MINUTES

Directorate: **Governance**

Minutes of: **Resources Committee**

Date: **16 March 2022** **Time: 10.00**

Venue: **Online via MS Teams**

Present:

Alasdair MacLeod	Governor (Chair)
Simon Boulcott	Governor
Darrell De Souza	Group Principal & CEO

In attendance:

Imtiaz Aziz	HR Director *(Part attendance Items 1-6 and 8 only)*
Karen Elliott	HR Director designate *(Part attendance as above)*
Dylan McTaggart	Principal Uxbridge College and Deputy CEO
Andy Miller	Executive Director Corporate Services
Vikash Patel	Head of Finance
Tracy Reeve	Director of Governance
Jo Withers	Principal Harrow College
Shane Woodhatch	Group Director Finance & Resource Planning

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1. Chair's Agenda Item
The Chair did not have any matters to raise under this item.

2. Apologies for absence
No apologies had been received.

3. Notification of any urgent items that members may wish to raise under Any Other Business
There was no other business.

4. Notification of Interests Members may wish to declare relating to any item
No interests were notified.

5. Minutes of the Resources Committee meeting held on 24 November 2021
The GDFRP highlighted an error on page 2 in relation to the staff costs in the Financial Statements which should read *'staff costs were £36.237m in 2020/21 compared with £34.531m in the prior year'*. Subject to this amendment, the minutes were approved and would be taken as 'signed by the Chair'.

6. Matters arising from the minutes of the Resources Committee meeting held on 24/11/21
There were no matters arising that were not already covered by the agenda.

ITEMS FOR DECISION/ APPROVAL

7. HCUC Fees and Charges Policy 2022/23
The GDFRP (SW) presented the HCUC Fees and Charges Policy for 2022/23, he confirmed that changes to the policy had been made in light of funding guidance from the ESFA and the Office for Students; consideration had also been given to market forces and the fees and charges made by other providers. Governors were assured that there was no significant change to the content of the

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policy but was reminded that the fees and charges were now common across all campuses of HCUC. The meeting noted the Table of Fees, the following changes were being proposed:

- The College registration charge to be raised to £45 (from £40) for full-time students and to £35 (from £30) for part-time students across HCUC. Parking fees to be increased to £200 for full-time and £100 for part-time students (£190 and £95 in current year). ID card charges to increase to £10 (currently £9) and the cost of a replacement ID card to remain at £10. The Administration charge for a withdrawal and refund request would rise to £45 from £40.
- Fees for 19+ learners on level 3 courses and above (providing it was not their first level 3 courses) would be set at a funding value listed by the ESFA and the maximum loan amount available for all first year entrants. These would be available on the College website.
- HE Fees as shown in the Appendix to the fees policy. The detail of HE fees by course was noted by the meeting. DDS highlighted the requirement from Office for Students that HE Fees were agreed and published early in the year. He also reminded the meeting that HE Fees were effectively capped at £6,000 as HCUC did not have a full Access and Participation Plan. This matter had been discussed at the recent QCS Committee when specialist advice from Governor MRW had been that a full Access and Participation Plan would require a disproportionate amount of work for the relatively low number of HE learners at HCUC.
- A range of fees for new international students: FE £7,300 (prior year £6,900) and HE students not eligible for OfS funding would be raised to £7,700 (from £7,350).

Governors noted the categories of learners highlighted in the policy and the level of discounts and remissions that they received; they sought clarity on any other areas of hardship that the College considered. It was confirmed that the College offered bursaries for other cases of hardship. SW highlighted that the College had not received any complaints about fee increases and the international interest was strong for 2022/23 admissions.

The Fees and Charges Policy for 2022/23 was APPROVED as presented; it would be RECOMMENDED to the Corporation on 29 March 2022.

8. Human Resources Update

The HR Director presented the standing Human Resources update report to the meeting.

- ***HR Data Dashboard (Red is last years wording)***

The meeting received the HR dashboard which reported on a number of key HR metrics for 2021/22 year-to-date at the end of the second quarter (noted as 31 January 2022): staff headcount and FTE by College; staff turnover; equality data of the HCUC workforce; recruitment activity; and sickness absence rate. The meeting was reminded that this now included data over a three-year period to enable Governors to monitor any trends. Governors noted the overall headcount (not FTE) for HCUC for permanent staff YTD was now 743 (231 at HC and 512 at UC); this figure had been stable since 2018. The meeting also noted the headcount of casual (HC 45, UC 165) and agency staff (HC 113, UC 74) at each of the two colleges. The overall headcount was now at 1,123 (HC 389 and UC 734) which was showing an increase of 236 since October 2021. This upward trend was noted as being due to the increased use of agency and casual staff to fill short-term vacancies. Headcount data by contract type – lecturer, manager, support – was noted as consistent by proportion with the prior quarter.

The current HCUC staff turnover figure for the rolling 12-month period to 31/01/22 was noted as 17%; this was below the AoC benchmark of 17.4% but was slightly higher than the figure in the previous year (15%). The meeting agreed that the higher figure was probably partially due to some certainty returning after the effects of the Covid-19 pandemic had lessened. The turnover rate by contract type (lecturer/ manager/ support) and by age band of employees was also noted; there was nothing to highlight in this data distribution. The same was noted for the age distribution of leavers. The Chair sought confirmation on the typical length of time between someone leaving a post and a replacement being appointed. IA informed the meeting that the HR Team tried to work towards the timeline for 'approval of the replacement' to 'having someone in post' being two months (or three months where people had a longer notice period). However more recently there had been certain posts where the advert had to be posted two or three times which was leading to an increase in casual and agency staff to fill the gaps. DDS highlighted the higher reliance at specialist levels on agency staffing who could command high rates of pay and often expected a four-day working week (Monday to Thursday). This was particularly true in the specialisms of engineering and digital where people often made life-balance choices especially when very specialist or a higher level manager. Governors sought clarification on the notice period for HCUC teaching staff; this was confirmed as three months. IA informed the meeting that the recent increase in turnover seen at the College was a post-pandemic phenomena which was being seen across the whole of the FE sector, as well as in other industries. The meeting sought clarity on whether the HR Team had the data on where leavers were going to; IA informed the meeting that HR had not yet looked at this but it would be sensible to analyse whether they were leaving the sector. IA informed the meeting that when HR had started to look at the 'hard-to-fill' roles in earnest at the start of 2021/22 they were focussed on academic roles but the College was now seeing support roles within this category. IA reminded the meeting that in the last HR Report the exit data had suggested that money was not the main reason for leaving, this was usually cited as for reasons around 'work life balance'. ***IA suggested that this exit data should be reviewed and an update report should be brought to the next Resources Committee to see whether there had been any change in reasons cited for leaving HCUC.***

