MINUTES

Directorate: **HCUC Governance**

Minutes of: **Resources Committee**

Date: **15 September 2021** **Time: 10.00**

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

Present:	Alasdair Macleod	Governor (Chair)
	Darrell De Souza	Group CEO
	Steve Owen	Governor
Apologies:	Simon Boulcott	Governor
In attendance:	Dylan McTaggart	Deputy CEO and Principal Uxbridge
	Vik Patel	Head of Finance
	Shane Woodhatch	Group Director of Finance & Resource Planning
	Tracy Reeve	Clerk to the Corporation
Part attendance:	Imtiaz Aziz	HR Director } *(agenda items 1-5 and 11 only)*
	Andy Miller	Exec Dir Corporate Services }

1. **Apologies for absence**
Apologies had been received from Simon Boulcott.

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. Steve Owen confirmed that although an employee of Barclays Bank he did not work for the division of the bank that was referred to under Agenda item 9 – Sustainable Treasury Policy.

4. **Minutes of the Resources Committee meeting held on 23 June 2021**
The meeting approved the minutes as presented.

5. **Matters arising from the minutes of the Resources Committee meeting held on 23 June 2021**
There were no matters arising that were not already covered by the agenda.

[The HR Annual Report (agenda item 11) was taken at the start of the meeting and Imtiaz Aziz and Andy Miller left the meeting in advance of agenda item 6.]

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 2021/22 had been held on Monday 13 September 2021.

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7. **Bad debt write-off**

The meeting considered the report detailing the proposed write-off of £275,123.77 in bad debts during the financial year 2020/21 at HCUC, (in compliance with the College Financial Regulations). The meeting noted that £267,621.27 of this debt across the two colleges related to unpaid student debt through upfront student fees, instalments, and student loans. The balance of £7,502.50 related to Hayes Business Studios Hire. The Head of Finance (VP) highlighted that this amount was exceptional (the prior year figure had been circa £40,000). 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 119 separate debts was noted: including a split between FE students (17), HE students (2), Apprenticeship Employers (52), Student Loan Companies (45) and others. VP highlighted that £114,108 of the total debt was with student loan companies; the change in HCUC policy would transfer 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 a payment portal was now in place with both loan companies and the Finance Team now had regular meetings with MIS staff to identify withdrawn learners earlier; HCUC would then issue a credit note for withdrawn learners. The College was allowing learners a 6 week period after enrolment to sort out the loan; if this was not completed the College would invoice the learner for the debt. In any cases where the delay post-6 weeks was due to the loan company then the College would allow the debt to remain as a sponsored debt until resolved. The Deputy CEO raised a potential issue around the rules associated with payments and whether learners were recorded on the College ILR as a 'fail' even if they were withdrawn. ***SW confirmed that he would look at this process to ensure that there was no detriment to QAR data or financial outcomes.***

The Head of Finance assured the meeting that a provision for the write off had been included in the College accounts 2020/21; this had been £250,000 but VP confirmed that this would be adjusted during the finalisation of the accounts for the year-end. SW confirmed that there was a provision for bad debt in the 2021/22 budget for £75,000 (the meeting noted that this would relate to 11 or 12 learners). The CEO also highlighted that the college had also tightened up on fee waivers for 2021/22. The Chair sought additional clarification on the process that the College went through to recover debts before they were eventually written-off. The issue of the employer debt in relation to Work Based learning/ apprenticeships was discussed in more detail; this was noted as being much worse this year due to the impact of the pandemic on many employers. The Chair sought, and was given, assurance that the College undertook credit checks on WBL employers in advance of setting up an apprenticeship payment arrangement with them.

It was AGREED that the full write-off of bad debts amounting to £275,123.77 in the financial year 2020/21 should be APPROVED.

8. **Higher Education**

- **(HE) Fees for 2022/23**

The meeting noted that in order to comply with the Consumer Rights Act 2015 and guidance issued by the Competition and Markets Authority (CMA) as well as the requirements of the Office for Students the College was required to publish the level of HE fees in autumn for the following academic year. This was to ensure that information was transparent and readily available to students in advance of them accepting an HE place. SW confirmed that the HE Fees policy would be released to meet this deadline; it would be an Appendix to the HCUC Fees Policy which outlined the terms and conditions of all fees. The meeting noted the Appendix 'Terms and Conditions for HE' and SW highlighted the tightened process on page 3 in relation to 'Payment of fees by Student Loans Company;' as discussed in the previous agenda item.

