MINUTES

Directorate:	**Governance**		
Minutes of:	**Resources Committee**		
Date:	**23 June 2021**	**Time: 10.00**	
Venue:	**Remote access via Zoom**		
Present:	Alasdair MacLeod	(AMcL)	Governor (Chair)
	Simon Boulcott	(SB)	Governor
	Darrell DeSouza	(DDS)	Group Principal & CEO
	Steve Owen	(SO)	Governor
In attendance:	Imtiaz Aziz	(IA)	HR Director *(Item 8 only)*
	Andy Miller	(AM)	Exec Director Corporate Services
	Vik Patel	(VP)	Head of Finance
	Tracy Reeve	(TR)	Clerk to the Corporation
	Shane Woodhatch	(SW)	Group Director Finance & Resource Planning *(Items 1-7 only)*

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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 were received.

The Group Director Finance & Resource Planning (SW) informed the meeting that he would leave the meeting at 11.00am to attend a short notice meeting with the Pension Funds and Eversheds to discuss the pensions transfer required for the merger with Richmond Upon Thames College.

3. Notification of any urgent items 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 16 March 2021
The minutes of the meeting were approved and would be signed by the Chair.

6. Matters arising from the minutes of the Resources Committee meeting 16 March 2021.

- **West London Institute of Technology (IoT)**

The Chair sought confirmation on which member of the SLT was responsible for the oversight of the IoT work since the Deputy CEO had left the College at the end of May 2021. The CEO (DDS) informed the meeting that the College currently had an interim senior manager in post – Neil Brayshaw – who was covering the IoT work. DDS confirmed that NB would be in place at HCUC until October half-term 2021 and would be covering all aspects of Partnership Work previously undertaken by the Deputy CEO. It was also noted that the curriculum aspects of the IoT were also covered by DMcT as Deputy Principal Quality as well as DDS as CEO. The meeting noted that the next IoT Board meeting was scheduled for later in the day.

NOTED

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

ITEMS FOR DECISION/ APPROVAL

7. Draft Budget 2021/22 and Plan for 2022/23 and 2023/24

The GDFRP (SW) presented the report to the meeting and confirmed that this final version of the budget had been considered and agreed at the College Senior Leadership Team (SLT) meeting during the previous week. SW confirmed that the five-year outturn, budget and plan was presented on the basis of a stand-alone option for HCUC due to the slippage in the proposed date for the merger with Richmond Upon Thames College. The meeting noted the following key points in relation to the five-year budget and plan:

- The financial health score was at the maximum of 300 out of 300 for each of the 5 years.
- All KPIs across all five years were universally strong.
- Cashflow was very strong - the lowest point was 163 days cash.
- The College had no borrowing (previous loan was paid off two years ago)
- EBITDA – HCUC was a cash generating organisation with this at 12% (the sector norm was much lower than this).
- The budget 2021/22 was based on prudent assumptions.

- <u>**HCUC Forecast Final out-turn 2020/21**</u>

The revised forecast reported an operating surplus for the period of £1,055,000 compared to the previous forecast surplus of £1,104,000 (a shortfall of £48,000). SW highlighted the following significant points:

- *Income:* Education Income was now forecast at £50,803,000 against a budget of £51,757,000 (negative variance of £954,000).
  - *Tuition Fees – home:* a negative variance of £85,000 against the forecast of £790,000 due to a number of late withdrawals.
  - *HEFCE Fees:* The meeting sought clarity on why the figure for 202/21 was so much lower than the prior year (£275,000 compared with £1,087,000); SW confirmed that much of this income was now classified as IoT income.
- *Services and other activities:* This was showing an adverse variance of £38,000 against the forecast deficit of £172,000; the annual catering contract contribution had been affected by lower Refectory performance than forecast and lower lettings income due to Covid-19.
- *Employer Services Income:* A negative variance of £32,000 (against the forecast of £80,000). Short courses income was lower – mainly in Engineering – due to cancelled courses and lower recruitment due to Covid-19. SFA Contracts was showing an adverse variance of £66,000 due to reduction in contracts and other projects. Other projects was showing a positive variance of £44,000 to reflect release of the management fee. The boost to School Link income was also noted.
- *Employee Costs:* A favourable variance of £1,345,000 (against forecast of £35,084,000) due to posts filled later than anticipated and use of agency staff covering vacant academic posts. SW highlighted the additional costs incurred in ENGTI where additional assessors had incurred additional costs but these were required to drive up quality. The Chair sought, and was given, confirmation that the budget 2020/21 had allowed for a 2.3% cost of living (COL) pay award to all staff. SW reminded the meeting that due to constraints on income, lower enrolment numbers and uncertainty around Covid-19 the College had only paid a 1% COL increase in August 2020.
- *Expenses:*
  - *Marketing and Student Services:* A positive variance of £93,000 against the forecast of £2,398,000 due to the increased use of digital media for advertising and promotion.
  - *Human Resources*: a positive variance of £126,000 due to a reduction in advertising and

