

Minutes
 GB Finance & Resources Committee
 Governance

Date	06/03/2024		
Time	10.00 – 11.30am		
Location	Online Teams		
Present:	Alasdair MacLeod	(AM)	Chair
	Simon Boulcott	(SB)	Vice Chair
	Keith Smith	(KS)	Ex Officio CEO
In attendance:	Dylan McTaggart	(DM)	Deputy CEO, Group Principal
	Shane Woodhatch	(SW)	Chief Finance Officer
	Julie Amory	(JA)	Group Director of People & Organisation Development
	Jo Withers	(JW)	Principal – Harrow College
	Gavin Hughes	(GH)	Principal – Richmond upon Thames College
Invited speakers:	Anna Beattie	(AB)	Director of Finance
	Asif Khan	(AK)	Assistant Principal - IoT, Engineering and Technologies
	Yaseen Akhtar	(YA)	Managing Director - WLIoT, Business Growth, Skills & Partnerships
	Karen Elliott	(KE)	Assnt Director of People & Organisation Development
Governance:	Perry Perrott	(PP)	Chief of Staff & Governance
	Rekha Kaul	(RK)	Senior Governance Manager
Apologies:	Susan Kingman	(SK)	Governor

6th March 2024 F&R ACTION LOG:

No.	Action:	Who:	By When:
1.	Chair of SGR Committee to be kept updated on Governor's completion of the mandatory safeguarding and EDI training courses.	Governance	29 th March
2.	Re-quantify the mitigation risks, expected costs and risk categorisation of each of the risks identified in the risk register.	SW /Governance	26 th March GBC
3.	Updated risk register to be provided at 20 th March A&R Committee and 26 th March Corporation.	SW /Governance	20 th March A&R 26 th March Corp
4.	"HRUC Study Programme PLH Delivery" risk to be updated with the correct risk categorisation applied.	Governance	20 th March A&R 26 th March Corp
5.	HRUC Governors to be invited to the HRUC/LSEC AI Governance training event.	Governance	1 st May 2024
6.	HR report to be provided on the new approach to in house recruitment, to be provided at 26 th March Corporation.	JA	24 th April Strategic Day
7.	Competitor analysis report to be provided on Gender Pay from local peer colleges as an important comparison on pay.	JA	19 th June F&R
8.	Final outturn report with revised figures against this mid-year forecast to be provided at June F&R Committee.	SW/AB	19 th June F&R
9.	SW to present a financial report to 26 th March Corporation on finalised costs for the capital expenditure works.	SW	26 th March GBC
10.	Paper on the proposed new HE structures that supports the HE growth strategy to be presented at June F&R committee.	AK	19 th June F&R
11.	GDPR update report to be provided – how many cases, trends months/month and year/year.	PP	19 th June F&R
12.	Governors to be invited to attend the Monday 22 nd April MIT ILP Launch event.	YA	22 nd April

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Minutes of Meeting:

1.	Declaration of Recording for Data Protection Purposes:
	Permission was obtained for the meeting to be recorded for the purposes of minutes.
1.1	Apologies for absence:
1.1.2	Apologies were received in advance from SK.
1.1.3	AM approved YA's request to leave the meeting early in order to attend an external meeting and for JW to talk to Agenda Item 9.2.
1.1.4	<i>YA left the meeting at 10.02am.</i>
1.2	Declarations of Interests and Gifts/Hospitality:
	No declarations were received from Governors or EMT/SLT.
2.0	Minutes of 22nd November 2023 F&R Committee:
	AM asked if any members had any amendments or questions arising from the minutes, none were received and under resolution the minutes were APPROVED .
2.1	Action Log of 22nd November 2023 F&R Committee:
2.1.1	Actions 2, 3, 4 and 5 have been completed.
2.1.2	Good progress has been made towards completing Action 1 by the 29 th March deadline: <ul style="list-style-type: none"> ▪ 14 Governors to complete two Safesmart mandatory training courses. ▪ Chair of Governors & Safeguarding Link Governor to complete NSPCC Safeguarding course.
ACTION 1:	Chair of SGR Committee to be kept updated on Governor's completion of the mandatory safeguarding and EDI training courses.
3.0	HRUC Risk Register:
3.1	A detailed risk register extract for F&R was provided in the meeting pack.
3.2	The Committee noted that there are no new material changes or updates to the F&R Risk Register, as has been reported upon in previous F&R meetings.
3.3	JW provided commentary for "Failure to achieve recruitment targets" which is categorised as high risk and relates to variations to the funding streams which are reported upon and HRUC's ambitious Accountability Agreement.
3.4	Formal guidance is awaited from DfE on the monitoring guidelines of the Accountability Agreement.
ACTION 2:	Re-quantify the mitigation risks, expected costs and risk categorisation of each of the risks identified in the risk register.
ACTION 3:	Updated risk register to be provided at 20th March A&R Committee and 26th March Corporation.
ACTION 4:	"HRUC Study Programme PLH Delivery" risk to be updated with the correct risk categorisation applied.
4.0	HR Report:
4.0.1	Six HR reports have been provided in the F&R pack and are taken as read by the Committee.
4.0.2	KE provided commentary related to Turnover by Directorate for Harrow, Uxbridge (and Richmond).
4.0.3	HR are reviewing the best way to report on turnover figures going forward, to ensure the data accurately shows expected turnover/attrition at certain times of the years as compared to unexpected attrition. This will aid the understanding of the reasons for an unexpected decision to leave/loss of knowledge and mitigate against the high recruitment costs. The Committee welcomes the updated data reports.
4.0.4	Progress is ongoing to reduce the disparity between Harrow and Uxbridge YTD turnover which relates to the use of Agency workers.