Resources Committee members were reminded that the HCUC Fees Policy set out the requirements for the charging of fees and the rationale behind the fee structure. It was designed to provide clear criteria for course charges and to avoid ambiguity and inconsistency, across funding streams and ages. In relation to HE fees, the College had committed to maintaining the same fees in the second year of a course as the first, so students had certainty over the cost of the course. In addition, there was a commitment to increase the level of fees by no more than 5% per year. Courses were costed annually using direct staff and materials costs. In the absence of full pension increase details, and in the knowledge of likely pay increases and inflation, SW confirmed that all fees for the first year of HE courses had been increased by 5%. Governors were reminded that the College was capped at a cost of £6,000 for full-time courses (FT) and £4,500 for part-time (PT). SW reminded the meeting that in order for HCUC to charge any more than these figures (up to the limit of £9,000) a change of status would be necessary which would require HCUC to develop a full Access and Participation Statement, rather than the less onerous access and participation plan currently required. The CEO (DDS) informed the meeting that this had been discussed at Quality Curriculum and Students Committee and the specialist HE Governor had informed that SLT that this would be too onerous for the relatively small HE provision at HCUC. SW highlighted the concern of an ever increasing cost base but the College having reached the ceiling fee of £6,000 which would make reaching a viable contribution harder for HE courses. The Chair asked whether the Office for Students (OfS) would ever consider increasing the cap. The SLT agreed that this would be a question worth asking but the OfS had been intransigent in the past and FE Colleges were unlikely to have a strong power to lobby on this matter. The meeting sought and was informed that HCUC HE provision was larger than most other local FE colleges.

A detailed schedule of fees by course for home students was noted by the meeting; the fees ranged from £3,036 (PT) to £6,000. Governors sought additional clarity on the wide range of exam fees and this was noted as due to the number of examined units falling in each year. The report confirmed that all charges including ID card, registration and exam fees were now included in the total HE fee.

The schedule of HE Fees 2022/23 was APPROVED as presented to be based on a course costing model with inflation applied at 5%.

- **Office for Students (OfS) Reportable Events**

The meeting noted paper which outlined the regulatory framework around the provision of HE which was ‘policed’ by the OfS. One of the requirements within this was for the college to submit details of any ‘reportable event’ to the OfS. DDS confirmed that there had been several ‘reportable events at HCUC during 2020/21 including: the cyber incident which took place in August 2020; the potential merger with Richmond Upon Thames College (RuTC); the subsequent delay to the merger date; and the appointment of the two new Senior postholders – Principal Harrow and Principal Uxbridge on 1 August 2021.

The update on OfS Reportable Events was NOTED and RECEIVED

9. Sustainable Treasury Investment Strategies

The GDFRP (SW) presented a paper which considered the Treasury Investment Strategy for HCUC. Governors were reminded that the financial performance of the College since 2012/13 reflected a strong performance throughout the period which included a healthy cash balance and strong balance sheet position. During this period cash levels increased by £15m with net capital investment totalling £31.2m; the College had generated an EBITDA at or above 12% over the last four operational years. SW highlighted that the cash reserve requirement for 2021/22 was £13m and with current predictions there was headroom of £13m based on the forecast cash balance of £26m. The meeting was also reminded that no major capital works were planned at this point in time, however this could change after Governors considered the HCUC Estates Strategy at the next Governing Body Strategy and Planning Day on 20 October 2021.

SW confirmed that historically HCUC would invest surplus cash requirements on a rolling basis to maximise return, however there had been a marked decline in the return on investment due to the prevailing low interest rates and market performance. The highest point was £198,000 in 2012/13 and lowest £25,000 was the forecast position in 2021/22. The meeting agreed that HCUC was in a fortunate position with regards to cash levels and had options to explore which most FE Colleges in this current climate did not have. In light of the College's strong financial performance and poor returns on cash invested, the HCUC Relationship Director at Barclays Bank had suggested that the College explore the idea of investing surplus cash at Barclays Private Bank with the aim of generating an above market, risk adjusted, rate as well as providing solutions to the sustainability challenges facing the world. The meeting noted a paper from Barclays which outlined the detail of their Sustainable Treasury Investment Strategies and how it could work for HCUC. Indicative blended portfolios would yield higher annual returns ranging from £78,000 to £353,000 with gross returns ranging from 0.66% to 2.94%. The meeting agreed that higher returns would allow HCUC to reinvest further to meet student needs with high quality staff, IT equipment or further developments on the estates. However, the meeting noted that this would need to be balanced with the risk appetite of the Governing Body and the SLT.

