Upon Thames College coming into the HCUC structure. The meeting agreed that they would gain a great deal of assurance around the full transparency as the GDFRP for HCUC (SW) was now also acting as interim finance lead for RuTC. HCUC's Director of Funding and Information was also now involved with RuTC data.

The meeting NOTED the update. It was AGREED that a decision on likely merger date could not yet be made.

9. Pay Award

The meeting considered a proposal to award the proposed 1% cost of living pay award to all HCUC staff, except those on 'protected salaries' from 1st August 2022. The meeting noted the AoC salary recommendation of 2.5% across the board and a further £500 unconsolidated payment to be made to staff up to a threshold subject to local affordability and £750 unconsolidated for those earning under £25,000. It was also noted that the Trade Unions had not deemed this AoC recommendation as acceptable. Governors were reminded that HCUC was in a comparatively strong position financially, although the annual funding settlements to the sector continued to be challenging. The Group Director Finance & Resource Planning (SW) confirmed that the draft HCUC budget 2022/23 had been prepared inclusive of a provision of a 2.5% COL pay award and the paper presented outlined reasons why SLT were recommending a 2.5% CoL pay award for all (except those on protected salaries). The meeting considered the additional recommendation in relation to non-consolidated payments which would costs £196,000 for those earning under £25,000, £81,000 for those earning between £25,000 and £30,000, and £148,000 if applied to those earning between £25,000 and £35,000. SW confirmed that the non-consolidated element of the AoC pay recommendation had not been included in the HCUC Budget 2022/23.

SW confirmed that any increase would be dependent on 16-18 enrolment 2022/23, as well as the successful delivery of the strategies targeting growth within the Apprenticeships and IoT programmes. The recommendation was for the 2.5% CoL increase to be applied and backdated once enrolment figures were confirmed in October 2022. Governors were reminded that the submission of the R04 in October would be the reference point in calculating the following funding allocation for 2023/23. SW confirmed that the R10 funding return currently showed that HCUC was 85 learners above allocation due to continued enrolment. If this growth continued the college would be able to apply for in year growth 2022/23 which would ease the pressure in delivering a balanced budget including meeting the AOC's recommendation for unconsolidated payments to staff earning under £25,000. The meeting was assured that current application numbers were strong and final enrolment numbers 2022/23 would be confirmed in October 2022 and the pay rise could be back dated to 1 August 2022.

The meeting also considered the following factors in relation to the decision:

- The comparatively strong position of HCUC – quality and finances.
- HCUC pay levels were currently broadly in line with other colleges and that there was merit in taking steps to maintain this comparability, especially given staff recruitment & retention challenges.
- The way that staff from both colleges had risen to the challenges post-merger during the last five years including their contribution to the recent successful Ofsted inspection.
- Staff were being challenged in relation to their personal finances in light of high inflation (highest for 40 years) and soaring energy prices.
- The income that could be gained from the investment strategy currently being considered would more than cover the additional non-consolidated payments.

The meeting also noted the history of cost of living pay awards at HCUC and Uxbridge College over the previous ten years. The meeting was assured that this matter had been discussed at the Resources Committee on 22 June 2022 within the consideration of the 2022/23 budget for HCUC.

Governors suggested that it might be appropriate to give a two-stage award with a baseline announced in July and any further payments when enrolment data was confirmed. However, after further discussion it was agreed that a best-case concrete offer should be made in September when data was known. DDS confirmed that communications with the union would be key and he would set up a date in September for a meeting to discuss this in advance of the final ILR data being submitted.

Governors AGREED that:

i) A 2.5% COL increase should be APPROVED and paid to all HCUC staff (including Senior Post-holders), apart from those on protected salaries, from 1 August 2022 but this should be contingent on HCUC enrolment numbers (i.e. paid on a back-dated basis after the submission of the R04 data in October 2022).

ii) The non-consolidated payments recommended by the AoC would also be considered in more detail once the final R04 data was confirmed.

iii) The pay award would be brought back to the Governing Body meeting on 4 October 2022.

10. HCUC Budget 2022/23 & Plan 2023/24 – 2024/25

The GDFRP (SW) presented the report to the meeting and confirmed that this final version of the budget and plan had been considered in detail at the Resources Committee meeting on 22 June and the Committee was recommending approval as presented. SW's commentary highlighted the key elements of the End-Year Out-turn 2021/22, Budget 2022/23 and Plan Years 2023/24 and 2024/25. SW confirmed that the five-year outturn, budget and plan was presented on the basis of a stand-alone option for HCUC due to the slippage in the proposed date for the merger with Richmond Upon Thames College as previously discussed in the meeting. The meeting noted the following key points in relation to the five-year budget and plan:

- The financial health score was at the maximum of 300 out of 300 for each of the 5 years.
- All KPIs across all five years were universally strong.
- Cashflow was very strong - the lowest point in the budget and plan was 228 days cash (cash days in hand for 2021/22 was 218 in the final out-turn).
- The College had no borrowing (the previous loan had been paid off three years ago)
- EBITDA – HCUC was a cash generating organisation with this at 11-13% within the budget and plan (the sector norm was much lower than this).
- The budget 2022/23 was based on prudent assumptions.