4.0.5	Work is ongoing towards reducing the overall HRUC sickness days, as reported against the AoC and CIPD benchmarks.
4.1	Harmonisation Terms & Conditions and Pay Alignment:
4.1.1	The harmonisation of terms and conditions and pay alignment reports were presented at the 21 st February SGR Committee.
4.1.2	Chair agreed for a focused discussion to take place on items contained in pages 44 – 55 of the pack which will lead to a VOTE for a RESOLUTION on this item.
4.1.3	JA talked through the highlights of the report: <ul style="list-style-type: none"> ▪ Pay alignment will add £304k to the annual wage bill in 2023/24. ▪ Harmonisation of terms and conditions will add £91k to the wage bill in 23/24 based on the 23/24 pay scales. ▪ Red circled leave entitlements will apply to 89 Academic staff and Harrow legacy contract holders, which will cost HRUC an additional sum of approximately £55k per annum. ▪ In line with the Chief Executive Officer's commitment to not utilising 'fire/rehire' for the harmonisation of the terms and conditions, it is proposed that the new contract will be implemented from March 2024 to 1st April 2024 with pay being aligned on 1st April 2024. ▪ Trade Unions requested the pay alignment be backdated to the point of merger or at the latest to August 2023. Governors are asked to recommend that the request for backdating is rejected based on a several factors, including the cost, practicality, and feasibility of implementing such a change retrospectively.
4.1.4	JA talked to the highlights on Page 49 of the pack which provided detailed rationale for the backdating.
4.1.5	Clarification was provided that HRUC pay terms and conditions benchmarks are consistent with AoC and local west London benchmarks.
4.1.6	Despite some recent diary challenges, the Trade Union/HRUC meeting will be scheduled and confirmed to take place within the next two weeks.
4.1.7	The next steps and timescales were noted: It is proposed that the terms and conditions harmonisation consultation commencing from March 2024, with the aim of gaining agreement of these in March 2024. On completion of the contract harmonisation period, the second phase will commence with the alignment of pay for all staff from April 2024.
4.1.8	A formal VOTE was taken by Members resulting in RESOLUTION of the Pay Alignment request for backdating to be rejected.
4.1.9	JA and colleagues were thanked for providing a detailed and comprehensive report.
4.2	Staff Focus Groups: Lecturers and Section Managers:
4.2.1	The Lecturer staff focus group feedback was positive overall with discussion about improvements in: <ul style="list-style-type: none"> ▪ HRUC wide launch of AI to help reduce time management and workload ▪ Communication / Teaching & Learning Hour ▪ English & Maths timetabling / attendance & punctuality ▪ Employers and industry experience ▪ Training and wellbeing
4.2.2	The Section Manager focus group feedback was positive overall with additional discussion about: <ul style="list-style-type: none"> ▪ Lesson Observations / Learning walks ▪ Ofsted preparedness matters ▪ Administrative tasks
4.2.3	Work is on-gong to raise attendance at the staff focus groups sessions and the feedback is consistent with the recent Staff Survey results.
4.2.4	Staff group feedback is reviewed and monitored at SLT meetings to ensure appropriate action is taken in response to the feedback.
4.2.5	DM was pleased that the staff focus groups were positive overall, with staff focused on finding solutions to known challenges and recognising the strengths and benefits of working at the College.
ACTION 5:	HRUC and the London Southeast College Group (LSEC) are collaborating on a joint pan London AI Governance training event for Governors, on the developments in AI and the opportunities and effects on TLA. HRUC Governors to be invited to the HRUC/LSEC AI Governance training event.