The equality and diversity (E&D) data of staff was considered and IA highlighted that the current BAME figure at each of the colleges was: HC 49% (an increase of 4% on the prior year figure), UC 38% (same as the 2020/21 figure). Governors were pleased to note that the overall College figure of 41% and both Colleges were exceeding the College target of 36% for BAME representation. The representation by contract type also showed a good representation of BAME staff at all levels including management. The meeting agreed that HCUC should be proud of the strong BAME representation at all levels of HCUC which reflected well on the College as a diverse and inclusive community. IA confirmed that trend data indicated that this would be sustained. DDS informed the meeting that at a recent meeting of the Black FE Leadership Group the link between poor representation of BAME and poor learner outcomes was noted. Governors were assured that HCUC had a strength of BAME representation and students were represented in relation to their characteristics. Principal Uxbridge (DMcT) reminded the meeting that SEND, BAME, Looked After Children and other challenged groups performed well at HCUC with no marked achievement gaps. IA confirmed that senior leaders put EDI factors high up the strategic agenda and this was reflected in outcomes. The gender profiles for each of the Colleges were noted as: HC 79% female and UC 62% female, the overall HCUC figure was 67% female. The meeting noted that this figure was above 46% which was the GLA figure for females who were economically active in the London population. The HCUC figure of 67% for female representation was also above the AoC 63% figure for females in the FE College population. The meeting commended the strong female representation at all levels and agreed that the 'glass ceiling' did not appear to be an issue at HCUC. However, as highlighted by IA, the management team were mindful of complacency and would maintain a focus on this. The representation of disabled staff was 7% at HC and 10% at UC; 9% at HCUC overall. IA highlighted that this figure was lower than the GLA figure for disabled persons who were economically active at 12%; however, he believed that there was a level of under-reporting across HCUC which HR was working to try and identify. The age profile of staff was also noted with 62% of HCUC staff over the age of 44, this age profile had remained largely stable since the prior year (60%). The meeting discussed the considerable recruitment activity (124 recruitment campaigns across the group) that had taken place during the first half of the academic year and noted the ethnicity, gender and age breakdown of applicants and appointees. The strong BAME recruitment and promotion activity was noted. Governors noted that the absence rates had now exceeded the AoC benchmark (5.5 days) and College target of 5.6 days for the year to date 2021/22 (this was on a rolling 12-month period to January 2022). The overall sickness absence rate for HCUC was 7.5 days for the 12 months to 31 January 2022 (6.7 at Uxbridge and 9.4 at Harrow). The meeting agreed that these higher levels were probably a reflection of the end of the Covid-19 pandemic and a return to campus based working. IA informed the meeting that anecdotal feedback suggested that this upturn in sickness absence was happening across the whole of the FE sector. It was also noted that the latest AoC benchmark was also out of date. The meeting suggested that this was being exacerbated by people staying off work with cold-like symptoms – as advised in case of it being Covid – when they would previously have gone into work. The Chair sought, and was given, confirmation that the College was still tracking cases of Covid-19. IA confirmed that the Covid data would be separately identified in future reports so that data was not skewed. Resources Committee members noted the data on completed performance appraisals for 2020/21; this was currently at 93% and missing appraisals were due to staff leaving the College, being on long-term sick leave or maternity leave. Governors sought additional clarity on how managers were monitored for their timely completion of appraisals for their staff. IA confirmed that this was considered for all managers within the quarterly performance reviews with the CEO and Principals. The Chair asked for future HR Reports to separately identify the number of staff on long-term sickness leave (defined as three weeks plus); numbers and length of absence. The meeting was pleased to note the high completion rate for Prevent and Safeguarding Training of staff with a figure of 99% at each of the colleges.

- ***Employee Relations***

The meeting noted that there had been an increase in casework since last reported at the end of quarter 1; cases had now gone up to 378 (244 at UC and 134 at Harrow) from 181 at the end of October 2021. IA highlighted that the majority of the work was in relation to 'welfare' issues. Governors were concerned that staff welfare cases had more than doubled during the second quarter and sought confirmation that this increase was now slowing. The meeting was reminded that a working group to promote staff wellbeing had been set up, one of the aims of this group was to improve the well-being of staff and in turn reduce sickness absence. There had also been resilience and mindfulness training provided at the February 2022 Whole College Training Day. The meeting discussed the 'employee relations' activity which would include grievances, capability etc. IA highlighted that although only 23.3% of the cases it hid the amount of work involved in these cases. They were often very complicated and had the legal risk of staff initiating tribunal claims if not dealt with correctly. IA reminded the meeting of how effective the HR Team had been working with managers which had ensured that HCUC had not had single tribunal claim during the last four years. Governors sought confirmation on whether there were any recurring themes within these 'employee relations' cases. IA confirmed that he had identified certain areas of college where additional HR Resources would be useful and had run some additional training for managers (pre-pandemic) aiming to stop cases being escalated to HR; it was always better if they could be dealt with informally. There was now a need to revisit management training to give managers additional confidence to deal with the issues. The aim would be to take a different approach to management training and opt for a coaching model whilst working around culture and workloads. This additional coaching training would bring the casework load down and enable HR to focus on the complex or difficult cases. Governors (SB) suggested that HR should look at whether there were any hotspots of employee relations issues in specific departments; often the tone from management could aggravate any issue. ***It was agreed that Resources Committee should receive more granular data on an annual basis on the types of cases being considered within the Employee Relations work; a snapshot over three months added less value. The HR Annual Report should also highlight any themes after discussion with the CEO.***
The CEO confirmed that SLT did discuss the detail of all serious grievances and considered the risk factors and potential impact on the college. IA also confirmed that HR did have a 'RAG' risk rating for grievances which could be reported to Resources Committee.