The meeting agreed that this proposal would meet financial objectives as well as helping with the sustainability agenda. The Governors commended the strong testimonials within the Barclays document and the high profile clients using the scheme. However, Governors suggested that the Corporation and SLT would need to consider any impact on HCUC cash reserves of the merger with Richmond Upon Thames College. Governors were mindful that it would be remiss to lock too much money into any investment strategy.

It was AGREED that:

i) the proposal should be considered at the Governors Training and Planning Day, and

ii) Barclays should attend this event to present the Sustainable Treasury Investment strategy to the Corporation.

10. Policies

- **Financial Regulations**

The meeting noted a revised copy of the Finance Regulations with changes clearly tracked. These changes related to an amendment in paragraph 7.5.1 in relation to redundancy payments. The process around the calculation and notification of redundancy payments had been further strengthened with sign-off required from the GDFRP as well as another Senior Post-holder. SW confirmed that this was good housekeeping.

- **Fees Policy**

The meeting noted the proposed amendment to paragraph 4.1.7 of the HCUC Fees Policy which was tightening up the time limit for student loan applications and making it explicit that the debt would fall to learners if no Student Loan payment for fees had been received by October half-term. This was to try and limit the level of student fee debt as discussed earlier in the meeting.

The meeting approved both changes as presented and the Chair asked for the date footer on the paper to be updated as it wrongly noted as June 2020.

The Updated Finance Regulations and Fees Policy were both APPROVED as presented subject to the amendment to the date footer as detailed above.

ITEMS FOR INFORMATION

11. Human Resources Update

The HR Director presented the Annual Human Resources Report 2020/21 to the meeting. The

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meeting commended the new data graphs within the report which provided additional clarity. Governors were reminded that this report would also be presented to the full Governing Body at their next meeting on 21 September 2021.

Workforce Data: Governors noted that the total headcount at HCUC was now 743 (519 at UC and 224 at HC) this had increased very slightly from 740 at the end of the prior year 2019/20. The increase in the number of agency and casual staff at both Colleges was noted: agency staff now at 114 (compared with 79 in the prior year); and casual staff now at 141 (versus 82 in prior year). IA confirmed that this increase in agency and casual staff was due to the additional Covid-19 related funding received for Lateral Flow Testing, classroom supervisors and the Small Group Work under the Tuition Fund. The meeting was reminded that this funding was to provide additional resources to address any learning gaps due to the pandemic. Staff turnover across the College group was 15% during 2020/21 which was below the AoC benchmark of 17.4%; the meeting was reminded that this benchmark was now a little out of date and IA had just been informed that the new AoC BM was 18.4%. The meeting discussed the higher turnover figure at Harrow College (19%) compared with Uxbridge College (13%). The meeting was informed that the higher turnover at Harrow was in the Support Staff category. ***It was suggested that the HR Team should bring data on exit interviews to the Resources Committee so that Governors had visibility on people's reason for leaving HCUC.***

Workforce Equality Data: At HCUC 61% of the workforce were in the 45+ age group (compared with 60% in the prior year). HCUC female representation at the end of 2020/21 was 66%, this figure exceeded the GLA figure for females who were economically active in the London population at 46%. Females made up 77% of the workforce at HC and 61% of the workforce at UC. The BAME representation at HCUC at 40% was a 4% 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 45%. At UC, the BAME representation was also now above the 36% target at 38%. At HCUC, the representation of staff with a declared disability was 9%, which was an 1% increase on the prior year and 4% increase on the figure from 2018/19 at 5%. IA confirmed that this was directly linked to staff declaring a disability at the start or during the Covid-19 lockdown. However, the HCUC figure of 9% 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 8% and at UC was 9%. IA informed the meeting that he 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 by 18% since 2020; this was reflected in the higher BAME staff proportions discussed earlier in the meeting.

Recruitment:
Harrow College: The meeting noted that during the period 1st August 2020 to 31st July 2021, there were 626 applicants from 56 recruitment campaigns.

- 36 candidates were offered roles. Of the 36 offered, 22 were from BAME groups (61%).
- 78% of appointments were female.
- 50% of all appointed were in the >41 age group.
- There were 11 promotions in this period; of these, 5 were from BAME groups (46%).

Uxbridge College: In the same period, there were 1878 applicants from 138 recruitment campaigns.

- 140 candidates were offered roles; 69 of these were from BAME groups (49%).
- 38% of appointments were male, and 62% were female.
- 51% of all appointed were in the >41 age group.
- There were 18 promotions in this period; of these, 10 were from BAME groups (57%)

Sickness absence: The Sickness absence rate at both Colleges and across HCUC was below the HCUC target of 5.4 days or less (AoC benchmark). In addition, it was noted that the 2020/21 absence rate for HCUC of 5.2 days was lower than the published benchmark (BM) figures from the CIPD Health and Well-Being at Work Survey which reported Public Sector as 8.5 days and the Non-Profit Sector as 7.3 days. The meeting was reminded that there may be a variation in this BM as remote working meant that people recorded less sickness absence.

