MINUTES

Directorate: HCUC Governance

Minutes of: Resources Committee

Date: 14 September 2022 **Time: 10.00**

Venue: Online via MS Teams

Present:	Alasdair Macleod	Governor (Chair)
	Darrell De Souza	Group CEO
Apologies:	Simon Boulcott	Governor
In attendance:	Dylan McTaggart	Deputy CEO and Principal Uxbridge
	Vik Patel	Head of Finance
	Jo Withers	Principal Harrow
	Shane Woodhatch	Group Director of Finance & Resource Planning
	Tracy Reeve	Director of Governance
Part attendance:	Karen Elliott	HR Director } *(agenda items 1-7 and 10 only)*
	Andy Miller	Exec Dir Corporate Services }

1. Apologies for absence

Apologies had been received from Simon Boulcott. The Director of Governance highlighted that the meeting was technically not quorate as there were not two 'external' governors present. However, as the decisions to be taken would require subsequent Corporation approval it was agreed that the meeting would proceed.

2. Notification of any urgent items that 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 22 June 2022

The meeting approved the minutes as presented.

5. Matters arising from the minutes of the Resources Committee meeting held on 22 June 2022

There were no matters arising that were not already covered by the agenda.

[The HR Annual Report (agenda item 10) was taken at the start of the meeting and Karen Elliott and Andy Miller left the meeting in advance of agenda item 8.]

ITEMS FOR DECISION

6. Chairs Agenda Item

There Chair confirmed that there was nothing that he wished to discuss under this agenda item. He informed the meeting that the Merger Joint Steering Group had now reconvened after the summer and the first meeting of 2022/23 had been held on Monday 13 September 2022.

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7. Salary Review

The meeting considered a paper from the Group Director Finance & Resources (SW) which presented a proposal for an All Staff 'Cost of Living' pay award to be made for 2022/23. Governors were reminded that this had been considered in July 2022 by the Resources Committee and the Corporation. The HCUC Corporation in July 2022 approved a 2.5% COL increase 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). They had also agreed that the non-consolidated payments recommended by the Association of Colleges (AoC) would also be considered in more detail once the final R04 data was confirmed.

Governors noted the salary comparator data which ranked HCUC lecturers salary bands (upper and lower point) against 18 other colleges. The report showed the impact of different pay awards at HCUC – 2.5%, 3%, 3.5% and 4% - assuming all other colleges gave a COL pay award of 2.5%. At the 2.5% offer HCUC would rank ninth for the lower end of the pay-scale and seventh for the top end; this moved to sixth and fifth if HCUC gave 4.5%. The Chair sought, and was given, confirmation that the entry level salary was important for recruitment and by adding a further element of £500 non-consolidated HCUC would move to fourth position. SW confirmed that he would be looking at the impact of a targeted increase, i.e. not a blanket percentage but varied. The CEO (DDS) confirmed that the bottom end of pay-scales was key to land new recruits but the college was also feeling the impact on retention of staff at the top end where salaries could not go any higher. DDS confirmed that SLT were mindful that work could be done to appraisal increments which would work to mitigate costs. SW reminded the meeting that although the report referred to lecturing staff there would also be a need to look at support staff salaries at the lower end. The meeting noted that every 1% extra awarded to all staff would cost HCUC an additional £300,000. The meeting considered the recommendation in the paper to give a consolidated 2.5% to all staff with an additional non-consolidated payment of £750 to those staff where the full-time equivalent (FTE) earning was below £25,000 and £500 to staff where the FTE earning was in the range £25,000 - £30,000. It was agreed that SLT should look at the impact of developing a more targeted approach to pay awards. The meeting also noted the recommendation that this pay award should be agreed now rather than waiting for the R04 enrolment figure to be confirmed later in October. SW highlighted the high cash reserves held by HCUC and that this award had been budgeted for. However, there was a need to focus on ongoing affordability as SLT would not want to be in a position where efficiencies were required in a few years. SW confirmed that there were 42 staff below £25,000 FTE which would cost £31,500 and 60 staff in the range of £25-30,000 which would costs £30,000). The Chair sought confirmation that the non-consolidated payment would not cause resentment from those employees who were just above the FTE threshold. The HR Director (KE) highlighted that this non-consolidated payment was in line with the AoC recommendation after national negotiation with sector union representatives. The meeting was reminded of the current challenge to fill teaching vacancies and DDS highlighted that one local college was making a 3% award. The meeting agreed that the additional non-consolidated element needed to be clearly flagged in communications with staff.