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- ***Staff Focus Group Feedback***

The meeting noted the summary feedback from the Staff Focus Group that had been held remotely on 20 January 2022 for 18 Managers across HCUC. The range of topics covered, were as follows: Time barriers to fulfilling the job role; Communications; Learner impact culture and ethos; Lesson observations; Teaching and Learning Hour; Study programmes including English and maths; Ofsted Inspection; Student attendance and punctuality; People management; Career development; Staff training; E-learning; IT Resources; Quality Improvement and TL&A; Staff Wellbeing; and HCUC College culture/ values. The positive feedback and the areas for improvement were highlighted in the report to the Resources Committee meeting and were discussed. The meeting was pleased to note the many positives that were cited and that staff felt very positive about communications and the College values. The main Area for Improvement had centred on the numerous admin tasks and workload and the need for better lead in times. The suggestion had also been made to include a SWOT analysis in the appraisal process. The concerns around the formal lesson observation process on industry specialists entering HCUC with no teaching experience was also noted. IA confirmed that all of these suggestions would be included in the HR action plan moving forward. The Chair sought, and was given, confirmation that the College had a formal follow-up process to feedback to staff. IA also highlighted that this was also included as feedback into meetings with Union representatives.

- **HR Initiative: recruitment of shortage specialist staff**

The meeting noted an update on the work being undertaken to look at the 'hard to fill' roles at the college. Governors were reminded that the central issue was that specialist staff could earn more working in industry and HCUC could not complete on salary alone. A number of different options were being trialled including: 'golden handcuff' payments; retention payments; staff referral scheme; co-employment with external employers; industrial updating of HCUC staff; head-hunting; looking at ex-Service personnel; and the HCUC Talent Academy.

IA highlighted this last idea which had worked well and at least one person had been recruited. The next event would be held after Easter and was looking to try and build a pipeline of applicants. To date 38 people had been attracted to join the Talent Academy and would be treated as internal applicants when a vacancy occurred. The Chair sought confirmation on how HCUC had identified these individuals and IA informed the meeting that the HR Team had worked with Protocol who had undertaken a lot of the marketing. The other area where there would be a big push was co-employment. This had huge advantages as people would have current industry experience. Another area which was still being explored was for Flexible benefits. As the College would still need to keep within a cost-base it might be possible to offer less annual leave and a less beneficial pension which would allow a higher headline salary. Governors also suggested that people might be attracted to the offer of a four-day week, even for senior roles. The added benefit of this was that pay costs were cut by 20% or people could work a full-time contract over four days. IA confirmed that applicants now expected to see 'hybrid working' but there were challenges for the FE sector to offer this to the whole of the workforce. Exec Director Corporate Services (AMi) suggested that the HR Team could keep in touch with key staff who left HCUC to see whether they settled into their new role. It was also suggested that people could be offered a sabbatical. IA confirmed that pre-merger, Harrow College did offer sabbaticals and they worked well so there was probably value in revisiting this option.

- **Salary Comparator Data.**

The meeting noted the annual salary comparator data comparing HCUC lecturers salary bands to other London and local regional colleges. IA confirmed that as HCUC was at a mid-table position there was nothing particular to note.

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- **Vote of thanks for outgoing HR Director (IA)**

The meeting thanked the HR Director (IA) for his final attendance at Resources Committee before he left the College at the end of March 2022 to take on a new role. His input at Harrow College and since taking on the role for HCUC post-merger in August 2017 was commendable as was his diligence. The meeting gave IA their best wishes for the future and wished him well in his new role. IA thanked the Chair and stated that it had been an honour and privilege to work with the HCUC Governing Body. He wished the newly appointed HR Director, Karen Elliott well in the role moving forward.

The Human Resources Report was RECEIVED.

[IA and KE left the meeting.]