4.3	People Plan – Priorities:
4.3.1	An executive summary and detailed draft People Plan (2024-27) were provided in the pack and taken as read.
4.3.2	The People Plan will focus attention and resource of seven areas, to make HRUC the College of choice: a. Recruitment and Retention - review of our job descriptions, blind recruitment b. Base Pay - benchmarking against peers and wider sector c. Reward and recognition – reviewing our employee benefits, review appraisal process d. Talent Management and Staff Development i.e., career pathways, job families. e. Retaining talented staff f. Culture - embed inclusion and family friendly practice g. Diversity and wellbeing – fostering diversity and promoting employee wellbeing
4.3.3	The People Plan will be discussed in detail at the 24 th April Governance Conference, where Governors will be asked to: <ul style="list-style-type: none"> ▪ Take part in the development of the Action Plan ▪ Review progress against the metrics (including the key hard to fill roles).
4.3.4	SW provided an update on the planned formation of Extraordinary Recruitment, a subsidiary company: <ul style="list-style-type: none"> ▪ The initial expectation was for recruitment savings of approximately £650k to be made through VAT savings from £7m agency staffing costs. ▪ Protocol National were appointed following a tender process. ▪ During the due diligence process, clarification was sought about a £300K service charge and 12% admin fee for temporary staff to be converted into permanent staff (total approximate additional costs £1.8m).
4.3.5	EMT are now of the understanding that the Protocol National model is no longer viable.
4.3.6	EMT are considering two new options for viability (based on current £4.4m Agency spend and VAT saving of £800k): Option A: Need to realise a 15% agency staff savings cost reduction. Option B: Appoint staff in house to do recruitment, still use the subsidiary company. VAT savings
ACTION 6:	HR report to be provided on the new approach to in house recruitment, to be provided at 26th March Corporation.
4.4	Gender Pay Gap:
4.4.1	JA talked to the highlights of the paper, as provided in the pack and was taken as read: <ul style="list-style-type: none"> ▪ HRUC’s first gender pay gap (GPG) report following merger and change in the reporting period that occurred when colleges became classified as public sector bodies. ▪ In April 2022, HCUC and RC reported that women earned 84p for every £1 that men earned, making women’s median hourly pay 16% lower than men’s in this period. This gap has increased in March 2023, with women earning 82p for every £1 earned by men (equivalent to HRUC’s gender pay gap increasing from 16% to 17.5%.)
4.4.2	Work is ongoing to develop the direction of travel to identify and reduce any gender pay gap / pay inequality as a priority for the HRUC group to tackle.
4.4.3	Bonus payments are listed as honorarium payments, where staff have taken on additional duties and a set amount of honorarium payment is applied which is listed as a bonus payment.
ACTION 7:	Competitor analysis report to be provided on Gender Pay from local peer colleges as an important comparison on pay.