Training: The Training and Development Budget 2020/21 across HCUC had been £283,000, which was broken down as follows.

- £150,000 allocated to teacher training (£90,000 at UC and £50,000 at HC).
- 34 staff undertook the teacher training course during 2020/21
- All individual staff training and development requirements were met within the staff development budget.
- 99% of established staff completed the Safeguarding and Prevent online training. The Chair sought clarity on whether an Ofsted inspection would expect to see 100% compliance but IA stated that he believed they would accept a 1% tolerance.
- 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.

IA informed the meeting that HCUC had now purchased LinkedIn training for the current academic year – as a one-year trial - which would be fully implemented by October half-term. This would give staff access to approximately 20,000 training courses via online delivery. The new system would allow HR to track utilisation of the training and report on its impact. The meeting was pleased to note that the LinkedIn platform contained many resources on Wellbeing which would be key for staff. Exec Director Corporate services (AMi) informed the meeting that the Health & Safety Executive (HSE) was now putting an enhanced focus onto Wellbeing in the work-place now. He informed the meeting that the College H&S Committee received a standing Wellbeing Report so activity from this new resource would feed into this report.

The meeting sought clarity on the cost of this LinkedIn provision and noted it as £15,000. Governors asserted the need for HR to evaluate the provision at the end of the trial and monitor the return on investment. IA confirmed that HR were currently preparing for the launch across HCUC and were trying to focus on the courses that would be most applicable to each category of staff. He also confirmed that this would not be a replacement for face-to-face training but would be used as an add-on. Governors asserted the value of staff having value to the whole platform; AMi confirmed that this would be the case. However, the aim of HR was to ensure that staff would be pointed to the baseline training and then they would be available to add on additional courses for self-development. Governors asserted the need for good internal marketing of this provision so that staff took ownership of their own Continuous Professional Development (CPD) and make self-development a positive thing. ***IA confirmed that he would build this into the launch with HCUC staff.***

Appraisals: Resources Committee members noted the data on completed performance appraisals for 2020/21. This had been discussed in detail at the June 2021 Resources Committee meeting.

- ***Employee Relations***

The meeting noted that this data had also been considered at the June 2021 Resources Committee meeting. IA confirmed that the significant increase during the 202/21 year was due to the pandemic and large proportion of the total cases had been related to Covid-19. The data breach at the start of 2020/21 had also impacted staff. IA commended the HR Team who had dealt with staff concerns and ongoing cases; they had maintained a positive attitude and effectively supported staff. AMi highlighted the numerous risk assessments that the HR Team completed for vulnerable staff during the pandemic which probably saved a further 50 HR cases. The College H&S Adviser (LS) who had now left HCUC , also did an excellent job working with the Trade Unions and dealing with all Covid-19 queries. IA commended the fact that HCUC had received no ongoing demands or challenge from the Trade Union representatives during the regular meetings which carried on through the whole pandemic, The CEO (DDS) confirmed that he believed that people felt listened to which was a very positive thing for staff.

Staff Focus Group Feedback: The meeting noted the summary feedback from Staff Focus Groups held during 2020/21. These had involved 75 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 2020) whilst the second comprised a range of Managers (25 January 2021), the final group was support staff (5 May 2021). 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.

The meeting commended the positive feedback on communications throughout what had been a difficult year. The regular All Staff Zooms and more frequent team meetings – mostly weekly – had helped staff to remain engaged and to feel supported. The clear understanding of the HCUC values was commended as was the positive feedback on the HR newsletter. DMcT highlighted one area where staff had asked for change during the year; during spring 2021 lecturers raised issues about workloads of remote learning and the ongoing use of external Lesson Observations. DMcT confirmed that the management response was almost instantaneous – the College paused external and internal formal Lesson Observations – only light touch 'learning walks' remained. The meeting agreed this was a good example of management listening clearly to the Staff Voice and being mindful of Wellbeing needs. IA informed the meeting that HCUC staff had asked for more staff focus groups during 2021/22 as they were valued. Another example of immediate change in response to Staff Voice had been when Support staff asking for more external training at the WCTD; this was changed immediately.

The CEO (DDS) highlighted the work underway during the current academic year which was focussing on filling 'hard to fill' vacancies; hybrid working and Wellbeing.

