

## MINUTES



**Directorate:** Corporation

**Minutes of:** Extraordinary Part II - HCUC Governing Body  
*(Re-classified as Part 1 on 5 January 2023)*

**Date:** Wednesday 12 October 2022      **Time:** 4.30pm

**Venue:** Online via MS Teams

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**Present:**

Nicholas Davies	Governor (Chair)
Simon Boulcott	Governor
Sharon Croxon	Uxbridge Staff Governor
Steven Cochran	Governor (Vice-Chair)
Tracey Critchley	Harrow Staff Governor
Dr Darrell DeSouza	CEO & Group Principal
Nasim Khan	Governor
Alasdair McLeod	Governor
Amanda Priem	Governor
Ketan Sheth	Governor
Keith Smith	CEO designate

**Apologies:**

Sofia Barbosa-Bouças	Governor
Mark Billington	Governor
Mario Michaelides	Governor
Salman Sudheer	Harrow Student Governor
Safah Rahimi	Uxbridge Student Governor

**In attendance:**

Matt Atkinson	Merger Project Manager (FE Associates)
Robert Drury	HCUC Property Adviser
Dylan McTaggart	Deputy CEO, Principal Uxbridge
Tracy Reeve	Director of Governance
Jo Withers	Principal Harrow
Shane Woodhatch	Group Director– Finance & Resource Planning

**1. Apologies for absence**

The Director of Governance informed the meeting that apologies had been received as detailed above.

**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 and Matters arising of the Governing Body Meeting held on 4 October 2022**

The Minutes and any Matters Arising would be carried forward to the next timetabled meeting (13 December 2022) for approval.

## ITEMS FOR DECISION/ APPROVAL

### 5. The Merger Journey

The Chair (ND) outlined the two-year merger project that had started in October 2020 with HCUC submitting a bid within the Structure and Prospects Appraisal (SPA) process run at Richmond Upon Thames College (RuTC) by the FE Commissioner's Team. This bid had been successful and the Merger Joint Steering Group had been formed in November 2020 with the first meeting in December 2020. The initial merger date of 31 July 2021 had been delayed due to the ongoing planning complications associated with the Phase 2 Capital Development Project at RuTC. ND reminded the meeting that the merger JSG had continued to meet on a monthly basis and it had now become apparent that many of the identified Gateways to Merger – set as non-negotiable barriers to merger by HCUC – were now open or close to resolution. The Chair informed the Corporation members that the purpose of this Extraordinary Corporation meeting was to consider the merger proposal and decide on whether to proceed to merge as quickly as feasible or to walk away from the merger with RuTC. The CEO (DDS) confirmed that the Executive Team had worked towards the merger throughout the last two years and the original vision around the benefits of HCUC merging with RuTC was still as valid now as it had been in 2020.

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***The verbal update was NOTED***

### 6. Recommendation of HCUC Joint Steering Group Members

The Chair (ND) informed the meeting that the HCUC Members of the JSG had met on Monday 3 October to discuss the current progress against the Gateways for Merger. The HCUC JSG members had considered the ongoing funding gap for the Phase 2 capital project at RuTC, the financial forecasts for the merged college, the post-merger opportunities for the new 'HRUC' group and the implications/ lost opportunities of walking away from the merger. Having reviewed all the information this meeting considered whether they should recommend that HCUC proceed to merge with RuTC as soon as feasible. ND informed the Corporation Members that the conclusion of this meeting had been that HCUC should fully commit and progress the merger with RuTC to vest as soon as possible (current proposed date 1 December 2022).

***The recommendation of the HCUC Members of the Joint Steering Group was NOTED and RECEIVED***

### 7. Merger Proposal

The meeting noted a detailed presentation from all members of the Executive Management Team (EMT) and the CEO Designate (KS) which covered the following aspects of the merger proposition:

- The original vision for the post-merger organisation based on the wide geographical reach across two sub-regions of London through the 'West London Arc'.
- The Vision published during the merger consultation in March 2021 stated that the new college group would: provide outstanding quality across all provision; maintain an Outstanding financial health grade; provide a strong local offer; combine strength in STEM technologies through the West London IoT; and be responsive to regional and national priorities including influencing and responding to the LSIP.
- The Vision updated to October 2022 was noted as being in line with the earlier vision and also included the fact that merger would enhance the study offer for 16–19-year-olds in Richmond and deliver improvement in quality of provision and student outcomes in Richmond.
- The detailed financials were noted by the meeting including: the headline forecast for the merged college through to 2024/25 (including financial KPIs i.e. cash, EBITDA and the maintained Outstanding financial health grade); the likely 'payback' period for the cost of the merger at circa £5m would be 6-7 years; the addition to HCUC's fixed asset base was noted.