9. Health and Safety (H&S) Mid-year Report 2021/22

- **Rebuttal off SQR Health & Safety (H&S) Audit Report**

AMi (Exec Director Corporate Services) updated the meeting a recent deep review of H&S process and practice that had taken place at HCUC. This had followed on from an unsatisfactory audit of Health and Safety had been undertaken in June 2021. AMi highlighted that as the H&S audit had been undertaken during the pandemic there had been only a limited number of suitable audit firms available. After rejecting the first report due to ongoing anomalies and inaccuracies, HCUC management had accepted the revised report as it provided satisfactory assurance even though some anomalies were still included. Audit Committee had first considered the report from SQR Group Ltd in September 2021 and had subsequently asked management to gain evidence in order to be able to fully rebut the report. AMi confirmed that ongoing dialogue with SQR had not been possible – they were non contactable - so the College had turned to an alternative solution. Governors were informed that a replacement Health & Safety Advisor had been recruited to start in early 2022 but they had resigned from post at the end of their first week. AMi asserted that this individual was very highly qualified – possibly over-qualified – and their resignation had highlighted shortcomings at all levels of H&S across HCUC. After this, the College SLT had taken the decision to undertake a 'root and branch' review of H&S process and practice across HCUC. The College had recruited a former HCUC interim H&S advisor who was now working as a specialist consultant to undertake this additional review. AMi assured the meeting that this review had provided a level of technical expertise from someone who knew Harrow and Uxbridge colleges well. However, additional input would need to be provided to get all staff onside and allow the compliance agenda to be fully embedded across the college. The meeting noted that the first report from this specialist H&S consultant had uncovered a lot more than expected. However, AMi highlighted that the report had been written from a position of 'worst possible case' and made no allowance for the ethos of 'so far as is reasonably practical' as quoted by the HSE and ROSPA. DDS also highlighted that the report did not reflect the specialist nature of the college as an education settings and the specific H&S rules within schools and colleges which did have a bearing on managing H&S. The ongoing reference to criminal liability was too strong and was making staff scared of H&S requirements so delaying compliance. The meeting noted the 11 main topics in the report and the 13 main recommendations; it was agreed that there was an element of repetition within these recommendations. AMi confirmed that many of these recommendations had already been implemented e.g the H&S Policy Statement had now been signed by the Chair of Governors as well as the CEO. A new H&S Policy was being drafted which clearly showed ownership and accountability throughout the College; previous process had required too much liability to be held by the central H&S Adviser. The SLT and EMT would also accept the HSE guide HSG65 'Managing for Health and Safety' as the basis for all H&S processes at HCUC. However, AMi highlighted that HSG65 was quite technical and would be hard to follow for many staff; it would be rewritten in a format so that it was accessible for staff to follow. AMi highlighted the importance of recommendation 9 'that the risk assessment profile of HCUC is formulated and established by EMT so that limited resources can be directed to the highest risk activities first'.

First steps: The meeting noted that the report had been discussed at SLT on 18 January 2022 and at this stage a number of the recommendations had been actioned. However, the remaining recommendations would reply on changing the H&S culture at HCUC so that leadership at all levels within the organisation was taking responsibility for H&S management. The previous centralist approach with all accountabilities lying with the H&S Adviser would need to change. AMi informed the meeting that the key H&S resources had been identified and put into an MS Teams folder with all of the SLT having access so that it could be cascaded through the organisation. AMi confirmed that there were already examples of good practice moving to this new decentralised process. He also informed the meeting that there had been a restructure so that the H&S Adviser would report directly to him rather than the Head of Estates and Security; this would remove any potential conflict of interest moving forward.

Next Steps: The meeting noted the following proposed next steps in the action plan:

- A revised H&S Policy was being finalised and would be taken to the next Governing Body meeting for approval (29 March 2022).
- Management would look at the ongoing value of the OSHENS system for staff to use to produce Risk Assessments or whether there was a better way of doing it.
- A programme of small-scale H&S inspections would commence with small scale inspections of high-risk areas being prioritised. Findings would go to Heads of School and departmental directors to allow follow-up of findings/ recommendations.
- H&S Training would be improved with the ideal being: IOSH Managing Safely training for Estates staff; IOSH Leading Safely for EMT/ SLT and possibly Governors. Audit Committee had agreed that it would be a good idea to consider whether the Corporation should have a designate Lead Governor for H&S.
- Risk Assessment Training would be offered to all managers to remove any ongoing 'fear' around complicated Risk Assessments.

The meeting sought confirmation that management did not have any physical concerns around the estate and any ongoing live risks. AMi reaffirmed the current conclusion that although HCUC was working in a safe manner, there was room for improvements and corrections to be made. Governors were pleased to receive assurance that HCUC was operating in a safe manner and noted that many of the 13 recommendations were process and administration related. The meeting sought further assurance on how H&S would be managed on an ongoing basis and whether a replacement permanent H&S Adviser had been recruited. AMi confirmed that the Job Descriptions for the H&S Adviser (H&SA) and Assistant H&SA had now been reviewed by the Head of Estates and the Interim H&S Adviser. They would be finalised by HR and then advertised. The meeting noted that the interim H&SA was currently providing AMi with all instances of good and bad practice for follow-up and these had been used to build the revised Job Descriptions. The Resources Committee agreed that the appointee would need to be technically competent as well as being approachable. Governors agreed that the most important thing moving forward was to engage all staff so that they had a balance of respect for H&S and were able to engage without fear around the compliance requirements. This was agreed as the 'usual' way of doing things at HCUC.

The Chair thanked AMi for the report and his summary, Governors agreed that the 11 areas of challenge now clearly gave the College an action plan. It was agreed that in relation to Health and Safety, process and documentation was critical as was strong leadership and this review had provided a broad challenge in relation to the process and leadership of H&S at HCUC. Governors (SB) suggested that in order to embed a strong H&S Culture management should build H&S objectives into management Job Descriptions. There was a need to make it very clear in relation to accountabilities around H&S at all levels of management. SLT suggested that standard appraisal

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objectives should contain actions in relation to H&S and that could be used to increase the focus on the importance of H&S being a shared accountability. AMi highlighted that managers were fearful of risk assessments and additional training would be required to increase confidence. Governors were assured that during the recent full inspection Ofsted had look at H&S vigorously and nothing of key concern was raised. However, DDS concurred that ongoing vigilance needed to be a devolved responsibility; if the correct culture was not in place from the top then it was inevitable that 'gaps' would appear further down the organisation. DDS highlighted the recent statement from the interim H&SA that 'If the College was treating H&S like they did Safeguarding HCUC would be in a better place.' DDS confirmed his acceptance that the College needed a heightened awareness and ongoing vigilance.

The meeting NOTED the update on the recent review of H&S at HCUC.

[Exec Director Corporate services (AMi) left the meeting.]

10. Financial Reports

- **HCUC Management Accounts for January 2022**

The GDFRP (SW) presented the composite HCUC management accounts to the end of January 2022; these were taken as read as the meeting was about to consider the mid-year forecast in detail.

The Chair sought a reason for the omission of an Aged Debtor Report in the Management Accounts paperwork as there was an indication that Trade Debtors had risen since last reported. SW apologised to the meeting and confirmed that this was an oversight which would be rectified.

[ACTION: VP to circulate Aged Debtors Report to all members of Resources Committee by email.]

The HCUC Management Accounts to 31 January 2022 were NOTED and RECEIVED.