Hard to fill vacancies: The meeting was reminded of the ongoing issue with filling specialist roles in engineering which had to some extent limited enrolment numbers. DDS assured the Governors that a working group was looking at implementing creative solutions to recruit specialists.

Hybrid working: HR was currently drafting a College Working from Home Policy. This would need to make it very clear to manage staff expectations as there was an ongoing need to run face-to-face delivery across HCUC which required a strict 'staff: student' ratio. AMi highlighted that this consideration of hybrid working was tying in with the HCUC Estates Strategy. IA raised what he saw as two important points in relation to hybrid working; the pandemic had raised people's expectations about working from home; and it was now a selling point in job adverts. There was some evidence that the wider FE sector and some other colleges were moving towards hybrid working to some extent. However, he was also mindful that a College was very different from a bank and could not deliver fully remotely. The meeting agreed that HCUC Management would need to find a balance as the College looked at how it could deliver its services differently. However, Governors were reminded that the DFE expectation was that all delivery was face-to-face. The focus for these considerations would have to remain as the learner and if they were well catered for then SLT could consider how to take this forward. IA assured the meeting that the College would remain flexible in order to respond to any changing position e.g. changed DfE guidance to work from home if Covid infections increased.

Wellbeing: IA highlighted, that as previously discussed the additional work to drive forward the Wellbeing agenda. The meeting agreed that to some extent Wellbeing would also be linked to the Home Working Policy.

Covid: The meeting noted the Covid metrics and the vaccination rate data was noted by the meeting. The meeting noted that of 445 responses to a recent survey, 92.8% of staff had now had at least one dose of the Covid-19 vaccination (compared with 85% in June 2021), and 87.64% had received two doses. The meeting also noted that just under 4% of the remaining 7.2% stated that they had not had the vaccine due to personal choice. IA also confirmed that no staff were currently furloughed. Governors sought clarity on why there had only been 445 responses to the monthly survey when there were 743 employees; this made the 92.8% figure less impressive. IA confirmed that HR needed to try and improve the response rate; frequency had recently been changed to monthly but this might be changed back to weekly to elicit a better response rate.

The meeting noted that there had been four positive test results within the staff body since the start of term. The current College protocol was following all PHE and DfE guidance if someone was classed as a close contact of a positive case. In this case the following would now apply:

- staff who were fully vaccinated could now undertake a PCR Covid test and come back to work as long as this was negative.
- staff not vaccinated due to medical issues could also undertake a PCR and then attend College if negative.
- staff who had chosen not to have the vaccine received statutory sick pay not college sick pay if they were required to isolate (College sick pay would apply if they actually had Covid-19).

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 impact of the pandemic.

The meeting RECEIVED the annual Human Resources Report 2020/21. This would be taken to the Corporation meeting on 21 September 2021 for information.

12. Management Accounts

The Head of Finance (VP) gave an update to the 4th quarter accounts to the month of July 2021; these were noted as being prior to any end-of-year adjustments. The historical cost surplus for the period ended 31 July 2021 was £2,087,000 compared to a forecast surplus of £1,055,000 giving a favourable variance of £1,032,000. 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 positive outcomes and the negative impact of any funding claw-back. 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 £109,000 against the forecast of £50,803,000.
  - *ESFA 16-18 Small Group Tuition Fund:* An adverse variance of £93,000 against the forecast of £300,000. 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. Governors were reminded that this unspent funding could be rolled forward into 2021/22 and spent in this year; however, anything unspent would be subject to ESFA claw-back at year-end 2021/22.
  - *Agency Other income:* An adverse variance of £8,000 (against the forecast of £5,061,000). The income was in line with bursary expenditure.
  - *Materials Fees:* An adverse variance of £40,000 (against the forecast of £268,000); but this

was offset by lower expenditure. Provision had been made for potential refunds.