- **<u>HCUC Forecast Final out-turn 2021/22</u>**

The revised forecast reported an operating surplus for the period of £50,000 in line with the previous forecast surplus of £50,000. SW highlighted the following significant points:

- *Income:* Education Income was now forecast at £50,153,000 against a budget of £49,239,000 (positive variance of £914,000). Small group 'Tuition Fund' income had increased by £149,000 but was matched by expenditure. ESFA/ GLA funding had dropped by £159k, it was now down from 103% to 100% of allocation. .
  - *Tuition Fees – home:* a negative variance of £60,000 against the forecast of £504,000 due to a number of late withdrawals.
  - *Tuition Fees – overseas:* a positive variance of £75,000 against the budget of £400,000. A number of additional overseas students had started part-way through the year.
  - *Other:* a positive variance of £544,000 against the budget of £261,000. SW explained that this was in relation to a number of contingencies which were being released over a three-year period, £250,000 per year. SW confirmed that the college auditors had approved the staggered release over a three-year period.
- *Services and other activities:* This was showing a positive variance of £3,000 against the forecast deficit of £200,000; the annual catering contract contribution had been affected by lower Refectory performance than forecast and lower lettings income. However, there had been an increase in trading within the Hair and beauty salons and in the Training Restaurant.
- *Employer Services Income:* A negative variance of £172,000 (against the forecast of £457,000 deficit). Short courses income was lower – mainly in Engineering – due to cancelled courses and lower recruitment. There were also higher costs within engineering due to higher staff costs backfilling specialist 'hard-to-fill' roles.
- *Employee Costs:* An adverse variance of £426,000 (against forecast of £33,477,000) due to posts filled later than anticipated but also the use of expensive agency staff covering vacant academic posts.
- *Expenses:*
  - *Marketing and Student Services:* An adverse variance of £32,000 against the forecast of £2,372,000 due to the higher international agent expenditure (offset by income) and higher HE Bursary expenditure.
  - *Human Resources*: an adverse variance of £93,000 due to an increase in advertising and recruitment due to high agency placement fees.
  - *Estates:* An adverse variance of £50,000 against the forecast of £4,279,000. This had been due to higher energy expenditure and higher costs for unbilled gas at UC once readings had

been taken.

- *Finance:* An adverse variance of £176,000 against the forecast of £2,469,000 mainly due to higher consultancy costs due to land valuation, feasibility and planning costs. Additional investment into Wide Area Network to enhance the current internet connectivity particularly with merger considerations. Systems support and development higher due to substantial increase in Microsoft Campus Agreement cost and new subscription for Manage Engineer Service Desk software. Higher provision for bad debts and additional merger costs anticipated with preparations for the merger with Richmond Upon Thames (College (RuTC) resuming.

- *Depreciation:* A positive variance of £8,000 against the forecast of £4,599,000; reflecting a later spend on capital works than forecast.
- *Total Overheads:* An adverse variance of £745,000 against the forecast of £50,483,000.
- *Balance Sheet:* Cash was strong but showing an adverse variance of £141,000 at £29,033,000 (against a forecast of £29,174,000). Fixed Assets were showing an adverse variance of £292,000 against the forecast of £108,224,000 due to the timing of capital expenditure offset by lower depreciation. All ratios were strong: a cash day in hand figure was at 217.52 compared with a forecast of 221.3; the current ratio was 3.01 compared to 2.84 forecast and EBITDA was in line with the budget at 10%. The 'Outstanding' ESFA financial health rating would be maintained. GDFRP informed the meeting that the College score on the ESFA financial health scorecard was at the maximum 300; this was an extraordinarily strong 'outstanding' score.

Budget 2022/23

An operating surplus for the period was now budgeted at £250,000 compared to the plan (approved in February 2022) of £500,000. SW confirmed that this reduced surplus reflected a 'worst-case' scenario. Members were assured that the College would maintain its ESFA financial health rating of Outstanding, based on the budget as presented. GDFRP highlighted the following significant variances to the Plan:

Income

- *ESFA 16-18 Funding*: SW reminded the meeting that the management team would lobby the ESFA to allow an application for any additional in-year growth funding if the 2022/23 enrolment exceeded the allocation.
- *ESFA T Level Funding*: A positive variance of £788,000 based on 147 learners.
- *ESFA 19+ Funding*: An adverse variance of £98,000 based on the allocation statement.
- *Agency Other Funding*: A positive variance of £423,000 at £5,653,000 as the High Needs element 3 income rates would now be in line with 2021/22 actuals and not reduced.
- *Tuition Fees (home):* An adverse variance of £131,000 to reflect reduced income in the curriculum plan.
- *Registration Fees:* An adverse variance of £169,000 as the College was trialing the removal of the Student Registration and ID charge for 2022/23, in case this was acting as a possible barrier to entry for applicants. SW highlighted that other local colleges did not charge this fee and the enrolment numbers would only need to increase by 30 to get all of the £169,000 back.
- *Services and other activities:* A positive variance of £275,000 against the forecast deficit of £194,000 as the College was assuming that the College catering contract would revert from cost-plus to profit-share. The meeting noted that Exec Director Corporate Services had held an initial meeting with the current catering suppliers - Aramark - to discuss this but if an agreement could not be reached HCUC would look at other suppliers.