- **Mid-year reforecast 2021/22**

The Group Director Finance & Resource Planning (GDFRP) (SW) presented the consolidated revised forecast 2021/22 and revised plan 2022/23. The historical cost surplus for 2021/22 was now forecast at £50,000 compared with the previous budget surplus of £250,000; an adverse variance of £200,000. The meeting noted a detailed narrative giving clear explanation for any variance and reforecast on a line-by-line basis. Significant variances were highlighted:

INCOME:

Now forecast at £57,065,000 against a budget of £57,289,000 (adverse £225,000):

- *Education income:* £112,000 positive variance against a budget of £49,128,000 due to the additional funding received for small group and skills recovery work awarded post-budget. There was also a positive variance of £259,000 from additional GLA 19+ delivery. The lower ESFA/ GLA delivery against the National Skills Fund had been partly mitigated by reduced costs but was now forecast as an adverse variance of £163,000 against budget. Tuition fees home had been reduced by £166,000 against budget due to lower recruitment than planned. However, Overseas Tuition Fees were showing a positive variance of £213,000 against the budget of £187,000. SW confirmed that 68 overseas learners had been recruited against the budget of 30. The Chair sought additional clarity on where the additional learners were coming from. The CEO (DDS) informed the meeting that the majority of the additional overseas students had come from India and Nepal. HCUC now had a very good agent in Nepal who had previously worked at the College and had kept in touch with HCUC after returning to Nepal in 2004. This agent was very mindful of the fragility of the Tier 4 Licence for Colleges and Universities and he ensured that all applicants were very thoroughly vetted. As a result a number of applicants had been rejected so candidates were now getting competitive and momentum was building for the start of the next enrolment in January 2023.

The meeting sought – and was given - confirmation that this increased level of overseas interest was expected to continue into 2022/23. SW confirmed that the plan for 2022/23 included a target of £270,000 for the overseas tuition fees.

- *Services and other activities:* £68,000 adverse variance against the budget of a £132,000 deficit) due to the variation in the catering contract as a result of the pandemic lockdown and college closure. SW confirmed that the Executive Director Corporate Services would be talking to the catering company in the near future to explore a move back to the previous contract based on a profit-sharing model. Lettings were also not yet back to pre-Covid levels.
- *Employer services:* £463,000 adverse variance against the budget of £6,000 due to the impact of Covid-19 on commercial, apprenticeship and IoT provision. Agency staffing costs were also higher particularly in relation to hard-to-fill vacancies. This investment in the new Technical Apprenticeship School was a considered expense during the current year and was due to start to pay-back in 2022/23. Principal Uxbridge highlighted how this investment had already improved Apprenticeship provision to the extent that it was awarded a 'Good' grade in the recent Ofsted inspection. The meeting noted the drop in HE provision through the IoT against budget. It was noted that a fuller analysis of IoT income would be brought to the May Governing Body meeting to enable governors to monitor IoT progress as economic recovery improved post-pandemic. Principal Harrow reminded the meeting that an IoT project Manager was now in place at HCUC – since January 2022 – to develop and drive forward the IoT strategy in liaison with the DfE.

EXPENDITURE:

- *Staff Costs* now forecast at £33,477,000 against a budget of £33,636,000 (positive variance of £159,000). Savings due to vacant posts were offset by additional posts required to deliver the additional funding awarded post-budget. Governors were reminded that the 2021/22 budget had assumed all posts were filled for the whole of the academic year. The central FRS17 charge had been forecast at an increase of 5% on the prior year. The detail of the staff costs variation were largely taken as read but VP highlighted the following:
  - H&SC and Construction: additional assessor post and upgrade of lecturer to Course Team Leader.
  - ELTFS: additional ESOL delivery at Hayes
  - ENGTI: high agency staffing costs to cover 'hard to fill' posts.
  - Learning Support at Harrow College: high agency costs but this had now been restructured to the costs into less expensive permanent posts. This also had a beneficial impact on quality.

Non-Pay costs now forecast at £17,005,000 for the HCUC group against the budget of £16,996,000 (adverse variance of £10,000). Savings mainly in depreciation which had been offset by higher merger costs, hire of premises for ESOL delivery (offset by lower sub-contracting costs) and an anticipated increase in pension finance costs. The meeting noted the following factors within this:

- Finance costs included additional costs for systems support: a cross-campus Microsoft agreement and an additional £50,000 for an increased number of ITrent (HR Software) licences in readiness for merger.
- Pension finance for LGPS was showing an adverse variance of £51,000.
- Depreciation: a saving of £148,000 in line with capital expenditure which had now been revised down from £5m to £3.8m

The Chair sought clarity on the additional expenditure on Portacabins and exam space and what was driving this. SW informed the meeting that the GLA funding had increased by £259,000 but there had been a capacity issue at Hayes so SLT had hired portacabins. Overall the increased college delivery with a reduction in sub-contracting had meant that the overall contribution in this area of work had risen. Governors were reminded that Hayes Business Studios were going to be converted into classrooms for ESOL for 2022/23; the current tenants had been given notice. Principal Uxbridge (DMcT) confirmed that this additional space would enable the existing staff rooms – which were house in three or four purpose built classrooms - to be returned to their original use. It was noted that curriculum growth at Hayes was now being limited by capacity. The meeting considered and discussed the detailed narrative and figures within these overall categories and sought clarification where appropriate.

