MINUTES

Directorate:	**Governance**	
Minutes of:	**Resources Committee**	
Date:	**24 November 2021**	**Time: 11.15**
Venue:	**Executive Meeting Room, Uxbridge Campus**	

Present:	Alasdair MacLeod	Governor (Chair of Resources Committee)
	Simon Boulcott	Governor
	Darrell De Souza	Group Principal and CEO
For items 1J to 5J only:		
	Nasim Khan	Governor *(HCUC Audit Committee Chair)*
	Steven Cochran	Governor (HCUC Audit Committee member) ***via MS Teams***
	Tracey Critchley	Governor *(HCUC Audit Committee member)*
	Ketan Sheth	Governor *(HCUC Audit Committee member)*
In attendance:	Imtiaz Aziz	HR Director
	Dylan McTaggart	Principal Uxbridge and Deputy CEO
	Andy Miller	Exec Director Corporate Services
	Vikash Patel	Head of Finance
	Shane Woodhatch	Group Director Finance and Resource Planning
	Tracy Reeve	Clerk to the Corporation
For items 1J to 5J only:		
	Glen Bott	Cooper Parry *(external auditors)* ***via MS Teams***

The Resources Committee meeting was preceded by a joint meeting of the HCUC Resources Committee and the HCUC Audit Committee; this commenced at 10.15am and was chaired by Alasdair MacLeod.

JOINT MEETING OF HCUC AUDIT AND RESOURCES COMMITTEE

ITEMS FOR DECISION

1J. To RECEIVE the Report & Financial Statements and associated reports for the period ended 31 July 2021 for HCUC

i) Financial Statements

The GDFRP (SW) introduced the draft reports and financial statements for the period ended 31 July 2021 and highlighted that the Resources Committee would be required to approve the Report and Financial Statements and then recommend to the full HCUC Corporation for approval.

The following key points were highlighted:

- The operating surplus for the year was £2,384,000 (compared with £3,434,000 in 2019/20).
- Once the impact of the £604,000 actuarial FRS17 pension loss was applied this resulted in a 'Total Comprehensive Gain' of £1.731m.
- The balance on the income and expenditure account (excluding pension reserve) now stood at £81.968m (compared with a figure of £77.162m in 2019/20).
- Total income for the year was at £55.525m compared with £52.977m in the prior year.

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- Total expenditure was at £53.190m compared with £49.543m in the prior year. Staff costs were at £6.6m compared with £6.1m in the prior year. The increase in other operating expenses (now at £11.935m compared with £10.250m in the prior year) was due to a number of factors including: the move of data to Azure to improve cyber security which had cost an extra £200,000; merger costs of £180,000; cyber provision of £500,000; IT consultancy and bad debt provision had increased to £274,000 (an increase of £235,000).
- The College had accumulated reserves of £42.881m, non-current assets of £109.073m and cash balances of £29.070m.
- Net Current assets were at £18.475m compared with £11.915m in the prior year.
- The LGPS pension liability was noted as £43.706m compared with £40.661m last year. Governors were reminded that the pension liability (FRS17) was not included by the ESFA when assessing the financial health of colleges. The reason for this movement was a change in the actuarial assumptions especially in the discount rate used and price inflation. The external auditors had confirmed that the assumptions used by the College actuaries were largely in line with those used at other Colleges.

The meeting went through the Income and Expenditure account and the Notes to the Financial Statements and Balance Sheet in detail. The meeting noted that in 2020/21 the College delivered activity that produced £48.722m in Agency main allocation funding (compared with £44.850m in 2019/20). The total Agency funding was at 85.6% of income in 2020/21 (82.7% in prior year). The meeting noted the detail of the fixed asset additions during the year, which amounted to £8.062m (compared with £16.558m in 2019/20). The meeting noted the strong financial performance indicators for the 2020/21 year which included a strong cash position after the net cash inflow of £9.7m as well as the following:

- Cash days in hand at 31 July 2021 were 224.7 against a forecast of 192.6
- Current ratio (assets over liabilities) of 2.48 against a forecast of 2.55 (2.23 achieved in 2019/20).
- Accumulated reserves were 151% of income against a forecast of 148%.