- Services and Other Activities: An overall positive variance of £14,000 against the forecast of £195,000. The meeting was pleased to note that £10,000 of this positive variance was due to increased lettings as Covid-19 restrictions eased.
- *Employer Services:* An adverse variance of £300,000 (against the forecast of £48,000). 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 AEB income (adverse £112,000) and IoT income (adverse variance of £21,000) which might increase on the R13 submission. Higher staff costs in Engineering as specialist agency staff had been needed had affected short course contributions; short course income was showing an adverse variance of £20,000. Apprenticeship income was £99,000 lower than the forecast of £1,572,000 due to higher agency and consumable expenditure than forecast in the Technical Apprenticeship School (TAS) and interim management support at Harrow. The College had now recruited a permanent Head of the TAS and a working group had been established to find a solution to get costs lower by employing permanent staff in this specialist area. The working group was looking at a number of options to improve recruitment to 'hard to fill' vacancies including changing pension provision but paying industry market rates. Governors were given assurance that the College was seeking legal advice on what was permissible within FE employment frameworks.
- *Employee Costs:* A positive variance of £602,000 (against the forecast of £33,739,000) due to vacant posts. The meeting noted that the staffing budget for schools permanent staffing was showing a positive variance of £132,000 against the forecast of £15.362m due to vacancies and use of agency staff covering vacant academic posts; the meeting was also reminded that the forecast assumed all posts were filled for the whole year. The variances by line were considered. The Head of Finance highlighted that the holiday pay accrual had now been confirmed at £32,000 and there was an adverse variance of £119,000 against this accrual of £150,000. The meeting noted that the LGPS pension charge (FRS17) had shown an adverse variance of £210,000 as the actual cost had now been confirmed as £1,859,000. The meeting was reminded that this pension charge moved every year and was a big cost to bear. SW also reminded the meeting of the £50,000 charge to move the management of the pension fund from Surrey to Hampshire; the same charge would apply when RuTC staff were transferred.
- *Expenses:* Overall favourable variance of £814,000 (against the forecast of £17,075,000).
  - *Schools Costs:* Favourable variance of £179,000 (forecast £2,305,000) 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 £105,000 (forecast £2,415,000). Within this the £17,000 overspend on Free College Meals was noted but this was offset by additional ESFA income. The £83,000 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 was producing better value for money. The Covid pandemic had also affected marketing expenditure during 2020/21 due to the restrictions.
  - *Human Resources:* Favourable variance of £134,000 (£551,000 forecast) as there had been an under-spend of £78,000 on advertising and recruitment costs due to Covid-19 and less CPD or cheaper online training due to the pandemic (positive variance of £18,000).
  - *Estates:* A positive variance of £228,000 (forecast £4,253,000) of which there had been a positive variance of £106,000 in energy costs; Covid-19 and delays to the additional costs of new builds at Harrow and Uxbridge.
  - *Finance:* A favourable variance of £68,000 (forecast of £2,750,000). Within this the meeting noted a positive variance in insurance costs of £38,000, an adverse variance of £30,000 in consultancy due to higher than forecast IT infrastructure consultancy costs. Merger costs were also showing a positive variance of £60,000 against forecast due to

the delay in merger completion. Pension Finance costs were showing an overspend of £56,000 but this was outside the control of the College.
  - *Executive:* A positive variance of £25,000 (forecast £288,000).

- *Depreciation:* Positive variance of £76,000 against the forecast of £4,453,000. This was due to timing and later than forecast capital expenditure
- *Balance Sheet:* Cash was at £29.134m against a budget of £24.628m - but the movement in month was adverse £178,000 due to higher trade creditors - due to higher surplus, lower capital expenditure, non-repayment of loan, higher trade creditors offset by higher trade debtors. SW confirmed that the cash position might reduce if there was any claw-back of funding after the R13 submission. The Chair sought, and was given, confirmation that the Trade Debtor figure was before the bad debt write-off agreed earlier in the meeting. VP highlighted an issue with High Needs Element 2 and 3 funding owed by the London Borough of Hillingdon (LBH). The meeting noted that LBH were asking the College to pass on all savings and HCUC had reduced their costs by £70,00 as a goodwill gesture. SLT were working to resolve this issue and get payment of the £400,000 still owed for 2021/22. The meeting sought assurance that the risk of non-payment by LBH was low. ***It was AGREED that any future negotiations around High Needs Funding with local authorities should involve the Group Director Finance Resources and Planning.***
- Fixed Assets were showing a positive variance at £109,136,000 against the forecast of £105,885,000. The meeting noted that the cash days in hand figure was at 192.6 compared with a forecast of 182.0 and all ratios remained strong; the 'outstanding' SFA financial health rating would be maintained. Members were reminded that the external audit of the financial statements would start on 18 October 2021 and be undertaken by Cooper Parry; the Audit Committee would be reviewing the external audit plan on 16 September. The audited accounts for HCUC would be brought to the Resources Committee in November and taken to the Corporation in December 2021.

The Chair commended the very strong position. He suggested that the Finance Team and auditors to accrue what was permissible to protect the position moving into 2021/22. SW reminded the meeting that the budget set for 2021/22 had been very prudent with a forecast surplus of £500,000. The Chair sought some additional clarity on when an individual Income & Expenditure account for each of the two colleges would be available for Governors; SW confirmed that although the Finance Team could see contribution by each of Harrow and Uxbridge college, they were not quite at the I&E stage yet. There was more work to be done to look at the cost base against income across the college group.