BALANCE SHEET

- *Cash* was in a strong position with a £25.424m forecast against the budget of £24.629m; positive variance of £795,000. Cash days in hand were forecast at 221.3 against a budget of 194.7. Fixed Assets was showing a negative variance of £1.114m against the budget of £109.339m due to the timing of capital expenditure. The current ratio was forecast at 2.84 against a budget figure of 2.70. SW informed the meeting that Reserves as a percentage of income was forecast at 158% against the original budget of 154%. Borrowing as a percentage of income was forecast at 0% which was in line with the budget. At a forecast of 10% the EBITDA figure was forecast to meet the budget figure. The staffing ratio was now forecast at 70% compared with the budget of 70%; GDFRP assured Governors that the College SLT were very mindful of the need to aim for a 'staff:income' ratio closer to 65%. It was confirmed that during budgeting work for 2021/22 the SLT would review staffing/income ratio to ensure that the College got closer to 68%. Resources Committee members were assured that the SLT would review staffing requirements through portfolio meetings and adjust accordingly.
- *Financial Health.* It was noted that under the reforecast the College's financial health as assessed by the ESFA would remain at 'Outstanding' for 2021/22 with a score of 300 (against a maximum point score of 300) in line with the budgeted 300 score.

➢ ***Plan Year 2022/23***

The GDFRP presented assumptions for the plan year, based on the original 2021/22 budget and the revised forecast. It was confirmed that the plan year had been adjusted to allow for known factors such as the ESFA and GLA allocations, increases in pension contributions and NI, and capital expenditure. The plan year showed a historical cost surplus of £500,000. The cash balance for the plan year was forecast at £30.968m and Reserves would be at 158% of income.

Income assumptions were based on the following:

- 16-18 allocation – funding for 2022/23 based on the 5,775 students (current year 5,708 students) including T level provision.
- 19+ allocations – no increase assumed.
- ESFA ALS Funding – Funding would be lower as it would be based on a lower student number of 520 (558 in current year).
- WBL (Apprenticeship) – an increase of 5% for both ages (levy only) assumed for each of the plan years.
- Institute of Technology – Income for the plan year was based on the income shown on the Business Plan agreed with the DfE to maintain a prudent approach; this assumed 5% growth in HE and Apprenticeships.
- Short courses – 5% growth assumed.

The plan assumed no salary increase due to the current income projections and no further pension increases for LGPS or the Teachers' Pension Scheme during the period. The meeting was reminded that LGPS was now fixed at 23.4% for a further two years and TPS at 23.68% for the same period. The staff costs assumed that all posts were filled for the whole of the plan year; the meeting was assured that the annual zero-based staff budgeting exercise was already underway throughout the

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College to generate a realistic budget for 2022/23. Pay efficiencies of £1,988,000 had been included in the plan year in order to secure a staff to income ratio closer to 64%. SW confirmed that there was a contingency provision of £100,000 in the plan year, a further contingency of £200,000 to allow for restructuring costs in the plan year, and a provision of £100,000 had also been included for holiday pay accrual. The plan also included a provision for the apprenticeship levy of 0.5%. Expenses in the plan year had been reworked to reflect adjustments made in the forecast 2020/21 and Non-pay inflation was assumed at 5%; energy cost inflation was assumed at 35%. A provision for efficiencies had not been included in this element of the financial plan. Capital expenditure had been included in the plan year at £5m but it was noted that the final capital strategy would not be agreed by Governors until the final budget for 2022/23 was approved in July 2022. Depreciation had been recalculated to reflect the timing of the current projects and assumed future projects. SW confirmed that no new loans were assumed in the plan year.

The KPIs for the plan year were noted: Cash days in hand were shown as 232.7; Current Ratio was shown as 3.02; reserves as a percentage of income were shown as 158%; and the EBITDA figure would be 12%. Cash would be very strong at £30.9m by July 2023. The meeting also noted that staff costs as a percentage of income would be 68% in the plan year. SW assured the meeting that staff costs had been fully reworked to annualise all authorised posts included in the forecast for 2021/22 and assumed all posts were filled for the whole year but there was actually a substantial vacancy factor for the full year. Governors were assured that further work would be required including reviewing financial performance at school level and where intervention was required, possible restructuring would take place at school level to mitigate any shortfall. The meeting discussed the need to formulate a clear Estates Strategy, especially for the development of certain buildings at Harrow College e.g. the Hair and Beauty area. SW confirmed that HCUC would retain a financial health category of 'Outstanding' in the plan year with a maximum score of 300 points. SW highlighted that the key elements of risk in the forecast and plan centred around the assumed 5% growth in Apprenticeship income and the assumed income from the IoT. SW confirmed that the revised forecast had been submitted to the ESFA to meet the deadline. The Resources Committee was reminded that the HCUC Budget 2022/23 and Financial Plan 2023-25 would be brought to the June meeting of the Resources Committee.

The Revised Forecast for 2021/22 and Plan for 2022/23 was APPROVED and would be RECOMMENDED to the Corporation on 29 March 2022

- **Merger financial update**

The meeting considered financial data associated with the planned merger with Richmond Upon Thames College (RuTC). The GDFRP presented the updated financial forecast for the post-merger organisation which had been considered by the merger Joint Steering Group earlier in March 2021. The GDFRP (SW) presented an executive summary of the income and expenditure statement for both Colleges, which included prior year performance 2020/21, current year mid-year forecast and provisional budget for 2022/23. The provisional budget year had been consolidated to produce the HRUC forecast and included a sensitivity analysis to support the threshold of maintaining a financial health score of outstanding. The meeting noted the detailed indicative KPI's including EBITDA, staffing as a percentage of income, cash days in hand and borrowing as a percentage of income. SW highlighted that the financial health score had been derived from using the current ESFA College Financial Forecasting Return (CFFR) model. The meeting took the detailed reports as read which included: Income and Expenditure, Balance Sheet, Cashflow, Ratios, KPIs and Financial Health Score. The meeting noted that these forecasts did not take account of any contract novation or amalgamation of contracts or deletion of duplicate posts at merger so there was likely to be additional savings.