Expenses

- Employee Costs

The budget included the consolidated 2.5% Cost-of-living (COL) increase for all staff not on protected salaries (in line with the current AoC recommendation for 2022/23 as discussed earlier in the meeting); the plan had assumed a 1.0% increase. No further increases to employers LGPS pension contributions or TPS (Teachers' Pension Scheme) contributions had been assumed during the period. The budget for employee costs was £34,638,000 against the planned £33,674,000 (adverse variance of £964,000).

The meeting was reminded that the budget assumed that all posts would be filled from the start of the year which would provide a contingency factor when vacancies occurred (the vacancy factor was noted as £6,372,000). The meeting noted the deletion and creation of posts by department. It was noted that the average proportion of agency teaching was now budgeted at 8% across all the schools. The meeting noted that staff costs as a percentage of income in the 2022/23 budget would be 67% which was the same as in the plan.

- Non-Pay Expenses

SW confirmed that all curriculum expenses (staffing and non-staffing) had been rigorously challenged through the course costing model. Total expenses including depreciation were budgeted at £18,976,000 compared with the planned £18,377,000 (adverse variance of £598,000).

- *Schools*: Positive variance of £26,000 against the plan of £2,687,000 due to exams and materials costs to meet the course portfolio. The Chair sought and was given confirmation that there was a separate I&E account for the IoT in order to give clear visibility on income and expenditure.
- *Marketing & Student Services*: Total positive variance of £38,000 against the plan of £2,472,000. This reflected higher international recruitment costs due to increased activity and additional overseas trip to boost enrolment. 16-18 Bursary as per allocation and increase in 16-18 Vulnerable Bursary in line with 2021/22 actuals. Reduction in Advanced Learner Loans Bursary in line with 2021/22 mid-year funding claim. Provision to support shortfall in 16-18 Bursary released within Student support fund. Additional marketing expenditure required for growth.
- *Estates*: An adverse variance of £452,000 with a budget of £5,045,000 against the planned £4,592,000. The meeting noted that this reflected higher costs for routine maintenance due to additional services incorporated and to cover new buildings. There would also be significantly higher energy costs due to substantial increases in unit prices for both gas and electricity; the energy forecast had been provided by Beond (an energy consulting company). However, there would be some savings within Cleaning as per the contract.
- *Finance:* An adverse variance of £106,000 against the planned £2,592,000. This reflected additional costs within Systems support and development to bolster the onsite IT, enhance the network capability and increase in the number of Microsoft Campus Agreement licences. There was also an increase in bad debt provision mainly to cover student and employer debt. Higher merger related costs anticipated with activity resuming towards the revised merger date. Efficiency savings were expected from the ongoing use of the outsourced procurement services of Tenet.
- *Executive:* An adverse variance of £67,000 against the planned £328,000 which reflected the cost of the additional enrichment activity in line with the requirement to deliver additional hours to learners as per the funding regulations .
- *Depreciation:* The adverse variance of £48,000 against the planned £5,042,000 was in line with capital spend and reflected capital expenditure on building and equipment.

Balance Sheet

- *Cash:* Budget of £31,189,000 against plan of £30,968,000 (positive variance of £220,000).
- *Fixed Assets:* Adverse variance of £339,000 against planned £108,183,000
- *Cash Days in Hand*: 227.65 (232.5 planned).
- *Current ratio*: 3.19 (3.02 planned).
- *EBITDA*: 11% in budget against 12% in the plan.
- *Financial Health Score*: This was at the maximum score of 300 points in the budget.- The meeting was assured that this would yield an ESFA financial health grade of 'outstanding'.

SW confirmed that it was a prudent budget that reflected the pressure of lower lagged funding due to a dip in enrolment for 2021/22 and also the need to grow the IoT, Apprenticeship and commercial income. DDS confirmed that the SLT Away Day in June had looked at how to drive growth in these key areas. SW highlighted the work that the College was doing to bring down Trade Debtors; the College had now appointed a specific member of staff to chase down this debt.