The HCUC Management Accounts for July 2021 were RECEIVED.

13. Student Applications and Enrolment Update 2021/22

The meeting noted the enrolment report for 2021/22 as of 8 September 2021 for each of the two colleges. An update report produced on 14 September was tabled at the meeting. The portfolio target (which was confirmed as the internal College target to allow for withdrawals during the initial 6-week period) for FT 16-18 year olds were noted as follows: Harrow – 1,566 (1,816 in 2020/21); Uxbridge – 4,142 (4,236 in 2020/21). The meeting was reminded that due to the lagged funding mechanism the reduction in funding in 2021/22 was £2.098m but the College had made a business case for some additional in-year funding if a minimum of 89 16-18 learners were recruited (up to maximum of 266 additional learners) above the funding allocation 5,707 learners. Actual 16-18 enrolment to the report date (8 September) date was noted as 1,490 at Harrow (- 296 or 83%) and 4,094 at Uxbridge (- 359 or 92%); an overall HCUC position of 90% against 16-18 target. SW informed the meeting that since this report had been produced enrolment had continued and as of 15 September the overall enrolment was now 4 above the portfolio target at 5,713. Staff were working hard to try and secure the additional 89 learners in order to generate an additional £497,000 in ESFA funding. The meeting noted that enrolment would have a longer-tail this year and would continue until October half-term to allow any additional learners to access HCUC provision. Every

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additional learner would be key to ensure that lagged funding for 2022/23 met the rising cost-base of provision. The Deputy CEO explained the very tight control of student withdrawals which had been put in place for this enrolment, every case had been looked at carefully by Heads of School and staff had tried to find an alternative within the College when a learner was planning on leaving HCUC. Staff were also working very hard to chase enrolees who did not ever attend the College. This number had been high in the current year with 288 non-attendees at 15 September compared with 360 for the prior year. The meeting considered the areas of concern by curriculum area at each of the colleges. Governors were assured that where schools were below 80% portfolio meetings would be held at the end of September to discuss class sizes, staffing and agency requirements to reflect resource requirements based on the final enrolment.

The performance against full time 19+ targets was also noted: Harrow were currently at 370 against the portfolio target of 447 (83%) and Uxbridge were at 470 against target of 530 (89%). The large numbers of part-time 19+ learners was noted and these would continue throughout the year and the monetary values would be monitored through the management accounts. The 19+ ESFA allocations in monetary value were also noted by the meeting, the total HCUC allocation for 19+ adult education budget (AEB), PFU and DLSF provision was now £7.168m for 2021/22. DDS confirmed that enrolment meetings were held weekly until the 6-week census point to review numbers and a close focus on minimising withdrawals would continue until the week after the October half-term. SW reminded Governors that a detailed update on the enrolment position would be brought to the Governing Body on 21 September 2021.

The Enrolment Report 2020/21 was RECEIVED.

14. 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 was reminded that the second cash offer of £500,000 had been accepted at the end of February 2021. SW confirmed that contracts had been exchanged during the first week of September and exchange would take place on 6 October 2021.
- *Vacant land at Harrow Weald:*
  The meeting was reminded of the interest shown by the Heronslea Group Portfolio who had offered a cash sum subject to planning permission for some land at the Harrow Weald campus. As previously agreed, Governors suggested that this needed to be considered within the wider HCUC Estates Strategy which would be discussed at the October 2021 Governors' Strategy Day.
- *ESFA Further Education Capital Allocation (FECA):* VP reminded the meeting that the deadline for completion of all the work had now been extended to September 2021. The meeting was reminded that the total allocation from the ESFA had been £2.094m with HCUC also spending £698,055 (25% contribution). Governors were assured that work was all on track to meet the revised deadline. The spend to date was noted as £2,733,912 and works had been completed for Bronte, Fleming and C Block.

The Property Update Report was RECEIVED.

15. Risk Register

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'). This remained a key risk area and DDS reminded the meeting of the focus on Hard to Fill vacancies – e.g. in engineering and construction - with the establishment of a new College Working Group led by HR looking for innovative solutions.