It was AGREED that the Resources Committee should RECOMMEND:

- ***i) a consolidated 2.5% cost of living pay award to all staff backdated to 1 August 2022.***
- ***ii) an additional non-consolidated payment of £750 to those staff where the full-time equivalent (FTE) earning was below £25,000 and £500 to staff where the FTE earning was in the range £25,000 - £30,000.***
- ***iii) that SLT should look at the impact of developing a more targeted approach to pay awards and additional lump sums to aid recruitment.***

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8. ONS Reclassification of FE Sector

The meeting noted a paper which outlined the possible impact of the FE Sector being reclassified as public sector organisations by the Office of National Statistics (ONS). A change of classification of FE Colleges was currently being considered by the ONS following the Skills and Post-16 Education Act 2022 which moved towards greater control by Government over the FE sector.

SW confirmed that he had met with Eversheds on 13 September with the CEO of HCUC and two governors (AMcL and Vice-Chair SC) to seek legal advice. SW also confirmed that he had reviewed a detailed briefing document on this subject from Eversheds which gave advice on the likely impacts of any ONS reclassification. SW highlighted the likely change with more control on borrowing and merging and the possible impact of Colleges being unable to retain their reserves. This would obviously be an issue for HCUC as the College had £31m cash reserves and would not want to lose access to that money. The meeting noted that a decision from the ONS was due at the end of October 2022 which might be enforced immediately or at the end of the financial or academic year (as had been implemented in Scotland when this happened on 1 April 2014). In Scotland FE colleges were now in the public sector and classified as Arms-Length Bodies.

SW informed the meeting that he had discussed a possible model to limit the impact of any reclassification with Eversheds; this would involve setting up an Arms-Length Foundation (ALF). The meeting sought, and was given, confirmation that to set up an ALF for HCUC would require a group of trustees (separate from HCUC Corporation Members) to be established to control the assets. SW confirmed that he had approached ex-governors and previous senior staff at HCUC to be considered as trustees for any ALF that was established. The College would then have ongoing access to these reserves through a set protocol and process where the ALF released funding for specific reasons. SW informed the meeting that during the Scottish reclassification, 19 out of the 26 FE Colleges set up an ALF to retain control of their reserves after ONS reclassification. The meeting agreed that it would be prudent for HCUC to undertake the preparatory work with Eversheds to set up an ALF; without access to its reserves HCUC would not be able to commit to the merger with RuTC. The creation of an ALF for HCUC was agreed as an act of prudent governance to protect the proposed merger.

The meeting agreed that it would be important for HCUC to be able to clearly signpost future intentions for the college reserves including: HCUC Reserves Policy which required circa £15m to be held for ongoing security of operations; Merger Costs; and the Estates Strategy. This would make the creation of the ALF a fully justifiable and well thought through governance decision. SW highlighted the previous discussions around an investment strategy to lock away circa £15m with Rathbones in an investment portfolio. SW confirmed that this had not yet been actioned and would be delayed until there was more clarity around the ALF and the ONS reclassification of FE colleges.

The meeting APPROVED the initial work with Eversheds to allow HCUC to proceed with establishing an ALF.

It was NOTED that the final decision regarding any transfer of reserves to an ALF would require full Corporation approval

9. Bad debt write-off

The meeting considered the report detailing the proposed write-off of £95,776.72 in bad debts during the financial year 2021/22 at HCUC, (in compliance with the College Financial Regulations). This was compared to a write-off of £275,123.77 in the prior year. The meeting noted that £74,784.78 related to 2019/20 and £20,991.94 related to 2020/21. The whole of this bad debt across the two colleges related to unpaid student debt through upfront student fees, instalments, employer contributions and student loans. Governors were assured that mitigations had now been put in place to ensure that the college's exposure was limited. Turnstiles had been installed at Harrow which would allow the college stop access for students who had not paid their fees; they would be directed to Student Services to complete their payment. The HCUC fees policy had also been amended to narrow the timescales of individual students becoming liable for the debt if it was not finalised with the Student Loan Company. The breakdown by academic year of the 52 separate debts was noted: including a split between FE students (14), Apprenticeship Employers (12), Student Loan Companies (16) and others. VP highlighted that £53,100 of the total debt was with the Student Loan Company. The change in HCUC policy since 2019/20 had now transferred the onus for payment onto the individual student until a loan was arranged. The Group Director Finance and Resources Planning (SW) informed the meeting that tighter management control over debt was now in place with a new staff member being appointed within the Finance Team. The Head of Finance assured the meeting that a provision of £100,000 for the write-off had been included in the College accounts 2021/22. The Chair sought the level of provision for the current year and it was noted as £200k in for 2022/23 and the plan year 2023/24. The Chair sought additional clarification on the process that the College went through to recover debts before they were eventually written-off and whether any of the old debts from 2019/20 were still being pursued. SW confirmed that some the aged employer debt was still being pursued. The issue of the employer debt in relation to Work Based Learning was still adversely affected by the legacy of Covid-19 pandemic on many employers. The GDFRP informed the meeting that he would be reviewing whether it would be more cost effective to outsource debt collection for HCUC.