SW highlighted the impact of Covid-19 on the financial results with the following income streams adversely affected by the following amounts: other income £321,000; commercial activity £260,000; Work Based Learning provision £749,000. There had also been additional costs incurred of £140,000 in relation to PPE sourced. This was counter-balanced by a saving of £58,000 for the HMRC Coronavirus Job Retention Scheme (to cover furlough payments for staff).

The notes to the accounts were considered in detail by the meeting. SW confirmed that the other senior members of the SLT at HCUC had contributed to the narrative of the Members Report on HCUC Strategy, curriculum and the summary of capital works undertaken at the Uxbridge, Harrow Weald and Harrow-on-the-Hill campuses. The meeting (SB) highlighted a typographical error on Note 8 (page 48) where the figures for Benefits in Kind and Pension Contributions were transposed for the prior year 2019/20.

ACTION: Typo to be corrected (SW/ VP)

The Chair of Resources Committee (AMcL)sought clarification on the final figure for the 'staff costs as a percentage of income figure' compared with the target of 65%; ***SW confirmed that he would circulate this after the meeting.*** ***ACTION: SW***

AMcL highlighted that he had raised a couple of technical questions in advance of the meeting via email in relation to: finance and operating leases (note 14); provisions (note 19). He had also asked for the narrative to be amended to reflect his membership of the Remuneration Committee and also suggested that it should reflect the fact that HCUC had an identified Lead Governor for Safeguarding given its importance. The meeting noted that GDFRP had provided clarity around all these points in advance of the meeting and ***SW would amend the narrative on the last two points before submission to the Corporation.***

ACTION: SW

The meeting commended the strong financial results and agreed that the College was in a strong position pre-merger and would be able to meet current and future economic challenges from a position of relative strength when compared with many other FE Colleges. It was agreed that the College's key strategic aim in relation to finances 'To maintain the strong financial profile needed to ensure a secure future', had been fully achieved.

ii) *July 2021 Management Accounts*

The restated Management Accounts for 31 July 2021 and the adjustments arising posy-year end from the preparation and audit of the Financial Statements were noted by the meeting. Adjustments totaling £297,000 has been made against the income and expenditure. As previously noted by the meeting the revised historical surplus was £2,384,000 against a forecast surplus of £1,055,000. The detail of the management accounts for July 2021 was taken as read

The 2020/21 Financial Statements and July 2021 Management Accounts were NOTED and RECEIVED, (they would be recommended to Corporation for approval by Resources Committee).

iii) *Audit Findings Report of the External Auditors, Cooper Parry, following their audit of the HCUC Financial Statements for 2020/21, for APPROVAL & recommendation to Corporation.*

Glenn Bott (GB) of Cooper Parry presented the Audit Findings Report to the Governors, which acknowledged the strong financial outturn and cash position for HCUC. The meeting was pleased to note the clean unqualified opinion on the financial statements and for the regularity audit. GB informed the meeting that the audit had gone very smoothly from their perspective; the flow of information from management had been accurate and timely. This had been even more complicated during the current year when the audit had taken place completely remotely for a second year running. SW and VP agreed that the audit process had gone well from the College management perspective from the planning stage to the completion of the audit. The Management Report was considered in detail.

The meeting was pleased to note that the audit conclusion on all qualitative aspects considered was clean; GB also highlighted the unmodified regularity audit opinion. The meeting discussed the level of materiality used in the audit and GB informed the meeting that Cooper Parry had used the sector norm of 2% of income; for HCUC this was circa £1m. However, there was a lower level of performance materiality – 80% of the above – which was used to calculate sample sizes. The meeting was reminded that anything at 5% or below of the materiality figure was deemed as 'trivial'; GB confirmed that this 5% figure was used by Cooper Parry across the whole of the FE sector. The meeting was reminded that for the regularity audit there was no materiality set and no lower threshold for transaction testing. However, GB confirmed that this had also been a wholly positive opinion for 2020/21 at HCUC.