SW highlighted the ongoing strong forecast cash position with HCUC holding £29.176m cash in July 2022 and £30.97m in July 2023 and RuTC having £2.656m and £2.332m. The combined position of

£33.303m would drop to £28.303m after the additional layer of sensitivity analysis was applied. The meeting was pleased to note that the financial health forecasts of the combined college would be Outstanding in the forecast; this remained the case after the 'worst-case scenario' sensitivity analysis had been applied. SW confirmed that the provisional HRUC budget had been subject to a further sensitivity analysis, which indicated that HRUC would still maintain a financial health score of outstanding if the new group were to post a £5.2m deficit. By having the Outstanding score it would demonstrate that HRUC had robust finances to fulfil its contractual obligations and to respond successfully to opportunities (e.g. able to submit bids for grant funding) or adverse circumstances.

SW outlined the forecast costs of the merger as £4.1m which included: £ 0.9m merger costs; £1.9m for Phase 2 inflationary increase on the STEM Build and £1.3m for the VAT crystallisation. The two latter points would deplete RUTC cash reserves which HCUC would have to subsidise upon merger. The meeting was reminded that HMRC had been approached with regards to their assumptions made in relation to the VAT charge upon merger and there was now a very strong possibility that this £1.3m VAT charge would not crystallise on merger.

The HCUC Management Accounts to 28 February 2021 were RECEIVED.

11. Interim IT project budget and minor works budget

The Committee considered the requested interim allocation of £550,000 for the IT Project Budget and £250,000 for the minor works budget 2022/23. This would enable the College to make commitments for work during the summer period of July and August 2022 to avoid disruption to students. Governors were reminded that the final IT budget for 2022/23 would be approved in July 2022 within the budget approval process; full details of requirements would be brought to the June meeting of Resources Committee. The detail around the key areas of spend that had so far been identified were noted by the meeting; this totalled £1,300,600 across HCUC (£880,000 at Uxbridge and £420,600 at Harrow).

The meeting was reminded that the College had spent £600,000 on improving IT infrastructure – e.g., Wi-Fi access and speed - across all sites during the last two years. Feedback from students and staff had been positive in response to the improvements secured. SW confirmed the ongoing programme to renew all IT equipment on a rolling three-year basis in order to maintain the best resources for Teaching Learning and Assessment at the college. The move to providing laptops for staff was working well and improving flexibility of access for staff whether on site or remotely. The Chair sought confirmation on the paper explaining the disposal of five-year-old iMacs and how this sat within the HCUC 'three-year renewal plan'. SW confirmed that due to the high cost and cutting-edge technology of apple PCs they were renewed on a five-year basis. The meeting discussed the recent leasing deal that the college had secured where HCUC had been able to secure a Wi-Fi upgrade now with a lease over a three-year period at 0% interest. The meeting sought, and was given, confirmation that HCUC would own the equipment at the end of the three-year period but could hand it back if preferred and replace with new updated versions.

The interim IT budget of £500,000 and £250,000 for minor works for 2022/23 was APPROVED.

12. Agency (ESFA) allocation 2022/23

SW informed the meeting that Colleges had been notified of some elements of the agency funding allocations for 2022/23. The meeting considered this funding allocation compared to the plan year as included in the mid-year forecast already approved by the Resource Committee. The plan year had anticipated an increase in income to £39.795m. The meeting noted that the allocation of £40.623m was £828,000 higher than included in the plan and was £3.341m higher than the allocation received in 2021/22. SW confirmed highlighted that these figures excluded the funding allocation for the Adult Education Budget which would come via the Greater London Authority (GLA). SW confirmed that the college had not yet received any indication – even verbally - on the level of the GLA allocation for 2022/23.

SW explained the allocation being £518,000 higher than plan as follows:

a) Main 16-18 allocation had increased by 8% from £31.894m in the current year to £35.245.

b) Learner numbers were noted as 5,708 in the allocation (compared with 5,708 in the current year). As previously mentioned, the pre-Covid high in enrolment had been 6,000 16-18 learners.

c) Learner Support funding had fallen to £402,000 (this had once been £800,000 at HCUC. The meeting was reminded that the College had subsidised this budget with an additional £100,000 for 2021/22 in order to support strong attendance.

b) High needs element 2 allocation was £3.12m as planned.

c) Teachers pensions allocation was £1.16m as planned. This was based on payments made to Capita, rebased for the full year and included 23.6% employer contribution.

The report was NOTED

13. Capital and IoT Projects Report

The meeting considered the Capital Update Report presented by SW; it was noted that this was for information as there were no decisions currently required. Key current bids and projects were noted as follows:

- *House at Harrow Weald*: The meeting noted that the house sale had not yet completed as planned due to lack of funds at the vendor. SW was hopeful that this would be finalised before the end of the academic year.

- *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 summer 2022 if appropriate. SB sought confirmation on whether the valuation was predicated on the land having planning permission in place. SW confirmed that the original offer from Heronslea had specified planning would need to be attained. If the College secured planning permission the land would be worth more to a developer.

The Property Update Report was RECEIVED.

14. Agency Allocations & Priorities for 2022/23

The meeting noted a paper which summarised the financial performance of both Colleges (H and UC) for the periods ending July 2021 to 2024. SW highlighted that if both Colleges were to "standstill" going forward and no management intervention took place, efficiency savings of £1.9m would be required to post a surplus of £500k in the provisional budget for 2022/23. This was noted as modest return from the income line of £58m. The meeting was reminded that the budgeted staff costs included a vacancy factor of £6.5m since it was assumed that all posts were filled for the full year (which was never the case). The meeting took the Appendix A - the detailed income and expenditure for both Colleges – as read. SW highlighted the mitigating actions outlined in the paper which would take place over the next few months. These included:

- An earlier start to the learner application and recruitment process with a longer tail (going on further into the first term) to try and attain pre-Covid 16-18 learner numbers.
- Improving the conversion rate of applications as well as increased conditional offers during application.
- Include T level provision of £788k within portfolio planning and associated delivery
- Reduce the assumed cost of £1.08m to deliver the additional 40 hours required to the planned study hours by increasing employability and enrichment hours; or consider online delivery.
- Set contribution targets at school level to achieve surpluses within each area and review school structures to ensure that set contributions were achievable.
- Increase claims for High Needs Students over time and ensure that were recorded correctly and appropriately claimed from the Local Authorities.
- Part release contingencies included within the provisional budget and plan year
- Reduce reliance on high cost agency cover for vacant teaching posts.