It was AGREED that the full write-off of bad debts amounting to £95,776.72 in the financial year 2021/22 should be APPROVED.

ITEMS FOR INFORMATION

10. Human Resources Update

The HR Director (KE) presented the Annual Human Resources Report 2021/22 to the meeting. Governors were reminded that this report would also be presented to the full Governing Body at their next meeting on 4 October 2022. KE highlighted that she was looking to redraft the format of the HR Reporting to the Resources Committee and would be liaising with Resources Committee Governor Simon Boulcott to look at developing a new report.

<u>Workforce Data</u>: Governors noted that the total headcount at HCUC was now 726 (515 at UC and 211 at HC) this had decreased slightly (2%) from 743 at the end of the prior year 2020/21. The increase in the number of agency staff at both Colleges (+37% compared with the prior year) was noted: agency staff now at 180 (compared with 114 in the prior year); and casual staff now at 194 (versus 204 in prior year). KE confirmed that this increase in agency staff was due to the higher level of turnover post-pandemic and difficulties recruiting to certain posts. Staff turnover across the College group was 22% during 2021/22 (increased from 15% in 2020/21) which was now 4.6% above the AoC benchmark of 17.4%. However, the meeting was reminded that this benchmark was now out of date and did not reflect the world post-pandemic. The meeting discussed the higher turnover figure at Uxbridge College (25%) compared with Harrow College (18%); the meeting was informed that the higher turnover at Uxbridge was partly due to a younger demographic. The meeting noted the short and longer term solutions that were being considered to mitigate this high turnover rate.

<u>Workforce Equality Data</u>: At HCUC 64% of the workforce were in the 45+ age group (compared with 67% in the prior year). HCUC female representation at the end of 2021/22 was 67%, this figure exceeded the GLA figure for females who were economically active in the London population at 46%. Females made up 83% of the workforce at HC and 61% of the workforce at UC. The BAME representation at HCUC at 42% was a 2% increase on the prior year figure and also above the HCUC target of 36%. HCUC BAME representation was also above the GLA figure of 36% for BAME who were economically active in the London population. BAME representation at HC was well above the College target at 50%. At UC, the BAME representation was also now above the 36% target at 38%.

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At HCUC, the representation of staff with a declared disability was 10%, which was an 1% increase on the prior year and 5% increase on the figure from 2018/19 (5%). The meeting was reminded that the majority of this increase had been linked to staff declaring a disability at the start or during the Covid-19 lockdown. However, the HCUC figure of 10% was still below 12% which was the GLA figure for disabled persons who were economically active in the London population. Representation of disabled staff at HC was 9% and at UC was 10%. KE informed the meeting that she believed that there was still an element of under-reporting in HCUC data for disability; there was an ongoing need to review staff Disability status since they had declared at the point of recruitment. More work would be undertaken on this issue and HR was mindful that a more proactive approach was required with HCUC job adverts being sent to disability groups. The meeting was pleased to note the recruitment data and that the performance of BAME applicants at the offer stage had increased since 2020/21.

Recruitment: KE highlighted that the number of recruitment campaigns had increased by 36% on the prior year due to increased staff turnover. However, the number of applicants had decreased by 8.1% but offers accepted had increased by 34.7%; HCUC was appointing even though the pool of candidates was shrinking. The meeting noted that the high turnover had increased the demands on the HR recruitment staff significantly. The statistics by college were noted as follows:
Harrow College: The meeting noted that during the period 1st August 2021 to 31st July 2022, there were 463 applicants from 62 recruitment campaigns.