The meeting went onto consider the six significant audit risks that had been identified by Cooper Parry and detailed in their audit planning letter. The key risks were noted as follows: income recognition; going concern; management override of control; related party transactions; retirement benefits; and the proposed merger with RuTC. Governors noted that Cooper Parry's conclusion against all six of these risks was clean and that there were no issues identified which needed to be reported to the Audit Committee. Audit Committee were pleased to note that the audit had not identified any misstatements that required adjustment in the financial statements, nor any unadjusted differences. Governors also noted the positive assurances given by Cooper Parry around the risks of fraud and independence and related party transactions. The meeting spent some time discussing the need for the College to remain vigilant as the incidence of fraud and financial scams being perpetrated in the FE sector was on the increase. The importance of going concern was discussed and Governors were reminded that this would be discussed under a separate agenda item.

GB highlighted that during the audit there had been three low risk weaknesses of controls identified which had resulted in recommendations for 'good practice' improvement. These four risks were in relation to: Register of Interests; Salary Review Letters; and the Fixed Asset Register. The management responses to these recommendations were noted and tweaks to process would be put in place where appropriate. SB flagged an inconsistency of terminology used in the report on the Current Year Improvements and Prior Year Improvements. The finding referred to a lack of 'salary review letters' and the recommendation referred to 'contracts of employment'. SW informed the meeting that he had discussed this with the HR

Director and the current thinking was that the college could do a mail merge on iTrent and put a note on payslips. The meeting agreed that the low number and low risk score of the recommendations highlighted an ongoing positive control environment at HCUC. The Audit Committee members commended the College finance team and Cooper Parry for a very positive external audit.

The Audit Report and Management Letter of the External Auditors, Cooper Parry, for HCUC 2020/21 was APPROVED and would be taken to the HCUC Corporation for approval (7/12/21).

iv) *Letter of Representation*

The meeting noted the draft Letters of Representation; one for the Financial Statements and one for the Regularity Audit. SA confirmed that these letters had a standard format for all FE Colleges – dictated by the Joint Audit Code of Practice – they did not include any narrative specific to HCUC. GB highlighted the couple of outstanding items before the Letters of Representation could be signed. The only one not now resolved was that Cooper Parry was still awaiting confirmation around final assurance that the level of provision held for the cyber incident was appropriate – this would be provided for Cooper Parry by legal experts. The meeting sought confirmation when this provision could be released and GB gave confirmation that this would be released over the next six years.

The Letter of Representation for HCUC would be taken for approval to the HCUC Corporation (7/12/21) before being signed by the Corporation Chair on behalf of the Corporation, and the Group Principal/ CEO as Chief Accounting Officer of HCUC.

2J. Assurance of Going Concern

SW reminded the meeting that the FE/HE Statement of recommended practice required the Corporation to carry out a formal assessment of going concern. GB reminded the meeting of the importance of the Corporation demonstrating that it had undertaken due diligence around their consideration of the going concern of the College. This was even more important now that the FE sector had moved forward to being bound by a specific Insolvency Regime. Members noted that the governing body were required to make their own assessment of their institution's ability to continue as a going concern so that they were certain of the validity of the 'going concern' assumption when preparing the financial statements. In making this assessment, an institution's governing body were required to take account of all available information about the future for at least, but not limited to, 12 months from the date the accounts were approved. An institution was required to disclose any material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern. SW assured the meeting that the HCUC Corporation could be assured that a formal assessment of going concern had been undertaken in preparation for signing the financial statements. This had included an assessment of the following factors:

- The financial position and reserves on 31 July 2021
- Cash and investment balances and cash flow forecasts for the next 12 months
- The 2021/22 financial budget as approved by the HCUC Corporation.
- The level of student recruitment in 2021/22
- Known liabilities and commitments during the next 12 months.

SW reminded the meeting that the lower enrolment in 2021/22 would have an impact on lagged funding for 2022/23. However, the meeting agreed that the Governing Body should be assured that the College had adequate resources to continue in operational existence for the near future. For this reason, HCUC should continue to adopt the going concern basis in preparing the financial statements.

The assurance around Going Concern was NOTED and APPROVED; the Resources Committee would recommend it to the Corporation for approval (7/12/21) alongside the HCUC Financial Statements 2019/20.