Plan Years 2023/24 and 2024/25

SW confirmed that the income and expenditure plans for the two plan years had been reworked to reflect the proposed budget for 2022/23. Members noted that the college cash position and current ratios would remain strong throughout the two plan years. It was noted that the plan years 2023/24 and 2024/25 showed operating surpluses of £250,000 in each of the years. The stand-still assumptions for 16-18 and 19+ learner number growth and rate of funding were noted but the planned IoT growth had been included. The plan years assumed 5% growth in WBL funding under the apprenticeship levy-funding regime. Other income was assumed to be subject to 5% inflation. The planned Employee costs included: all pay increments; a pay award of 1.5% in each of the plan years; an apprenticeship levy of 0.5% of salaries in each year; and no further increases in LGPS and TPS employer contributions. Efficiencies were assumed in each plan year of £3,169,000 and £4,562,000. The detail of the capital investment programme over the plan years was considered; capital expenditure of £5,000,000 was assumed. Inflation of 5% was assumed in relation to non-pay expenditure. Governors were pleased to note that cash levels would remain strong at £33,581,000 and £35,822,000 in each of the two plan years. Staff costs as a percentage of income would be at 66% and 67% respectively in each of the plan years. SW confirmed that the health category of the College would remain at 'outstanding' for both plan years with a maximum points score of 300. The meeting also considered the detailed Financial Performance Indicators for each of the plan years; all of these were strong.

Members commended the very thorough budget and planning process and the clear accompanying narrative. The meeting agreed that the ongoing inflationary pressures during 2022/23 would put additional pressure on College budgets but the prudent budget and financial strength would put HCUC in a stronger position than many FE Colleges. The Chair of the Resources Committee (AMcL) confirmed that the Resources Committee believed the Budget and Plan was built on robust assumptions and the KPIs and Balance Sheet was strong.

The Corporation APPROVED the HCUC Budget 2022/23 and Plan 2023/24-2024/25 as presented, as recommended by the Resources Committee.

ITEMS FOR INFORMATION ***(To be taken as pre-read by Governors – questions taken.)***

11. Update Student Voice Report

The meeting noted the responses In the absence of the Student Governors the meeting noted the results from the Student Survey undertaken in May 2022. There had been 2416 responses to the survey (1443 at Uxbridge and 973 at Harrow). The results showed that 86.54% of learners would recommend HCUC to a friend and 94.98% believed that they were receiving the support that they needed. The results from the question on recommendation were noted by school and these varied from 71% to 92%. The meeting also considered the narrative comments that had been provided on this survey for the first time with four questions allowing 'free writing' within the response.

The Student Voice update was NOTED and a vote of thanks was minuted for the Student Governors – Alexandra Postar and Shaliny Lingeswaran - in their absence.

12. Employer & Partnerships Report

The Principal Harrow (JW) presented this report which gave the meeting an update on employer engagement and partnership activities for HCUC for the year-to-date 2021/22. The detailed report was taken as read but Governors noted the key points and commended the wide range of activities and partnership development work across HCUC. JW reminded the meeting of the focus on achievement for 2021/22, the cautionary predictions in year for Apprenticeship outcomes ranged from 66.4%-69.2%. Apprenticeship recruitment was at 63% of target and this represented a 20% increase on the prior year. The meeting was assured that increased candidate activity was continuing. There was also quite a significant shift in the adult employability programmes, with a very high number of employers and students benefiting from the Sector Work Based Programmes (SWAPS). HCUC had now delivered 20

SWAPs in 2021/22 (16 in UC and 4 in HC) and 119 learners had completed leading to 45 job offers/starts and 6 NHS placements (38% successful outcomes to date). This SWAP model working with employers would be broadened out to extend across 16-18 provision for 2022/23. Heathrow and Thames Water were being considered for pilot programmes. There was also progress on strengthening the partnership working between HCUC and Microsoft. JW highlighted the activity around the FE/HE sector based forums led by the West London Alliance which were proving to be a particular success. Momentum was building through the new Mayor's Skills Academies (MSA) across the key priority sectors in West London. HCUC were now partnering in four MSAs – Health, Creative and Culture, Green and most recently Digital. Governors commended the recent award of all 5 quality kite marks that HCUC had applied for (the 4 above plus the renewal of Construction). HCUC was continuing to sub-contract for AEB delivery with the Skills Network; this was through the 'Good Work for All' project. West London IoT: The meeting was reminded that recent developments included the appointment of a dedicated IoT Project Manager to drive up the outputs and partnerships. Activity continued on drawing together an IoT Strategy as the West London IoT moved into years 3-5 of operation. The Acting Chair confirmed that the IoT Strategic Away Day held in June 2022 had been really positive and a clear plan of action was now being developed. JW confirmed that the DfE had rebased IoT targets for the last two years to reflect the impact5 of the Covid-19 pandemic but the targets for years 3-5 had not been reduced to reflect the lower baseline. One new strategy would be to look at the 30+ age group who might be looking for reskilling. It was also noted that SLT were keen to invite Microsoft to be a key partner for the IoT – they were already involved with many of the other IoTs around the country. The idea of an internal IoT Steering Group feeding into the local SSCs and the HCUC Governing Body was also considered and would be further developed within the IoT Strategy.

The Employer and Partnerships Report was TAKEN AS READ and RECEIVED.
Principal Harrow and Director of Governance to seek confirmation on how new anchor partners for the IoT should be appointed (in relation to DfE guidance).