- 64 candidates were offered roles of which 31 were from BAME groups (48.4%).
- 83% of offers were made to females.
- 37.5% of all offers were made to the >45 age group.
- There were 4 promotions in this period; of these, 2 were from BAME groups (50%).

Uxbridge College: In the same period, there were 1839 applicants from 202 recruitment campaigns.

- 173 offers were made; 90 of these were made to applicants from BAME groups (52%).
- 67% of offers were made to females.
- 37.6% of all offers were to applicants from the >45 age group.
- There were 37 promotions in this period; of these, 12 were from BAME groups (32.4%)

The meeting AGREED that future reports should amend the presentation of the recruitment data and should allow Governors to see internal progression compared with external appointments in the graphs. The meeting noted the ongoing work in relation to hard to fill vacancies and options being considered for enhanced pay scales but agreed that future reports should provide some additional information on harder to fill roles.

The meeting talked at some length about the ongoing staff shortages. KE informed the meeting that she expected staff turnover to rise further and Deputy CEO (DMcT) highlighted SLT concerns that this would impact delivery. The college was looking at paying market supplements but was currently constrained by the HCUC maximum hourly rate of £46; recruitment agencies were already looking for higher rates. GDFRP (SW) cited an example of an assessor being given 10% additional but wanted another £6,000; the college needed to be mindful of value for money and not build pay enhancements into consolidated pay. SW also suggested that any pay enhancement should be linked to enhanced output or performance. DMcT also highlighted the risk around the middle management structure at the college as HCUC managers were being poached by grade 3 colleges. The Chair sought confirmation on whether HCUC ever looked to actively recruit staff from other colleges. Principal Harrow confirmed that the college had secured some staffing for Building Services through that route but in order for it to be successful HCUC needed to have a staff contact in the college. The meeting noted that the biggest issue regarding specialist staffing was currently in Electrical Engineering. DMcT suggested that HCUC could look at strong Ofsted reports and then target people in areas of high performance. The short-term solutions to the staff turnover in the report were noted: CPD, Aspiring Managers training, sign-on bonuses and flexible working (people were keen on hybrid working post-pandemic). The meeting noted that the staff referral scheme had not been a big success but was worth a try. SLT were also looking at a review of CPD from induction training through to management development training; there was a need for a clear pathway and structured training programme to support teachers' development and career progression. DMcT informed the meeting that HR would be trying to gain an understanding and feedback on 'what it was like to be a members of staff at HCUC'.

The Chair sought confirmation on whether there was evidence that HCUC staff were staying for shorter periods of time. KE confirmed that there was a mixture of people leaving after a long tine and shorter periods. The CEO (DDS) highlighted that SLT were thinking about how to market the overall package of employment at HCUC to possible employees in terms of salary, stability, and the collegiate feel. There was probably a possibility to make more of the strong team dynamic and stable finances which would make redundancy much less likely. However, the meeting noted that in the current Cost of Living Crisis salary was currently more important to people than the longer term career pathway. Any future strategies needed to be mindful of this. Exec Director Corporate Services (AMi) concurred that the salary and total remuneration package needed to made clear but other benefits were also important including staff benefits - 5% off shopping at some retailers and a 20% employer contribution towards pensions. This second factor was a big benefit and the meeting agreed that college support staff leaving to move into the private sector would not receive such a generous pension benefit.

The meeting also discussed the work being undertaken with HCUC's own learners and the need to hold onto this potential talent pool. Students would receive a career chat while still with the college and then HCUC could sponsor them through teacher training. JW confirmed that this had happened in Digital as lecturers had kept in touch with learners. The meeting agreed that it would be a good option to build a talent pool through sponsorship.

The meeting AGREED that the standing HR Report should include an Appendix with a RAG rated summary of progress against the 'Hard to Fill Vacancy Action Plan'. This appendix should include a list of any staff recruited through the various initiatives. This standing report would allow governors to see the impact of the new initiatives.