- 1.09 *Failure to recruit sufficient staff, qualified at the appropriate level.* (Risk score at 12 'red').
- 1.12 *Project work fails to prepare the college for T levels, Capacity Development Fund, and the Transition programme (Risk score now at 8 'green').* The impact of Covid-19 on securing work placements was still proving problematic but a large number had taken place at year-end and several areas were now using virtual work placements.
- 1.14 *College fails to retain Highly Trusted Status (HTS) for international students* (Risk score still green but score still at raised level of 8). The potential issue around visa refusals and Covid was noted.
- 2.05 *Inflexible delivery models for Apprenticeships could restrict growth* (Risk score remains at 12 'red'). The ongoing impact of Covid-19 on employers was still having an impact on the WBL curriculum.
- 3.02 *Insufficient enrolment on employability pathways for adult unemployed learners will reduce spend of ESFA contract.* (Risk score remained at 12 'red').
- 3.03 *Insufficient student demand to achieve long term growth targets* (Risk score now at 10 'amber').
- 3.11 *Underachievement of funding targets* (Risk score still at 15 'red'). The ongoing impact of Covid-19 on particularly Apprenticeship work was being very carefully monitored.
- 3.12 *Failure to secure and respond to large levy paying employers could impact on apprenticeship income* (Risk introduced in June 2020 and still had a risk score at 15 'red'). This risk had become ever more of a threat during Covid-19 lockdown; the college had recognised this and the Business Development Consultants (BDCs) had worked hard to stay in touch with employers during Covid-19 business disruption.
- 3.19 *16-18 and 19+ mainstream recruitment not met leading to reduction in funding in current/ future years*. (Risk score raised to 12 'red' from 10 'amber'). SW confirmed that although HCUC had now met its allocation there was still a pressure to secure the additional learners for growth funding as discussed earlier in the meeting.
- 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* (Remained a significant risk at 12 'red'.)
- 5.11 *Compliance with GDPR and other data related regulation* (Risk score at 15 'red'). SLT were concerned that despite staff training and advice from the Information Commissioners Office (ICO) on best practice, destruction of obsolete data was not always happening as quickly as recommended.
- 5.12 *College loses IT capability and/ or data following a cyber-attack.* (Risk score remained at 12 'red'). This risk was still real despite IT Services using up to date security software, processes and policies.
- *5.13 Operational impact due to Coronavirus (Covid-19).* (This new risk added in March 2020 was still deemed as a risk score of 12 'red'). The meeting was reminded of the measures in place and the adherence to all Public Health England and Government guidelines.

- ***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 two 'red' risks in relation to: insufficient learner numbers (adverse impact of Covid-19), and possible changes to government policy on Apprenticeships. The meeting was informed that the DfE had now confirmed that they would not amend the enrolment targets which had been made unachievable by the Covid-19 pandemic. Instead, the twelve national IoTs were being asked to produce an Action Plan which detailed how a catch-up towards existing recruitment targets could be achieved. DDS highlighted that a portfolio planning process during March 2022 would need to cover a 5-year period to look at possible specialist staff shortages and also construct a clear capital expenditure programme for technical equipment. The meeting was reminded that the DfE had funded the specialist equipment for the IoT start-up and HCUC would be spending £500,000 on equipment during 2021/22 in order to hit IoT targets. The Chair sought, and was given, confirmation that the interim Senior Management support for the IoT would be in place for the whole of the Autumn term 2021. DDS confirmed that the senior permanent lead on the IoT was now one of the Assistant Principals (JO'N) and the interim management support (NB) was undertaking a lot of the outreach and partnership work.

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

16. Fraud/ Corruption Report

SW informed the Audit Committee that there had been no attempted fraud or corruption issues to report in the year-to-date 2021/22 (since 1 August 2021).

However, the meeting was updated on a recent internal fraud occurring in 2020/21 which had only come to light since the last Fraud Report to the Resources Committee meeting (23 June 2021). This internal fraud was only discovered at the end of the summer term and would also be reported to the Audit Committee on 16 September 2021. The internal fraud involving academic malpractice and misuse of College property had taken place in the Motor Vehicle department where a car belonging to HCUC had been sold for personal gain. Other property had also been misappropriated and used for personal gain. SW confirmed that there had been two staff members involved who had both now left HCUC; a college investigation was currently underway and SLT would review the outcome of this to decide whether to press criminal charges. SW confirmed that the Finance Team were working to quantify the total financial loss before a decision on whether to prosecute the individuals was taken. SW confirmed that staff would declare knowledge of the fraud on all annual returns and audit paperwork.

NOTED

17. To confirm and agree the dates and times of meetings for 2021/22

The meetings dates for 2021/22 were noted as previously agreed:

- Wednesday 24 November 2021, at 10.15am *(the first hour of the meeting to run concurrently with the Audit Committee meeting)*
- Wednesday 16 March 2022, at 10.00am
- Wednesday 22 June 2022, at 10.00am

18. Any other business

There was no other business. The meeting closed at 12.15pm.

Signed ………………………………………

Date ………………………………………..

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