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- Curriculum Opportunities associated with optimised recruitment across two sub-regions of London, growth within STEM and the IoT, and enhanced quality across the whole of the new three-college group. The meeting consider learner number projections for the next six years through to 2028/29 for 16-18, 19+, Apprenticeships and Higher Education.
- Strategic considerations:
  - The merger provides HCUC with an opportunity to expand its footprint and influence and to deliver on its core aims and priorities.
  - Even in the 'worst case' financial scenario, HCUC can afford the merger and maintain the outstanding health rating.
  - The merger provide opportunities for future growth and optimisation. Clear strategies and plans will need to be enacted to deliver growth at RuTC.
  - Due to the strength of the cash position of HCUC, the costs of merger do not restrict the opportunities for the group to invest in the student experience, staffing or resources over the coming years.
  - The merger firmly establishes HCUC as a systems leader in London, using its strength to the benefit of the wider London FE system.
  - The quality of education at RuTC requires improvement and will require HCUC to bring about rapid improvements.
  - The merger will undoubtedly create 'bandwidth' issues for the leadership team which may require current structures to be reviewed. The leadership team will need to be confident that they can deliver the turnaround at RuTC in a timeline agreed by the Board.
  - There will be opportunity costs associated with the merger, i.e. not being able to pursue potential collaborations in North/West London.
  - The Board will need to ensure effective scrutiny and overview mechanisms are in place to monitor the turnaround at RuTC.
- Risks associated with not proceeding:
  - RuTC is not able to continue as a stand-alone college, therefore DfE will seek an alternative merger partner, expanding the opportunities for that college to acquire the Richmond asset and strategic opportunities.
  - DfE sees HCUC as the preferred merger partner, and not proceeding at this stage could impact on future opportunities and how HCUC is viewed in its role as a leading college in the area.
  - It is likely HCUC will see increased competition to its IoT in the near future with the increased expansion of IoTs as they remain a government priority.
  - There is a significant risk to student outcomes, with further delay impacting on the quality of education to learners in RuTC.
- The capacity to manage the merger within HCUC to mitigate any concerns around 'bandwidth' issues from the Governors.

There was a detailed discussion and Governors sought answers to a number of questions in order to ascertain full assurance around this decision.

***The presentation from the EMT and CEO Designate was NOTED and RECEIVED.***

## 8. Decision and Merger Resolution

The Director of Governance (TR) highlighted the resolution that Corporation members were being asked to approve to move forward with the merger. Although the proposed merger date was currently cited as 1 December 2022 TR highlighted that there was some uncertainty as to whether the final legal work could

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be concluded to meet this timeframe; the novation of the contract between Clarion and RuTC was a particular concern due to its complexity. TR informed the meeting that she was meeting with the contracted legal firm - Eversheds Sutherland LLP – on Monday 17 October, along with the project director from FEA (MA) and the governance professional from RuTC. This meeting would look for confirmation of an achievable merger date. The final steps to complete the merger were noted by the meeting which would include contacting the Secretary of State at DfE to gain the Pensions Direction Order and to progress the proposed name change for the post-merger organisation. It was noted that the final resolution for HCUC to accept RuTC's assets and liabilities and the subsequent resolution taken by RuTC to dissolve would only be brought to the two Corporations during the week preceding the confirmed merger date.

***The meeting AGREED that the merger process with Richmond upon Thames College (RuTC) should proceed as a Type B merger on the basis that RuTC will dissolve on 1.12.22 (date not confirmed but objective is for earliest achievable merger vesting date) SUBJECT TO THE FOLLOWING CAVEATS:***

- i) That certainty on the ISG contract price extended to 17 November was confirmed.***
- ii) That the additional GLA funding of £1.5m towards the 'RuTC Phase 2 funding gap' was confirmed.***
- iii) That HCUC should lead on the RuTC Principal recruitment.***

The meeting discussed the communications process for this decision – to RuTC and the wider stakeholder group – and ***it was AGREED that formal communications should be held until Monday 17 October when it was hoped that there would be additional clarity on a feasible merger date after the meeting with the lawyers from Eversheds.***

**9. To confirm the dates and times of the next meeting:** Tuesday 13 December 2022 at 4.30pm at Harrow on the Hill campus.

**NOTED**

## ANY OTHER BUSINESS

**10. Any other business as previously notified**

There was no other business.

The meeting closed at 6.50pm.

Signed .....

Date.....