<u>*Sickness absence:*</u> The meeting noted that the HCUC sickness absence rate had doubled since reported at the end of July 2021 and at 10.4% was now above both the AoC (5.5%) and CIPD (8.5%) reported benchmarks. The meeting was reminded that during the Covid pandemic there had been a decrease as remote working meant that people recorded less sickness absence. The Chair flagged governors' concern about this large increase in sickness absence and KE assured the meeting that HR would be working with managers to improve sickness absence rates and mitigate any longer term impact on operations. The College HR Team would be running targeted training for middle managers on how to manage this element of staff performance. KE also highlighted that while the HR Team had been short staffed, they had been unable to rigorously challenge any instances of short-term sickness which were outside 'acceptable parameters'; defined as four episodes over eight days in one academic year. This would now be restarted and there would be the ongoing reminder in each HR Newsletter around sickness absence reporting; she hoped this would result in a decline in the figure for short-term sickness. However, KE also informed the meeting that there was a lot of staff who were exhausted and stressed due to workload and the need to cover vacancies. When this was combined with longer-term sickness it put even more pressure on staff. There were also some cases of long-Covid within staff.

The meeting AGREED that the HR Team needed to investigate the sickness figure in more depth so that the SLT and governors could properly understand the reason for the increase.

<u>*Training:*</u> The Training and Development Budget 2021/22 across HCUC had been £290,000, which was broken down as follows.

- £170,000 allocated to teacher training (£78,000 at UC and £42,000 at HC).
- 34 staff undertook the teacher training course during 2021/22

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- All individual staff training and development requirements were met within the staff development budget.
- The Whole College Training Days (WCTD) held during the year at the end of each term were very well planned and executed with all courses being evaluated after the event by participants.

KE informed the meeting that this was one area where she was keen to improve reporting to governors. The staff shortage in HR had meant that there was no dedicated member of staff to cover this area but there had recently been a new starter. This would provide better data and reporting in the future. The college system for training and development had recently been identified as needing further digitalisation and simplification. KE confirmed that she was looking at the current HR systems used at HCUC; Resources Committee would be kept informed of any changes.

<u>*Appraisals*</u>: Resources Committee members noted the data on completed performance appraisals for 2021/22; the meeting was pleased to note the improved performance which in part was due to the improved online process. The detailed appraisal grade breakdown was taken as read but the meeting was pleased to note that the spread of grades between HC and UC was now more even. DDS highlighted the need to review the automatic increments on appraisal which were currently paid on the top three grades but this might need review and some limitation to the top two grades. SW highlighted that the salary increment system at Richmond Upon Thames College (RuTC) was not linked to appraisal grade at all; ***this would need consideration within the TUPE workstream when the merger date was confirmed.***

- ***Employee Relations***

The meeting noted that this data had also been considered at the June 2022 Resources Committee meeting. KE highlighted the 17% increase in casework compared with the previous year, probably due to the return to working on site after the pandemic. The casework in relation to Wellbeing was not showing an increase and KE suggested this might be due to the introduction of the online Plumm Wellness App for staff. Feedback from HCUC staff on this system had been very positive.

Governors suggested that a RAG rating needed to be added to the Employee Relations reporting to enable Governors to understand the risks and priority of the various cases.

<u>*Staff Focus Group Feedback:*</u> The meeting noted the summary feedback from Staff Focus Groups held during 2021/22. These had involved 59 staff in total, and were conducted in the Autumn, Spring and Summer terms remotely via MS Teams. The first groups involved lecturing staff (3 November 2021) whilst the second comprised a range of Managers (20 January 2022), the final group was support staff (19 May 2022). 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 could lead to improvement or advise staff about the College's stance on the matter. Comments were not attributable to individual members of staff, and the focus groups had been supplemented with an anonymous questionnaire that broadly mirrored the topic areas covered. The range of topics that had been covered during the year were noted. The meeting was reminded that detailed reports had been presented to Senior Leadership Team, Stakeholder and Scrutiny Committees as well as Resources Committee throughout the year. At each of these meetings the management response and resulting action plan had been discussed. KE also informed the meeting that she had diarised a meeting with both College Principals two weeks after each Staff Focus Group in 2022/23 to enable comments to be considered and a management response formulated.

The Chair commended the detailed report and the activity that had taken place in Human Resources during the last year much of which had been heightened due to the ongoing legacy of the pandemic.

The meeting RECEIVED the annual Human Resources Report 2021/22. This would be taken to the Corporation meeting on 4 October 2022 for information.