13. Corporate Goals

The CEO (DDS) provided an update on the Uxbridge College's and Harrow College's Corporate Goals YTD 2021/22 achievement. The format of this report now reflected further alignment of common HCUC KPIs that each College was working towards and the detailed commentary prioritised the HCUC joint perspective but with some flexibility to account for the local Harrow or Uxbridge context. The front page now better reflected the emphasis on the '3 Is' within the Ofsted Education and Inspection Framework. The RAG rating system flagged up those items on the front page where progress in relation to a particular KPI or performance area had either faltered, prompting mitigating actions (amber rating), or stalled such that full achievement was now not possible (red rating). Governors were reminded that considerable further detail was provided within the body of the Corporate Goals reports about the amber and red rated items flagged on the cover pages. The meeting was reminded of the positive affirmation around Quality of Education with the Grade 1 for this aspect from Ofsted in February 2022.

The meeting took this report as read but DDS flagged the key issues being closely watched in relation to Finances (Apprenticeships, Higher Education Fees), Apprenticeship success rates, Attendance as well as Work Experience. There was also a very close watch on the IoT provision and T Levels. The meeting agreed that the Corporate Goals reporting was working well presenting the overall college picture with nuances of the local differences.

The Corporate Goals 2021/22 Update report was NOTED and RECEIVED

14. Academic Report

The meeting considered a report which covered the following: KPI Dashboard for in-year monitoring; Higher Education (HE) update report; and a summary report on progress against Quality Improvement Plans (QIPs). This report was largely taken as read with Governors asking questions where they sought additional clarification.

KPI Dashboard for in-year monitoring: The meeting noted the summary dashboard which provided year-to-date (YTD) performance 2021/22 for HCUC, HC and UC for the following metrics: Retention, Work Based Learning (WBL) updates, FT Attendance, Employability, Lesson Observations, Complaints and Disciplinaries. The meeting noted that this dashboard had been presented at each of the Stakeholder and Scrutiny Committees (SSC) and in combined format at Quality, Curriculum and Standards (QCS) Committee. Governors commended the clear 'RAG' rated format which enabled them to identify any areas of under-performance very easily. DMcT highlighted the following aspects of performance:

- Attendance: Full Time 16-18 was below the year-end target of 85% at 84% (88% with authorised absence) and was now RAG rated as 'red'. DMcT highlighted the impact of students taking 'self-study' absence to prepare for exams. This was usual as attendance did tend to dip towards year-end as learners stayed at home to revise for exams - even when asked to keep attending. English and maths attendance remained a high priority.
- Punctuality: 16-18s was holding at 5% 'lateness' on target.
- Retention: 16-18 retention was still above the national average (NA) of 91.0% and in line with the year-to-date (YTD) performance in the prior year. Retention for 16-18 was now 93.2% and retention for 19+ was at 96.0% (the NA was 93.5%). HE retention was high and improved on 2020/21 YTD at 93.5%. The meeting noted that cases of individual slippage had remained a focus for close monitoring and mitigating action.
- Weaker courses 2020/21 were performing well in 2021/22 YTD with 97% (93 out of 96 courses) currently above NA.
- Teaching Learning & Assessment: Observations had now accelerated and 371 formal observations had been undertaken YTD. The 86% 'good or better' profile was noted.
- Work Experience (WEX): Governors were reminded that there had been a delayed start & impact of COVID 19 on employer participation in 2021/22. However the Schools across HCUC had kept stretching targets set for both WEX and Significant Industry Placements (SIPs) with staffing resource allocated to support the achievement. The current 59% achievement was strong considering the impact of the pandemic but would not meet the year-end target of 80% and was Rag rated as 'red'. DM highlighted that this area would be a focus for 2022/23 for the newly appointed Employability Manager.
- Disciplinaries: Volumes of stage 3 & 4 disciplinaries were significantly above the prior year (146 versus 95) and so were Exclusions (34 versus 20). The period of Covid-19 closure during 2020/21 had been a big contributing factor to the lower numbers in the prior year.
- Complaints: were higher than the prior year (45 versus 29) but a smaller proportion had been upheld (36% versus 45%). No complaints had resulted in legal action to date, but all complaints continued to be assessed against all aspects of possible legal risk.
- Learner Satisfaction: HCUC Mid-Year Survey (asked discussed earlier in the meeting hah an overall 'satisfaction' rate of 86.5% (compared to 84% in the FE Choices Survey pre-Covid in 2018/19).

Safeguarding: The meeting noted that there were currently 58 students on the serious safeguarding register, these were mostly for domestic violence and mental health. This was noted as slightly higher than this time last year (and 2020/21 had been the highest year ever recorded for serious cases with 53 cases in total). There had been four cases under the Prevent banner during 2021/22 and only two of these were still current students; both had been assessed as low risk and were being closely monitored. There were 513 looked after children in the college (which was an increase on last year), and 396 currently on the mental health register. DM also highlighted the 38 cases reported on the new College Sexual Harassment Register, which recorded incidents and actions. The meeting was reminded that a whole college approach to sexual harassment had been implemented and the Ofsted inspection in February 2022 had found the college to have effective safeguarding practices.