SW confirmed that if the College returned to an enrolment of circa 6,000 learners, then there would not be a financial issue. The meeting was reminded that although applications for 2022/23 were currently strong, this had also been the case for the 2021/22 enrolment but conversion rates had been lower. DDS confirmed that this would continue to be a major focus across all HCUC campuses and staff were working hard to ensure a strong enrolment.

SB highlighted the need to be mindful of the added pressures around removing public sector pay restraints. The meeting agreed that there would be a sensitivity around staff costs within the budget 2022/23 and forecast as there was very likely to be higher pay inflation over next two plan years. SW confirmed that current thinking was that the Unions would be pushing for a 3-4% pay increase. There would also be massive pressure around increasing utility bills and inflation in non-pay costs (currently assumed at 5% but likely to be higher in reality). The Chair commended this work which had highlighted the pressures on finances for all FE Colleges and the actions planned at HCUC going forward which were detailed in the paper. Governors commended the clear action plan and the lack of complacency within the management team.

NOTED

[Principal Uxbridge and Principal Harrow left the meeting as they had to attend another meeting in College.]

15. Higher Education – Consumer protection law update

- **Student Protection Plan Update**

The meeting was informed that the update on the Student Protection Plan was not ready for consideration; it would be taken to the Corporation for approval on 29 March 2022.

NOTED

16. To receive the Resources Committee Risk Register update

The meeting received the HCUC Risk Register that had been updated by the Executive Team, through a review of the 2021/22 corporate goals, and projects coming on stream throughout the year. 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:

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- 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 college working group led by HR looking for innovative solutions. The Chair sought confirmation on the comment within 'mitigation' referring to 'reduction in the use of agency staff' which did not seem to agree with the HR Report considered earlier in the meeting. ***ACTION: SW to check the comment in relation to agency staff.***
- 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 placements needed to complete the qualification in July 2022.
- 1.14 *College fails to retain Highly Trusted Status (HTS) for international students* (Risk score still at 'red' with a score of 12). The work to improve relationships with overseas agents and tighter selection of students was noted as mitigation. HCUC now had a very strong relationship with an agent working in Nepal who used to work at the College. After discussion it was agreed that this risk should be revised to an amber risk score as HCUC had received satisfactory confirmation with regard to its HTS. ***Action: Risk score in relation to HTS to be revised to amber.***
- 2.05 *Inflexible delivery models for Apprenticeships could restrict growth* (Risk score remains at 12 'red'). The ongoing legacy 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').
- 3.11 *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 still at 12 'red'). This would always be seen a 'business-critical' risk.
- 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 and was now recovering well in 2021/22 after the negative impact of 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 well received and discussions around portfolio targets into years 4 and 5 were now taking place.
- 5.11 *Compliance with GDPR and other data related regulation* (Risk score at 15 'red').
- 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 the most up-to-date security software, processes, and policies. The move to Teams and SharePoint was now more secure with Two-Factor authentication in place for all College user accounts.

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- *5.13 Operational impact due to Coronavirus (Covid-19).* (This risk added in March 2020 was now at 8 'green' from a risk score of 12 'red'). The meeting was reminded of the measures in place and the ongoing adherence to all Public Health England and Government guidelines.

GDFRP informed the meeting that at the Audit Committee meeting held on 10 March 2022 it had been agreed that SW suggested that an Executive Summary paper highlighting the mission critical risks – those which were likely to always remain as a red rating – would be provided for Audit Committee and Resources Committee at future meetings. This format was already used for reporting to the full Governing Body.

The HCUC Resources Committee Risk Register was RECEIVED.

17. Notification of any attempted fraud in the period to date

SW informed the meeting that an incidence of attempted theft/ fraud had recently been identified. Resources Committee members were informed that the HCUC used a specialist company to dispose of obsolete IT equipment in an environmentally friendly way. In view of this the IT department had put 25 iMacs in a room at Uxbridge campus awaiting pick up for disposal. A member of staff sought permission from his line manager to take some of the machines for themself as they were being disposed of. Permission was refused but the individual went ahead and took nine iMacs – each with a street value of circa £200. A whistleblower highlighted this theft which was substantiated by video evidence of the staff member putting the iMacs on a trolley and loading them into their car. The meeting was assured that there had been a college investigation of the incident and the individual returned the machines and resigned with immediate effect. SW confirmed that he had not pressed charges yet as the property had been recovered and there had been no material loss to HCUC; this would be considered further by SLT. However, Governors agreed that staff needed to understand that they could not take this approach to obsolete HCUC property even if it was ringfenced for disposal. SW reminded the meeting of the previous incident in the Motor Vehicle curriculum area where charges had been pressed after ongoing theft of college property. GDFRP confirmed that this matter had also been reported to the HCUC Audit Committee meeting on 10 March 2022. The Chair concurred with the Audit Committee approach for the College management team to consider the correct course of action when incidents of theft or fraud occurred on a case-by-case basis.
The recent fraud/ theft was NOTED.

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

The dates and times of the remaining meeting in 2021/22 was noted and agreed as follows:

- Wednesday 22 June 2022 at 10.00am

[The Principals Uxbridge and Harrow left the meeting at 12.00 to attend another meeting.]

19. Any Other Business

- **Resources Committee Feedback to next Governing Body meeting**
  - HCUC should be proud of the strong BAME representation at all levels of HCUC which reflected well on HCUIC as a diverse and inclusive community.
  - The slight increase in staff turnover needed to be closely monitored. Updated data on reasons for leaving HCUC would be brought to the next Resources Committee meeting.
  - Resources Committee had approved the interim IT budget of £500,000 and £250,000 for minor works for 2022/23

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

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