5.0	Financial Reports:
5.0.1	Financial Statements were provided in the pack and were taken as read.
5.0.2	<p>AB talked to the changes as had been presented at the 21st February Extraordinary Corporation:</p> <ul style="list-style-type: none"> ▪ Cooper Parry Auditors have changed the wording from “<i>the audit reports is qualified due to the £4.6m adjustment</i>” to the new wording “<i>the audit report is unqualified with the exception of the premerger adjustment posted</i>”. ▪ The control improvements have been reduced to 1 high risk which is in relation to the fixed assets register (the other two risks have been reclassified as medium risk only).
5.0.3	Governors welcomed the improved position of the audited financial statements.
5.0.4	The signed DfE audited statements were submitted to the DfE on 29 th February as scheduled.
5.0.5	The DfE are currently reviewing the adjustments that have been reported.
5.0.6	<p>SW provided further assurance about the changes to the financial reports and does not expect there to be any issues with the DfE signing off of the financial statements:</p> <ul style="list-style-type: none"> ▪ a business case has been provided to Girma Ejere (ESFA relationship manager) regarding the adjustments, that are believed to not be novel, contentious or repercussive. ▪ FRS100 accounting standards have been applied to the financial statements. ▪ The accounting statements are believed to be a true and reflective position going forward.
5.0.7	<p>Governors welcomed the two important points:</p> <ul style="list-style-type: none"> ▪ the current financial position as being accurate, true and a fair reflection, moving forward. ▪ the historical actions have been addressed.
5.1	Management Accounts December 2023:
5.1.1	The period 5 management accounts were provided in the pack and were taken as read.
5.1.2	The period 6 management accounts have been finalised today.
5.2	Mid-Year Forecast:
5.2.1	Forecast update 2023-24 and revised plan 2024-25 were provided in the pack and were taken as read.
5.2.2	<p>AB talked to the key highlights as contained within the mid-year forecast report:</p> <ul style="list-style-type: none"> ▪ overall £16k deficit (previous prediction of £1.4m deficit) ▪ additional 16-18 funding allocation of £2.8m compared to budget (applied to the pay award) ▪ £2.5m income increase AEB adult education (more in house, less subcontracting) ▪ Additional element 3 income due to increased high needs learners ▪ Employer services negative variance of £933k (lower recruitment of apprentices coupled with higher staff costs). to assure improve quality which is leading to green shoots of notable improvements with Employers e.g. Martin Baker. It is hopeful that improved relations will lead to increases next year. ▪ Increased staff costs due to 6.5% pay awards. ▪ Increase to Teachers Pension Scheme from April 2024 (additional 5% which is £800k, confirmation is awaited whether this increase will be funded or not funded). ▪ £100,000 staff bonus paid at Christmas. ▪ Higher staff costs in Learning Support area. ▪ Additional costs from Rockborn who are doing some work on post-merger pay alignment, terms and conditions and policies and from MH&A who are doing some work on reviewing the apprenticeship provision and future acquisitions. ▪ Additional £400k interest income due to higher interest rates. ▪ Actuarial valuation of the LGPS pension £10m gain due to the impact of the higher interest rates. The forecast has prudently assumed pension costs £2.5m, assuming a negative revaluation. ▪ Additional finance cost £700k.

5.2.3	<p>KS agreed that significant improvement work is required to the employer services & apprenticeships activity:</p> <ul style="list-style-type: none"> ▪ JW and team are reviewing local internal team changes to rectify weaknesses. ▪ Consistency of delivery post-merger. ▪ external support to professionalise sales. This team requires restructuring.
5.2.4	<p>Income and expenditure: the following assumptions have been made in the planned year, related to lagged learner increased income in the next academic year:</p> <ul style="list-style-type: none"> ▪ 16-18 learners: +435 above allocation (increase of £2.6m 16-18 income next year) ▪ Element 2 high needs learners: +68 above allocation (702 vs 634 students additional +£400K). ▪ Richmond College have exceeded student numbers by +200. Full benefit to be realised in 2024-25 as lagged learning. ▪ AEB delivery model to be reviewed
5.2.5	SW provided assurance that the mid-year forecast will be exceeded.
5.2.6	Chair was pleased to note the overall position as being breakeven, despite the increased and significant costs as provided in the reports.
5.2.7	<p>Capital expenditure: SW outlined three major capital spends that are planned to take place, in line with the Estates & Property Strategy to be net zero and energy efficient:</p> <ul style="list-style-type: none"> ▪ Further education capital transformation fund of £6.5m, that needs to be spent by March 2026, to address the condition rating of the buildings. Funding is by the DfE. ▪ Project Ambition – revamp of Uxbridge campus. Two design companies were shortlisted in the tender process and MICA have been awarded the contract with a cost range £6.7m - £12.4m. SW has allocated £11m over a three year period for the works. Meetings are ongoing with MICA to finalise the design details in terms of construction costs, fees, surveys and planning permission. Funding is by HRUC cash reserves and is funded through the operational EBIDTA. ▪ £800K HTQ and LSIF bids have been received, of which £300K - £400K will be spent on immersive learning rooms at three campuses.
ACTION 8:	Final outturn report with revised figures against this mid-year forecast to be provided at June F&R Committee.
ACTION 9:	SW to present a financial report to 26th March Corporation on finalised costs for the capital expenditure works.
5.3	Subcontracting Fees & Charges Policy 2024-25:
	Subcontracting Fees & Charges Policy 2024-25 has been approved at SLT/EMT. A VOTE was taken and the policy was APPROVED for publishing.
6.0 & 6.1	Higher Education & HE Strategy:
6.1.1	The finalised Strategic Plan was provided in the pack and was taken as read.
6.1.2	<p>AK talked to the highlights:</p> <ul style="list-style-type: none"> ▪ The Access and Participation plan was submitted in January 2024 and feedback is awaited from OfS, relates to increased fees to be charges in HE and is aligned to the HR growth strategy. ▪ Staff retention and recruitment implications for the hard to fill teaching roles in IoT, engineering, construction and computing. ▪ Degree Awarding Powers (DAPs) have been launched. ▪ Future HE structure paper has been presented to SLT to support the HE growth strategy.
6.1.3	DM provided further assurance that the HE area has grown by 29% in the last academic year in the areas of internally progressing students to Level 3 qualification. There is more work to do on recruiting external HE students.
6.1.4	KS followed up with commentary about College Online offer of HE Level 4/5 and there is a real opportunity for the group to expand a broader non degree HE offer.
6.1.5	Governors thanks AK and HE team for interesting piece of work and comprehensive report.
ACTION 10:	Paper on the proposed new HE structure that supports the HE growth strategy to be presented at June F&R committee.