Higher Education (HE) Update: DMcT presented this report and took questions from the meeting. The meeting took the very detailed report giving them assurance on how HCUC was continuing to meet the Office for Students (OfS) conditions of registration as read. The meeting was pleased to note the high number (47) of local Schools Careers Events attended by HCUC staff to promote the college's HE offering. This closer liaison with local schools was one of the future developments highlighted in recent OfS guidance.

HE Spring Survey: The meeting noted the summary data from the HE Spring term survey. For Harrow Computing (100% satisfaction), Uxbridge Travel & Tourism (94%) and Uxbridge Business (80%) the survey scores were strong and consistent throughout.

- Uxbridge Computing (81%) had slight variation in scores. Students indicated some issues in accessing resources (including IT). The meeting noted that computers in the HE Room within the Hayes Learning Centre had now been improved.
- Uxbridge Engineering (83%) had some variation in scores. Students had indicated some issues accessing resources – specifically laptops that could run specialist software. In response to this UC Engineering students would now be given a further induction to the IT facilities available to them on the 2nd Floor of W Block, including high specification laptops which had the required software installed.
- Uxbridge Construction (12.5%) consistently low scores throughout. DMcT assured the meeting that these courses were under "special measures" including addressing unit selection and staffing issues.

Data Reporting on Compliance with OfS Conditions of Registration: A summary of the very detailed ongoing HE reporting to Governors was noted by the meeting; DM highlighted the good retention and strong predicted achievement but flagged the poor legacy data on retention from several years ago (Office for Students looked back five years for data returns).

HE Developments 2022/23: The meeting noted the HE developments planned for 2022/23. In Engineering five new Higher Nationals had now been approved, with no changes required by Pearson. These courses would enable HCUC learners direct progression to Level 6 at Brunel University and would cover various pathways including Electrical/ Electronic Engineering and Computer Systems Design. DMcT reminded Governors that these had been developed in partnership with Brunel and in line with the forthcoming (Higher Technical Qualification (HTQ) approval process – e.g including input from employers - built into the design. Dialogue was ongoing with Brunel regarding developments related to progression to Level 6 for Mechanical HND students. The meeting was reminded that these courses would be a key feature of the West London IoT provision.

In-year progress against Quality Improvement Plans (QIPs) 2021/22

The meeting was reminded that progress against individual HC and UC Quality Improvement Plans (QIPs) focused on identified Areas for Improvement (AfIs) identified by HC and UC SAR analysis 2020/21 had been considered in detail at QCS Committee on 30 June. A detailed RAG rated summary by College was taken as read by the Corporation meeting.

The Academic Report was RECEIVED.

15. Staff Focus Group Summaries 2021/22

The meeting noted the summary feedback from the Staff Focus Groups that had been held in November 2021 for lecturing staff, January 2022 for Managers and in May 2022 for a group of support staff. In total 44 HCUC staff had been involved during the year. The Resources Committee had previously considered detailed reports from these focus groups in November 2021 and March and June 2022 as well as the resulting action plans to implement any agreed changes. The CEO also highlighted that the feedback from the Staff Focus Groups had been taken to the individual colleges' Stakeholder and Scrutiny Committees.

The meeting was reminded that the purpose of the focus groups was to use the forum to discuss issues that were assisting or hindering an effective work environment and work practices, with a view to addressing action that can improve things and/or to advise staff about the College's stance on the matter. Comments were not attributed to an individual member of staff and the focus group was supplemented with an anonymous questionnaire that broadly mirrored the topic areas covered. The positive comments and areas identified for improvement or action by each of the groups was presented to the meeting. Governors sought, and were given, assurance that action in relation to the areas for improvement was being taken and was being monitored at SLT on an ongoing basis. The positive feedback on communications was commended.

The Staff Focus Group Feedback Report was NOTED

16. Finance Directorate Report

16.1 HCUC Management Accounts, May 2022

The GDFRP presented the composite HCUC management accounts to 31st May 2022. The accounts were taken as read as they had been fully considered during agenda item 10 Draft Budget 2022/23.
The HCUC Management Accounts to 31st May 2022 were TAKEN AS READ and RECEIVED

16.2 HCUC Risk Register

The meeting received the HCUC Risk Register that detailed the risks mapped to the Strategic Aims and Corporate Goals of the College. SW also presented a new executive summary which highlighted the 'mission-critical' red rated risks which were unlikely to ever secure a lower RAG rating. The meeting discussed risks with changed risk profile and the key 'red' rated risks in more detail and the mitigating actions that had been put into place:

- 1.08 *Insufficiently qualified and equipped staff to support the delivery of study programmes and quality outcomes for learners.* (Risk score unchanged at 12 'red').
- 1.09 *Failure to recruit sufficient staff, qualified at the appropriate level.* (Risk score still at 12 'red'). The meeting was reminded of the ongoing project work looking at innovative ways to recruit for hard to fill vacancies as discussed at the Governors' Strategy Day in October 2021 and regularly at Resources Committee. Initiatives being considered included paying premium salaries as 'golden handcuffs' and to meet industry rates. However, parity with other College roles needed to be considered.
- 1.12 *Project Work fails to prepare the College for T levels, CDF and the Transition Fund.* (Risk remains at 15 'red')
- 1.14 *College fails to retain Highly Trusted Status (HTS) for international students (Risk score reduced from 12 'red' to 10 'amber').* It was confirmed that although HTS had been secured for the current year this would continue to be monitored as a high-risk area for the future.
- 2.05 *Inflexible delivery models for Apprenticeships could restrict growth* (Risk score remains at 12 'red'). DDS reminded the meeting that the SLT were currently developing a five-year strategy to develop plans for growth in Work Based Learning (WBL), Institute of Technology provision, and commercial income. This had been discussed in detail at the Governors' Strategy Day in April 2022.
- 3.02 *Insufficient enrolment on employability pathways for adult unemployed learners will reduce spend of ESFA contract.* (Risk score remains at 12 'red').
- 3.11 *Underachievement of funding targets* (Risk score still at 15 'red'). The need to meet learner number targets for 2022/23 would remain a focus for the SLT and all staff during the last half of the summer term. This was also a key factor in the combined financial plan for HCUC and Richmond Upon Thames College as discussed at the merger Joint Steering Group. SW reminded the meeting that the decrease in the 16-18 funding allocation from the ESFA for 2022/23 was a loss of £2.4m (equivalent to 300 learners). SLT were mindful of the need to get enrolment levels back to pre-Covid numbers for the September 2022 enrolment.
- 3.12 *Failure to secure and respond to large levy paying employers could impact on apprenticeship income* (Risk score remains at 15 'red'). The College's Business Development Consultants (BDCs) had worked hard to stay in touch with employers during the Covid-19 business disruption and this area was now picking up post pandemic.
- 3.19 *16-18 and 19+ mainstream recruitment target not met, leading to a reduction in funding in current and future years*. (Risk score remains at 12 'red').
- 3.20 *WBL non-levy 16-18 and 19+ apprentices target not met*. (Risk score still at raised level of 15 'red'). Current WBL delivery against the ESFA allocation was being closely monitored but had been severely impacted by the Covid-19 pandemic.
- 4.05 *Failure to achieve IoT targets* (Significant red risk with a score of 12.) The ongoing dialogue with the DfE around targets continued.

- 5.11 <u>*Compliance with GDPR and other data related regulation*</u> (Risk score remains at 15 'red'). As previously discussed by Governors at Corporation and Strategy days the SLT were still working to improve current HCUC practice on the destruction of obsolete data in a timely manner. The meeting was assured that progress was being made but the risk score had not yet been reduced in order to maintain focus. The ongoing work to strengthen IT security was also noted.
- 5.12 <u>*College loses IT capability and/ or data following a cyber-attack.*</u> (Risk score remains at 12 'red'). This risk was very real despite IT Services using up to date security software and policies.

The meeting commended the new Executive Summary which enabled governors to clearly focus on 'red' risks rated 12 and above and gave the Corporation a clear view on what were the 'mission-critical' risks. SW informed the meeting that as he was now also seconded over to RuTC to provide the finance lead pre-merger he would look at their Risk Management process and review it against HCUC's very robust system.

The HCUC Risk Register was NOTED and RECEIVED.

- ***IoT Risk Register***

The meeting also noted a separate Risk Register for the West London Institute of Technology (WLIoT). 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 was one 'red/ amber' risk in relation to the risk associated with not recruiting staff to identified skills gaps.

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

16.3 Capital Projects Update

The meeting considered the Capital Update Report presented by SW; it was noted that this was for information as there were no decisions currently required. Key current bids and projects were noted as follows:

- <u>*House at Harrow Weald*</u>: The meeting noted that the house sale had not yet completed as planned due to lack of funds with the vendor. SW was hopeful that this would be finalised before the end of the academic year.
- <u>*Harrow on the Hill Campus*</u>: The estate at Harrow on the Hill (HoH) was currently being reviewed with the idea of possible changes to be made within the Enterprise Building. This would involve moving the LRC from the 1st floor to the ground floor which would free up space for additional classrooms or office space. In addition, Student Services would be relocated to the centre of the college enabling easier student access for advice, guidance, and support. The area currently occupied by Student Services could be converted to an executive block including the boardroom. SW confirmed that discussions were being held with the Principal Harrow and management to review the feasibility of the proposals. SW highlighted that the time frame for this work would be a 3–5-year period with a capital cost of £800,000 over each of the three years. The meeting agreed that this improvement at HoH would be important in order to compete with other local colleges who had recently secured large sums of money to upgrade their buildings e.g., Stanmore College had recently received circa £60m grant funding for their new campus.

The Property Update Report was RECEIVED.

16.4 Investment Decision

The GDFRP (SW) presented a paper which outlined an option from Rathbone's for investing some of HCUC's cash reserves in order to generate a better return on investment. The Corporation had previously received a presentation from Barclays at the April 2022 Governors' Strategy Day. Governors were reminded that HCUC had a strong financial performance track record due to good financial management, which had led to a build-up of a healthy cash reserve to the current level of £31m. SW confirmed that this level of cash was unusual for colleges within the FE sector. This growth in cash was forecast to continue to circa £40m with a high level of EBITDA in the financial plan; HCUC would remain cash generating for the foreseeable future. SW reminded the meeting of the previous decision by Governors to investigate options for alternative investments solutions in order to increase the return on investment secured by HCUC which would help to protect the College against inflationary increases (currently at the fastest growing rate for 40 years).