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11. Management Accounts

The Head of Finance (VP) gave an update to the 4th quarter accounts to the month of July 2022; these were noted as being prior to any end-of-year adjustments. The historical cost deficit for the period ended 31 July 2022 was £30,000 compared to a forecast surplus of £50,000 giving an adverse variance of £81,000. The GDFRP (SW) highlighted that the current management accounts were based on the income as stated in the ILR Period 12; the Financial Statements would include the Period 13 final income figures that would include any additional income. SW also highlighted the release of a £500,000 provision in the year. The meeting went through the management accounts and narrative comments in detail and the significant variances were highlighted as follows:

- *Income:* An overall adverse variance of £23,000 against the forecast of £50,153,000.
  - *ESFA 16-18 Small Group Tuition Fund:* An adverse variance of £88,000 against the forecast of £284,000. The meeting was reminded that this funding was provided to enable Colleges to provide small group tuition to enable learners to catch-up any learning gaps due to the Covid-19 disruption. SW confirmed that the expenditure for this provision was also lower than forecast.
  - *Agency Other Funding:* A positive variance of £188,000 (against the forecast of £5,342,000). The meeting noted that £500,000 of additional High Needs Income had been secured at Harrow College.
  - *Materials Fees:* An adverse variance of £45,000 (against the forecast of £270,000); but this was offset by lower expenditure. Provision had been made for potential refunds.
  - *Profit/ loss on disposal of fixed assets:* An adverse variance of £450,000 as the sale of the house at Harrow Weald had been delayed until 2022/23.
- Services and Other Activities: An adverse variance of £6,000 against the forecast deficit of £197,000. The refectory income was £15,000 lower than forecast due to lower footfall and a reduction in services post-pandemic.
- *Employer Services:* An adverse variance of £50,000 (against the forecast deficit of £630,000). SW confirmed that the final SFA Contract income would be confirmed once the R13 had been submitted and that there might be some improvement in this position. This also applied to IoT income (adverse variance of £85,000) which might increase on the R13 submission. Higher staff costs in Engineering as specialist agency staff had been needed had affected IoT contributions. The meeting was reminded of the decision taken to invest in the Technical Apprenticeship School in 2021/22 which should make a positive contribution from the start of 2022/23. SW confirmed that he would be working with the new Head of this area to tighten up costings and contributions from the IoT and the TAS.
- *Employee Costs:* An adverse variance of £89,000 (against the forecast of £33,904,000) due to vacant posts. The variances by line were considered. The meeting noted that the LGPS pension charge (FRS17) had shown an adverse variance of £381,000 as the actual cost had now been confirmed as moving from circa £2.1m to £2.5m. The Chair sought confirmation on the calculations used for Holiday Pay accrual and noted the misalignment of the holiday year ending on 31 August with the financial year ending on 31 July.
- *Expenses:* Overall favourable variance of £514,000 (against the forecast of £17,324,000).
  - *Schools Costs:* Favourable variance of £232,000 (forecast £2,551,000) due to lower consumables. Other costs and materials fees at both colleges lower expenditure than planned (in line with lower income). SW reminded the meeting that HCUC never aimed to make a profit out of materials charges; the ethical objective was to just cover costs.
  - *Marketing and Student Services:* A positive variance of £68,000 (forecast £2,403,000). The under spend on Marketing was discussed and Governors were given assurance that this efficient management of the budget had not had any negative impact on publicity or advertising. The increased use of digital advertising and e-marketing was producing better value for money.
  - *Human Resources:* Adverse variance of £3,000 (£725,000 forecast) as there had been a saving of £17,000 on consumables.

- *Estates:* A positive variance of £152,000 (forecast £4,297,000).
- *Finance:* An adverse variance of £95,000 (forecast of £2,469,000). Within this the meeting noted an adverse variance of £19,000 in consultancy due to higher than forecast IT infrastructure consultancy costs. Pension Finance costs were showing an overspend of £57,000 but this was outside the control of the College.
- *Executive:* A positive variance of £39,000 (forecast £288,000).

- *Depreciation:* Positive variance of £120,000 against the forecast of £4,591,000. This was due to lower than forecast capital expenditure.

- *Balance Sheet:* Cash was at £31.5m against a budget of £25.7m - but the movement in month was adverse £717,000 due to higher accruals and other creditors partly offset by higher prepayments and other debtors. SW confirmed that the cash position might reduce if there was any claw-back of funding after the R13 submission.

- Fixed Assets were at £107,683,000 against the budget of £109,339,000. The meeting noted that the cash days in hand figure was at 239.2 compared with a budget of 194.7 and all ratios remained strong; the 'outstanding' SFA financial health rating would be maintained. Members were informed that the external audit of the financial statements would start on 17 October 2022 and be undertaken by Cooper Parry; the Audit Committee would be reviewing the external audit plan on 22 September. The audited accounts for HCUC would be brought to the joint meeting of the Resources Committee and the Audit Committee on 23 November 2022 and taken to the Corporation in December 2022.