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3J. Regularity Self-Assessment Questionnaire
The meeting considered the detailed Self-Assessment Questionnaire 2020/21. This has been completed by the College Management Team for the assurance of the External Auditors on all Regularity Issues. As previously noted, Cooper Parry had provided a clean opinion on the Regularity Audit for HCUC during 2020/21. The meeting agreed that this document which had been enhanced for 2020/21 with an additional Annex B in relation to the ongoing operational impact of Covid-19 provided a useful summary for the Governors. The meeting was reminded that the OfS were able to access this information via the ESFA as the regulator of FE Colleges.

The Regularity Audit Questionnaire was NOTED and APPROVED; the Audit Committee would recommend it to the Corporation for approval (7/12/21).

4J. Any Fraud/ Corruption issues 2021/22.
The meeting noted that there had been no reported attempts or instances of financial fraud during the 2021/22 academic year to date.

The report was NOTED

5J. Any Other Business
There was no other business. The joint meeting of the Audit Committee and the Resources Committee closed at 11.15am.

[External Auditor, Glen Bott of Cooper Parry left the meeting]

The joint meeting of the HCUC Resources and Audit Committees closed at 11.15am and Resources Committee continued.

1. Apologies for absence
There were no apologies.

2. Notification of any urgent items 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 15 September 2021.
The minutes were approved and signed by the Chair.

5. Matters arising from the minutes of the Resources Committee meeting held on 15 September 2021.
There were no matters arising that were not already covered by the agenda.

ITEMS FOR DECISION

6. Chairs Agenda Item
The Acting Chair had nothing to bring to the meeting under this item other than confirming how useful he had found the twilight briefing session with the AOC's Director London Region (MVM) that had been arranged by RuTC.

7. Human Resources Update

The HR Director (IA) presented the standing Human Resources update report to the meeting. This reported on key HR metrics for 2021/22 year-to-date (to 31 October 2021) including the following: workforce data; equality data; recruitment data; sickness absence; training and development; employee relations; Covid-19 staff metrics; and feedback from the November 2021 staff focus group meeting. The report was largely taken as read but the meeting discussed the following aspects of the report.

Workforce Data: Governors noted the overall headcount (not FTE) for HCUC for permanent staff YTD was now 739 which was marginally lower than the average headcount of 743 for 2020/21. The number of agency staff was higher to cover the 'hard-to-fill' staffing gaps; 175 compared with 114 last year. The meeting noted the flexibility that this 'agency staffing buffer' gave the College. The current HCUC staff turnover figure after the first quarter of 2021/22 was noted as 15% (same as the prior year figure in November 2020); this was below the AoC benchmark of 17.4%. The turnover at Harrow College (HC) at 18% was higher than the HCUC and UC figure (13%) and this figure would continue to be monitored over the remainder of the year to ensure there were no underlying trends. Further analysis had identified that this higher figure at HC was due to the number of support staff leavers. Governors also suggested that the lower overall number of staff at Harrow would also possibly skew the statistics. The Exit Interview data was considered by the meeting and the top three reasons for leaving were noted as:

- Work life balance/ family reasons (17.5%)
- Career change/ development (10.8%)
- Workload (5.8%)

The meeting was pleased to note that pay did not feature in reasons for leaving HCUC. The focus on work/ life balance was now bigger after the pandemic and people having experienced other options with working from home. Governors were assured that the SLT were looking at flexible working practices and had now agreed a Home Working Policy which would be implemented after Corporation approval in December. IA informed the meeting that the DfE had recently sent out a circular about a Wellbeing Charter which also looked at suggested adaptations for other 'life experiences' including adoption.

Workforce Equality Data: The equality and diversity (E&D) data was considered and IA highlighted that the current BAME figure at each of the colleges was: HC 48% (an increase of 3% on the prior year figure), UC 37% (a decrease of 1% on the 2020/21 figure). The overall figure was at 40% which was above the College target of 36% for BAME representation. The meeting was reminded that the percentage of BAME economically active in the London labour market was 36%. The breakdown by contract type assured the meeting that BAME staff were well represented at all levels including management. Governors (SB) sought – and were given - confirmation that the data would look positive when the College had to start ethnicity reporting aligned to Gender Pay Gap reporting. The gender profiles for each of the Colleges were noted as: HC 79% female and UC 63% female. The GLA benchmark for females economically active in the London labour market was 46% and the AoC benchmark for females in FE colleges was 63%. The representation of disabled staff was now 9% at Harrow and 10% at Uxbridge with the overall HCUC figure at 9%. The GLA benchmark was 12% of people economically active in the London area declaring a disability. IA confirmed that the College was working to identify all staff and also undertaking outreach work to encourage local people declaring a disability to apply for roles at HCUC. The meeting looked for additional detail on the comparator data within London but IA informed Governors that it would be hard to ascertain the specific data for the education sector. ***Governors suggested that the College should look at the Richmond Upon Thames College data as a comparator.***

Recruitment: The activity in this area was noted as being consistent with previous years.