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6.2	Review OfS Compliance spreadsheet (HE assurance):
	All conditions are green, with the exception of Condition C which is amber, due to the ongoing updating of the course information points on the College website, expected to be completed imminently.
7.0	GDPR update:
7.1	<p>PP provided assurance of a strong position in relation to Data Protection:</p> <ul style="list-style-type: none"> ▪ PP has been appointed as the Data Protection Officer for the Group (previously SW). ▪ A new Data Protection team has been established, comprised of a Junior Data Protection Officer and a Compliance Lead. ▪ All cases have an assigned case number. ▪ Contact has been established with the ICO office and backlog have been fully checked/cleared for any cases in the last three months. ▪ GDPR training was delivered to staff at the February WCTD, with further GDPR training to be provided to specific departments in the coming months. ▪ Fully automatic training programme with an audit background is in place.
7.2	<p>PP confirmed HRUC has had:</p> <ul style="list-style-type: none"> ▪ no major complaints received to date this academic year. ▪ 1 ICO complaint has been received but was raised in error and has now been resolved.
ACTION 11:	GDPR update report to be provided – how many cases, trends months/month and year/year and with comparative sector analysis provided.
8.0	Capital Projects works:
8.1	As reported upon in Agenda Item 5.2 Mid Year Forecast.
8.2	The papers provided have been seen at the Estates & Property Task Force.
9.1	Fraud updates:
	There have been no reports of fraud.
9.2	IoT update:
9.2.1	<p>JW provided a verbal update of the key headlines on behalf of YA:</p> <ul style="list-style-type: none"> ▪ Further to the IoT business plan that was presented to the Corporation, YA is now working with the Finance team to ensure correct staffing and budgeting is in place against the right cost centres. ▪ All Governors are invited to attend the MIT ILP launch on Monday 22nd April at 2pm. VIP and stakeholder list if being finalised. ▪ Thank you to YA for a superb partnership work with the University of West London to secure circa 50 PhD students to do some supporting teaching at HRUC. ▪ Potential move of the IoT across to the I Block, as part of the Project Ambition Uxbridge campus upgrades activity is ongoing. ▪ HE Strategy (as outlined by AK in Agenda Item 6.1 above) contributes into the IoT. ▪ Potential pipelines are being discussed following the Higher Apprenticeships investment in quality.
9.2.2	Chair thanked JW/YA for the encouraging initiative, focus and good momentum on the IoT now.
ACTION 12:	Governors to be invited to attend the Monday 22nd April MIT ILP Launch event.
10.0	Any Other Business (AoB):
	Reminder to Governors of invitation to attend 24 th April Governance Conference @ Marriott Hotel.
11.0	Dates of the next meetings:
	Wednesday 19th June 2024 @ 10.00am online meeting

SIGNED: *Alasdair MacLeod*

DATED: 19 / 06 / 2024