SW highlighted the improvement in the liability associated with the LGPS Pension Fund; this had gone from £46m at July 2021 to the current figure of £8.7m. This movement was due to an increase in the discount rate from 1.3 to 3.5% which was used in the actuarial assumptions.

The Chair highlighted the staff: income ratio rising to 70% and suggested that the GDFRP should make the wider governing body aware of the headline figures in relation to income reduction, staff costs and the surplus/ deficit over the last three-five years. This increase in the ratio was predicated on reduced income rather than increased staffing costs. This would allow the Governors clarity around HCUC's direction of travel. The CEO (DDS) highlighted the 'unusual and additional income streams that were made available to colleges during the pandemic. The College had also benefitted from an artificial vacancy factor during the Covid two-years as staff turnover was extremely low. The meeting discussed the college's dependency on 16-18 funding streams but also flagged the increased availability of future pots of money outside this mainstream 16-18 provision that would be available for college to bid for. DDS highlighted that a lot of this work would need to be collaborative and the SLT were looking at the possibility of employing specialist bid-writers to increase success in what would be a very competitive market.

The Chair commended the ongoing strong position and SW confirmed that the Finance Team and auditors would accrue what was permissible to protect the position moving into 2022/23. SW reminded the meeting that the budget set for 2022/23 had been very prudent with a forecast surplus of £250,000 and an ongoing 'Outstanding' financial health grading.

The HCUC Management Accounts for July 2022 were RECEIVED.

[Principal Harrow (JW) let the meeting.]

12. Student Applications and Enrolment Update 2022/23

The CEO (DDS) confirmed that enrolment numbers and meting funding targets was still providing a challenge. The overall HCUC position was now at 5528 which was 247 below the allocation and 117 lower than the prior year (5645). However, there was likely to be a longer tail on enrolment as the College was still actively recruiting. DDS highlighted that minimising the withdrawal rate would be key in advance of the cut-off point of the R04 submission in mid-October 2022. Staff were focussing efforts into the identification of high risk learners (currently estimated at circa 8% of the total student body) and working to save these enrolments. However, governors were reminded that by the end of the 2021/22 academic year the College had fully met its target. The 19+ recruitment was above target but this was noted as less crucial to the overall financial position. SW confirmed that any courses below 90% occupancy would be reviewed to seek some efficiencies in delivery through the portfolio and resource hours.

Anecdotal feedback from other Colleges confirmed the challenge to meet enrolment targets. Current thinking was that schools were holding onto learners after a dampening of exam results (the first year back to exams after CAGs and TAGs during Covid). There was also evidence that young people were going into employment rather than attending college to support their families during the 'Cost of Living Crisis'. DDS informed the meeting that an update would be provided at the Corporation meeting on 4 October and at the Governors' Strategy day in November 2022.

The Enrolment update was NOTED

[Deputy CEO (DMcT) left the meeting to attend a funding webinar.]

13. Property 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:

- *House at Harrow Weald*: The meeting noted that the house sale had not yet completed as planned due to lack of funds at the vendor and a complication around access which had to involve DfE involvement and permission. SW was hopeful that a revised completion date would be set in due course.
- *Harrow on the Hill Campus*: The estate at Harrow on the Hill (HoH) had been upgraded over the summer as previously discussed at previous meetings. A new Employer Hub had been created in the Enterprise Building and the LRC had move from the first floor to the ground floor which freed up space for additional classrooms or office space. In addition, Student Services had been relocated to the centre of the college enabling easier student access for advice, guidance and support. The area that was previously occupied by Student Services would be converted to an executive block including the boardroom. The Hair and Beauty Salons had also been upgraded which had reflected in their enrolment. 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 overall spend on these improvements would be £307,000.
- *F Block Works at Uxbridge:* SW informed the meeting that a proposal had been submitted to the DfE for grant funding of £105,000 under the Strategic Development Fund. This would allow the creation of a new workshop and learning spaces to develop a new low carbon transport curriculum of bicycle maintenance and increase our equipment to service electric vehicles. A site survey was likely to be required by DfE. The meeting noted that any funds secured would need to be used by March 2023. SW informed the meeting that the college would probably spend £250,000 + on this new project but development in this area of the campus was limited to refurbishment. The meeting was reminded that the prefabricated structure of F Block could not be demolished due to the preservation/ environmental restrictions relating to the on-site newts.