Absence: Governors noted that the each of the college's absence rates at 31 October 2021 compared with the prior year: HC 8.1 current year to 4.7 in prior year; UC 5.5 in-year to 6.5 in prior year; HCUC 6.3 current year and 5.2 in prior year. IA highlighted that the AoC benchmark figure was 5.5. days and the Public Sector rate was 8.5 days. The meeting noted that this upturn in sickness absence was trend reported nationally as well as throughout London. As well as Covid the incidence of colds and flu plus heightened anxiety meant people were staying away from work (as the guidance asked them to) when they might have come in pre-pandemic. The higher rate at Harrow College was due to the larger number of LSAs who worked 1:1 with learners and were even more likely to stay away. ***The Chair asked for future data reported to Resources Committee to include long-term sickness; defined as anything over three weeks at HCUC.***

Training: The meeting noted the completion rates for Performance Appraisals: 61.5% at HC and 62.3% at UC. Governors were pleased to note the maintained high completion rate for Prevent and Safeguarding Training of staff with a figure of 99% at each of the individual colleges. Governors were reminded that the HCUC recruitment process had now been amended to ensure that all new appointees completed the mandatory College training in Equality, Prevent and Safeguarding before their first day of service. The meeting discussed the disappointing figure for completion of appraisals at HCUC after the deadline of 31 October has passed. IA highlighted that the start of this term had been particularly heavy for staff with a cohort of students who had been negatively impacted by the Covid-19 pandemic and having missed two years schooling. There had also been a very strong focus on HCUC being Ofsted ready from the start of the autumn term. However, with Ofsted imminent it would be even more important for timely completion of all appraisals. DMcT highlighted the college focus on any grade 3 or 4 teaching and the appraisal process was a key element of resolving any pockets of poor teaching and driving the quality of teaching up. IA informed the meeting that the HR Department had now set up a working group to consider the appraisal process including a review of whether the current timeline was realistic. DDS highlighted that management needed to be mindful that performance data for the previous year was often only finalised at the end of October each year. DDS suggested that the working group should review what percentage of the final data set was still with moderators for additional assurance during October. The meeting agreed that management needed to review the appraisal system and timeline after the working group reported. Governors suggested that the line management responsibility for timely completion of appraisals should be reinforced and that there could possibly be a penalty for non-completion. The Chair suggested that any argument in relation to workload was not valid as the leavers data considered earlier in the meeting had suggested that only 5% were citing workload as a reason for leaving. The HR Director reminded the meeting that the current year had been very different from previous years with the ongoing pandemic impact on learners behaviour, threat of online delivery, Ofsted focus and ongoing work to merge with Richmond Upon Thames College. IA highlighted that there would be a focus on workload management training at the two management training days to be held in December 2021.

Governors asked for an update figure on completed appraisals to be brought to the next meeting of the Resources Committee – including any appraisals which were delayed due to outcome data still being moderated.

Employee Relations: The HR Director confirmed that the majority of ongoing work under this aspect of HR was with 'welfare' i.e. health and wellbeing issues. This had been made worse by the pandemic. The number of cases having been dealt with at the two colleges were noted as: 181 across HCUC (110 Uxbridge and 71 Harrow) with 111 (61.3% of total) welfare cases across the group.