The meeting noted that cash inflows in the Rathbone's presentation were forecast to be around £2m each year; after serving HCUC's working capital requirements and annual investments of £5m which included a contingency £1.6m. This would increase the cash balance by £11m from £31m to £42m by the end of 2026/27. The meeting was reminded of the cash reserve policy which was set to cover any crisis or unforeseen circumstances affecting core delivery, major loss of income etc. SW confirmed that current projections - based on 3 months expenditure – were that the cash reserve amount required going forward had increase by £300,000 from £13.7m to £14m. The meeting agreed that at £31m cash there was more than sufficient headroom between cash balance and cash reserve to cover major capital investments and merger related costs. The lowest headroom had been previously agreed as circa £17m. The meeting also noted the forecasts for 'solvency ratio' i.e. cash days in hand which was due to stay at an average figure of 226 days (minimum 200) over the next 10 years. This was noted as being much higher than the sector average of circa 60 days. Projections for EBITDA were also forecast to remain above 10% although inflationary costs would put pressure on this KPI.

The meeting noted that Resources Committee had considered the detail of the two options from Barclays and Rathbones. It was noted that Barclays' initial proposal was the weaker of the two and since then they had come back with a more bespoke proposal which was more comparative to Rathbones. However, it was noted that it might be better to spread the risk and invest with a different provider but keep the balance of cash with Barclays. Governors sought, and were given assurance that risks would be mitigated over a 10-year period as HCUC would opt to invest in a blue-chip portfolio. Governors asked whether the college could put some money with each provider but it was noted that this would be less cost-effective as it would generate two sets of management fees. The meeting agreed that SLT could look for other smaller, shorter-term investment opportunities for the cash reserve maintained with Barclays.

The meeting AGREED with the proposal that HCUC should invest £15 million as suggested in the Rathbones proposal over a five-year period.

The Finance Directorate Report and HCUC Risk Register was NOTED and RECEIVED.

ITEMS TO BE TAKEN AS READ

17. Merger Joint Steering Group – 25 May and 27 June 2022

The minutes were noted, discussion had taken place earlier in the meeting.

The Minutes of the JSG meetings were RECEIVED.

18. Audit Committee – 16 June 2022

The Audit Committee Chair (NK) presented the minutes of the meeting.

The Minutes of Audit Committee meeting were RECEIVED.

19. Resources Committee – 22 June 2022

AMcL highlighted the following key aspects of discussion which had already been considered in the Corporation meeting:

i) The Breakfast Club was a good initiative for learners that HCUC governors may not be aware of.

ii) Talent Academy for hard to fill, and other, posts.

iii) From HR report: Staff Turnover and Sickness data, both of which were outside benchmarks and trending the wrong way. Noted as a sector wide issue at present.

iv) Barclays v Rathbones investment decision.

The Minutes of this meeting would be circulated as soon as finalised.

20. Quality Curriculum and Standards Committee – 30 June 2022

The QCS Committee Chair was not present at the meeting but the Director of Governance outlined key aspects covered.

The Minutes of this meeting would be circulated as soon as finalised.

21. Stakeholder and Scrutiny Committees:

Uxbridge College Stakeholder and Scrutiny Committee – 7 June 2022

The Minutes of this meeting were taken as read.

Harrow College Stakeholder and Scrutiny Committee – 8 June 2022

The Minutes of this meeting were taken as read.

22. Feedback to Stakeholder and Scrutiny Committees

The meeting agreed that the following items should be fed back to the SSCs in advance of the minutes being available:

- The positive work being undertaken on the IoT Strategy.
- The recommendation of a 2.5% cost of living pay award for all staff had been approved (from 1 August 2022) but would not be implemented until a final decision on an additional non-consolidated element could be made after enrolment.
- The budget 2022/23 had been approved and financial health would remain at Outstanding.
- Positive Staff Voice feedback.
- The update paper on the merger with RuTC.

23. To confirm the dates and times of the meetings for 2022/23

- Tuesday 4 October 2022 at 4.30pm, at Uxbridge
- Tuesday 13 December 2022 at 4.30pm, at Harrow on the Hill
- Tuesday 28 March 2023 at 4.30pm, at Uxbridge
- Tuesday 16 May 2023 at 4.30pm, at Harrow on the Hill
- Tuesday 11 July 2023 at 4.30pm, at Uxbridge

The dates were noted and AGREED as previously discussed in the meeting.

24. Proposals for agenda items at the next Corporation meeting (October 2022)

There were no other additional items put forward by Members.

ANY OTHER BUSINESS

25. Any other business as previously notified

There was no other business. The meeting closed at 6.45pm.

MINUTES

Signed ……………………………………………….

Date……………………………………………….

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