The Chair sought confirmation on whether there had been any further discussions on selling the small parcel of land at Harrow Weald. SW confirmed that this idea was currently on hold while SLT conducted a full review of HCUC's curriculum strategy.

The Property Update Report was RECEIVED.

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14. 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 the 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 earlier in the meeting.
- 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.
- 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 and had also been a focus for the SLT Strategy Day in June 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.
- 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 and was only now showing signs of recovery.
- 4.05 *Failure to achieve IoT targets* (Significant red risk with a score of 12.) The ongoing dialogue with the DfE around targets continued; although targets for years 1 and 2 had been reduced the years 3-5 targets remained at the same level. This would prove a challenge over the next three years to reach these levels from a lower baseline. The Chair sought confirmation on the current IoT recruitment figure; this would be brought to the Board meeting in October.
- 5.11 *Compliance with GDPR and other data related regulation* (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.
- 5.12 *College loses IT capability and/ or data following a cyber-attack.* (Risk remains at 12 'red'). This risk was very real despite IT Services using up to date security software and policies.

The meeting commended the Executive Summary which enabled Governors to clearly focus on 'red' risks rated 12 and above and provided governors a clear view on what were the 'mission-critical' risks. The Chair commended the strong mitigation in place for the key risks. SW confirmed that there would be a full review of the Risk Register when the date was confirmed for the merger with Richmond Upon Thames College.

The HCUC Risk Register was NOTED and RECEIVED.

15. Fraud/ Corruption Report

SW informed the meeting that the Head of Finance (VP) had identified an attempted fraud on one of the College Barclaycards totalling £2,821.48. The meeting noted the detail of the nine fraudulent online transactions which took place during August 2022. VP confirmed that he had notified Barclaycard of these transactions upon receipt of the August statement and they had confirmed that they would refund the total amount. The credit card in question – belonging to the Group Director Finance & Resources - had been cancelled with immediate effect and a new one would be issued with different card details. From previous experiences, Barclaycard indicated that possible cloning could have taken place when transacting online purchases. In light of this SW informed the meeting that the College IT Services department had carried out a review of the desktop PC, on which all credit card transactions had been processed. This review confirmed that the firewall, antivirus software and security arrangements were all operating as intended. The College credit card continued to be locked in the College safe at Uxbridge Campus and had not been taken offsite for any face-to-face purchases. The meeting asked whether the transactions with Turkish Airlines could be used to pursue the name of a perpetrator but noted that GDPR rules precluded that information being made available to HCUC (although Barclaycard could pursue this route of investigation). SW confirmed that the college safe was only ever opened with two members of the Finance Team present.

The meeting NOTED the report.

16. Items to feedback to Governing Body

It was AGREED that the following items would be fed back to the next Corporation meeting:

- ***HR Director would review format of HR Reporting to Governors (with input from Governor SB).***
- ***Increasing Staff Turnover and ongoing difficulties in recruitment***
- ***Salary review and COL pay award***
- ***The possible ONS reclassification of colleges into the public sector. Work at HCUC to establish an ALF to mitigate any loss of reserves.***

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

The meetings dates for 2022/23 were noted as previously agreed:

- Wednesday 23 November 2022, at 10.15am *(the first hour of the meeting to run concurrently with the Audit Committee meeting)*
- Wednesday 15 March 2023, at 10.00am
- Wednesday 21 June 2023, at 10.00am

MINUTES

18. Any other business

- **Retirement of HCUC CEO/ Group Principal (DDS)**

The meeting was reminded that this would be the last attendance of DDS at Resources Committee before his retirement at the end of October 2022. The meeting commended DDS for his input and attendance at Resources committee over the last 3 years; his experience and depth of knowledge had been very beneficial for the governors.

- **Resignation of Head of Finance**

The meeting also noted that this would be the last attendance at Resources Committee for the Head of Finance (VP) as he had resigned and would be leaving HCUC at the end of September. The Chair thanked VP for his input over the last few years and the meeting wished VP well in his new role at Victoria Bid. GDFRP (SW) confirmed that he would greatly miss VP's support as Head of Finance which had made his own job easier.

There was no other business. The meeting closed at 12.10pm.

Signed ……………………………………….

Date ………………………………………..

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