Staff Focus Group Feedback: The meeting noted the summary feedback from the Staff Focus Group that had been held on 4 November via MS Teams; 10 lecturing staff from across both colleges had attended. The range of topics covered, were as follows: Time management and barriers to fulfilling the job role; Communications; Interface between support and curriculum; Learner impact/ culture & ethos; customer service; Quality (SAR process); Internal career development and staff training; Equality/ Diversity/ Safeguarding and Prevent; Leadership and Management; team working; Staff Wellbeing; College values and valuing staff. The meeting took the detailed report outlining staff feedback as read. The meeting noted the positive feedback on the following: communications (this was seen as key during the ongoing pre-merger period); staff training and the sharing of good practice; the role out of the digital services team had been well received; and EDI across college was also seen as positive. IA assured the meeting that action in relation to the areas of improvement identified was being taken and would be monitored at Senior Leadership Team to ensure appropriate action was being taken in response to staff feedback. Governors were pleased to note that staff feedback had confirmed that lecturers were positive about College Values and that HCUC was strong in leadership, values and diversity.

Recruitment of Shortage Specialist Staff: The meeting noted an update to provide assurance for the Resources Committee members on what management were doing to resolve the ongoing 'Hard To Fill' vacancies. IA highlighted the current economic climate with starting salaries at very high levels; specialist staff e.g. in engineering were being poached with big salary offers. He asserted the need for HCUC to be mindful about strategies to ensure that it was able to keep 'specialist' staff already in post. A working group to target this issue had been established and they had been looking at a number of new initiatives. The meeting noted the numerous ideas being reviewed which included: retention payments (golden handcuffs); a staff referral scheme; and exploring co-employment with industry specialists. IA highlighted the recruitment evening held on 11 November to recruit for a Talent Academy which would build a pipeline and get people into a pathway into teaching. This event had been well attended by teaching and others who did not have a teaching qualification. Governors sought – and were given – confirmation that the Talent Academy would include an apprenticeship route. The college was also discussing headhunting with Protocol (a specialist recruitment agency operating within FE). Another idea was that HCUC was now working with Ex-Service organisations to source ex-service personnel for engineering specialist roles. The focus on keeping specialist staff already working at HCUC would include looking at flexible working practices (including Working From Home) and a review of how staff at the top of their pay scale could be rewarded. IA informed the meeting that some of the specialist 'gaps' in the engineering school had been mitigated by the programme where 12 PhD students from Brunel University were working with the IoT students to deliver and support curriculum delivery. However, some stubborn areas still remained.

The meeting discussed the concept of retention payments and Governors (SB) suggested that they were not very effective as by the time people had decided to leave it was too late. A more effective method might be a longer term rolling opportunity to accrue additional payments after stay for a determined length of time. This could be based around 'building up a share/ cash incentive' if staff remained looking inward. It would incentivise commitment to HCUC. IA confirmed that the HR team needed to do more work on talent management and think about identifying really talented people at HCUC – identified from appraisal data – as those that the College should do more to retain. Governors agreed that the idea of co-employment with specialist employers was a very interesting concept. The meeting discussed whether this could extend to getting employers to advertise the roles. This would also be good as an option as it would mean specialist teaching staff were completely up to date with industry experience.

IA highlighted the tension between the current HCUC Terms and Conditions and allowing any flexibility to meet the current jobs market. This was also constrained by internal equities but the working group were looking at identifying different job roles and job types within the overall staffing cohort to justify differential pay scales. IA would be talking to the HR Director from Chesterfield College later in the week as they had already gone down this route. IA asserted the need for HCUC to push against each of the doors in order to solve the Hard-to-Fill roles there would not be just one answer and the College needed to be realistic about the market that it was in. Governors asserted the need for management to think about what people were interested in i.e. their lifestyle/ time of life which might generate different options for incentives even though the College was constrained by its public sector and charity status. IA confirmed that post-pandemic people were more interested in working from home but the DfE guidance was still focussed on the learner experience and demanded face-to-face delivery onsite. This would create ongoing tensions within the FE sector for HR staff to consider.

The Deputy CEO (DMcT) confirmed that the 'hard to fill' roles were having a knock-on impact on the College's quality. The immediate – short term - solution was to use the provided agency catch-up funding to fill the obvious gaps. IA highlighted the fact that lesson observation data had shown that agency staff had a lower grade profile so with Ofsted likely in 2021/22 the College needed to remain mindful that there should not be an over-use of agency staff.

Salary comparison data: The meeting noted the comparative data for Lecturers' Pay Scales across 20 London and other local FE colleges at 5 October 2021. This data had been taken from recent advertisements. HCUC was ranked sixth for the starting point of the pay scales and fifth for the top-end.

This position within the upper quartile enabled the College to balance salary costs with budget constraints. DDS confirmed that the current discussion at SLT were around how much further the college could push the top end salary – currently at £39,864 - as that was where the competition was being felt. The meeting agreed that psychologically a top salary of £40,000 would look better without any largescale impact on staffing costs. It was also noted that HCUC's ranking had also improved as the College had managed to pay at least 1% cost of living (COL) increase each year unlike some other colleges. The position of RuTC was noted – fifteenth for low end and twelfth for high-end, however IA was not sure whether these figures accounted for the recent 2% COL increase awarded to RuTC staff in summer 2021. ***It was AGREED that at some point the College should investigate the option of establishing a separate company to enable payment of separate pay scales and salaries for specialist posts.*** However, the GDFRP (SW) that this could not be done in the short-term as it would not be permissible within the first five years of the Institute of Technology.

The Human Resources Report was RECEIVED.

[The HR Director left the meeting.]

8. HCUC Management Accounts to 30 September 2021

An historical cost surplus for the period ending 30 September 2021 of £2,590,000 compared to a budgeted surplus of £1,578,000 giving a favourable variance of £1,011,000. The significant variances were highlighted as follows:

- Education Income of £9,084,000 compared to budget of £9,018,000, (positive variance of £66,000). Within this major variances were noted as: a positive variance of £111,000 in Tuition Fees overseas against a budget of £183,000 due higher than forecast enrolment of international students (68 enrolled compared with the target of 30). The Chair sought an explanation of why there had been the increase in international students. The CEO (DDS) informed the meeting that the College had worked hard to achieve targeted success with agents in various countries. This had involved the promotion of a number of courses at Level 3 and within the IoT. The meeting discussed the threat associated with maintaining Highly Trusted Status. DDS confirmed that management were very aware of the need to focus on this and HCUC staff were now very tight on the learners that they allowed to take up the visas; there was a very tight vetting process.
- Services and Other activities income showing an adverse variance of £27,000 against the forecast of a £22,000 deficit. The meeting noted that £24,000 of this was an adverse variance on refectory income due to lower footfall and reduction in services. SW reminded the meeting that the catering was currently on a 'cost-plus' contract but this would be up for review at the end of this academic year. The meeting was assured that management would go out to tender to see whether a better deal was available.
- Employer Services was showing a favourable variance of £50,000 against the budget of £922,000. The meeting noted the additional AAT Level 4 accounting course (short courses) which had generated £20,000 of the variance. There were also favourable variances against staffing costs in the Apprenticeship School (TAS).
- Employee costs of £5,051,000 compared to budget of £5,678,000, (favourable variance of £628,000 due to vacant posts within Academic and Support staff). Members were reminded that the budget assumed all posts would be filled for the whole year. VP highlighted that there was one curriculum areas going against this trend - H&SC and Construction. This was showing an adverse variance of £7,000 due to retention pay and higher assessor costs.
- Expenses: a favourable variance of £296,000 against the budget of £2,900,000. This included a variance of £93,000 in exams costs which would be later than expected and £53,000 on consumables expenditure which was also later than expected. There had also been some exam refunds due to Covid. The College had also received a credit note of £21,000 for electricity bills at Harrow College. Depreciation was also £52,000 below forecast of £791,000 due to later than

expected capital expenditure.

- The College's Balance Sheet remained strong with a cash balance of £33,917,000. Fixed Assets were at £108,639,000.
- All ratios were healthy: cash days in hand at 257.4; current ratio at 2.29 (year-end forecast 2.70); and reserves/ income at 157% (forecast 154%). The cash position was very strong against budget at £33.9m due to the front loading of GLA income.

The meeting discussed the move in the level of creditors – moved down by £440,000 due to some recent large payments. Accruals were noted as being up by £1.3m due to the timing of GLA and ESFA funding; SW confirmed that this was on a receipt and release basis. The Chair sought confirmation on whether management were concerned about non-receipt of the pre-July 2021 debt. VP confirmed that the College had put in place much tighter controls in relation to Student Loans Company debts during the current year. SW confirmed that the College was planning to receive the money due from the local authority for High Needs Students (HNS) before the Christmas break.

The Management Accounts for the first quarter to 30 September 2021 were RECEIVED; the Resources Committee commended the strong start to the 2021/22 financial year.

9. Capital/ 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 reminded the meeting that contracts had been exchanged during the first week of September but exchange had not yet taken place due to some complications around access. SW was hopeful that this would be finalised before the end of the term.
- *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, this would be considered within the wider HCUC Estates Strategy but current thinking was that this land would not be used for HCUC education purposes in the future. SW confirmed that he had commissioned a market review to ascertain whether the offer from Heronslea represented good market value. The Resources Committee agreed that a capital injection of circa £3m would be a useful buffer for the financial impact of any merger with RuTC. SW cited the possibility of using this money for the final stage of development still planned for the Uxbridge Campus. The meeting agreed that it would make sense to get the land valuation and then take the land sale as a formal recommendation to the Corporation in early 2022 if appropriate.
- *ESFA Further Education Capital Allocation (FECA):* It was confirmed that the work had now been completed to meet the deadline of the end of 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)

The Property Update Report was RECEIVED.

It was AGREED that the Resources Committee should consider the land valuation for the vacant plot at Harrow Weald before taking any formal recommendation to the Corporation in early 2022.

ITEMS FOR INFORMATION

10. ESFA Dashboard and confirmation of financial health rating

The GDFRP (SW) presented the letter and the accompanying dashboard from the ESFA which confirmed their assessment of the College's financial health after their review of the financial plan 2020/21 to 2022/23.

The meeting was pleased to note that this confirmed financial health grades of Outstanding for 2020/21 and also Outstanding for 2021/22 (the current budget year) as forecast by the management team. The meeting commended the very useful dashboard which very clearly demonstrated HCUC's strong financial performance. SW highlighted the fact that HCUC was at the maximum score of 300 on the ESFA Financial Scorecard; there were not many colleges who could demonstrate ongoing financial performance at this level and who exceeded budget forecasts on an annual basis. The Chair sought – and was given – assurance that this item would be taken to the Corporation for information in December 2021. Governors (SB) asked whether the staff at HCUC understood the high quality of HCUC finances. SW and other members of SLT thought that staff were aware of the ongoing 1% Cost of Living increase and investment in CPD and curriculum development plans but probably did not understand just how good HCUC finances were compared to the sector average. Governors suggested that this would be a good positive message to make staff aware of.

It was AGREED that SW would highlight the very strong financial performance of HCUC on an ongoing basis at the end of term All Staff Briefing in December 2021.

The ESFA Letter and Dashboard of BCA's Financial Health was NOTED; it would be taken to the Corporation for information on 7 December 2021.

11. To receive the Resources Committee Risk Register update

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 the 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 remains 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 15 'red').* 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. However, there was still a risk for the Digital T Level with a potential shortfall of eight placements needed to complete the qualification in July 2022.
- 1.14 *College fails to retain Highly Trusted Status (HTS) for international students* (Risk score now raised to 'red' with a score of 12; the potential issue around visa refusals and Covid was noted. The low numbers of international students at HCUC meant that only1 or 2 visa refusals would mean HCUC breached the 10% threshold. The work to improve relationships with overseas agents and tighter selection of students was noted as mitigation.
- 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 remains 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').

MINUTES

- 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'.) The meeting was assured that the submission to the DfE had been made and discussions would take place around targets with all 12 national IoTs early in 2022
- 5.11 *Compliance with GDPR and other data related regulation* (Risk score at 15 'red'). SLT were still 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'). Management were very aware that this risk was still real despite IT Services using up to date security software, processes, and policies. The recent move to MS Teams and SharePoint was now more secure with Two-Factor authentication in place for all College user accounts.
- *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.

The HCUC Resources Committee Risk Register was RECEIVED.

12. To confirm and agree the dates and times for the meetings in 2021/22

The dates and times of the meetings were noted and agreed as follows:

- Wednesday 16 March 2022 at 10.00am
- Wednesday 22 June 2022 at 10.00am

13. Any Other business

There was no other business. The meeting closed at 12.35pm

Signed ……………………………………….

Date ……………………………………..

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