recruitment, and CPD (due to more online training). The Chair asked whether staff felt short-changed with online learning. The Head of Finance informed the meeting that whilst staff had missed face to face training there was an appreciation that the benefits included saved travel time and costs.
- *Estates:* An adverse variance of £81,000 against the forecast of £4,172,000. This had been due to higher security costs and the associated costs of PPE and H&S and cleaning expenses due to Covid-19. Response maintenance costs were also higher than expected due to additional works at Harrow. SW confirmed that the extra costs for LFD Covid testing had been circa £200k cost. Whilst the College could claim compensation for costs of Covid-19 not included in income this would not cover all costs; £60-£80k would be claimed.
- *Finance:* An adverse variance of £146,000 against the forecast of £2,604,000 mainly due to higher consultancy costs for the work on the College's IT infrastructure. SW reminded the meeting that the cyber incident in August 2020 had led to increased security. The meeting was informed that HCUC now had a Microsoft Business agreement and the College was moving to Microsoft systems for Teaching and Learning and administrative functions. This would provide better control and tighter security. The whole College was also moving to Azure (cloud based) for back-up on all of the servers. There was also a higher provision for bad debts and pension costs associated with the Covid-19 impact. The Chair sought clarity on why the Finance Costs were £750,000 above forecast and more than £1m above the prior year level. SW confirmed that there had been a number of one-off large costs: merger costs £250k; provision for bad debts increased to £250k; Microsoft licences and Azure £250k; and £293k on IT consultancy. Governors sought clarity on why the level of bad debt was rising – the College had written off £49,000 in the prior year. Management confirmed that student debt was higher than usual due to Covid-19 and online learning. The College had not blocked learners who had not paid – due to the TAG grades system in place. This would be treated as an exceptional year.

- *Depreciation:* A positive variance of £10,000 against the forecast of £4,462,000; reflecting a later spend on capital works than forecast.
- *Total Overheads:* A positive variance of £1,371,000 against the forecast of £52,184,000.
- *Balance Sheet:* Cash was showing an adverse variance of £514,000 at £24,909,000 (against a forecast of £25,424,000) due to lower outturn, higher capital expenditure and delay to the sale of the house at Harrow Weald. Fixed Assets were showing a positive variance of £404,000 against the forecast of £108,732,000 due to the timing of capital expenditure offset by lower depreciation. All ratios were strong: a cash day in hand figure was at 192.6 compared with a forecast of 189.2; the current ratio was 2.55 compared to 2.65 forecast and EBITDA was 12% compared with the forecast of 12%. The 'Outstanding' SFA financial health rating would be maintained. GDFRP informed the meeting that the College score on the SFA financial health scorecard was at the maximum 300; this was an extraordinarily strong 'outstanding' score.

The meeting sought additional clarity on 'Free College Meals' provided during 2020/21. It was confirmed that during lockdown, when students were at home, they continued to receive the allowance. This also applied to holiday periods. DDS confirmed that the College had met all obligations to continue payment during college breaks. Whilst money was available to fund this from local authorities there was a mismatch in terms of amount; HCUC had used unspent money from the prior year to fill the gap.

Budget 2021/22

An operating surplus for the period was now budgeted at £250,000 compared to the plan (approved in February 2021) of £500,000. SW confirmed that this reduced surplus reflected a 'worst-case' scenario. Members were assured that the College would maintain its SFA financial health rating of Outstanding, based on the budget as presented. GDFRP highlighted the following significant variances to the Plan:

Income

- *ESFA 16-18 Funding*: A negative variance of £109,000 based on allocation statement of 5,708 learners. SW reminded the meeting that the management team had already lobbied the ESFA to allow an application for any additional in-year growth funding if the 2021/22 enrolment exceeded this allocation.
- *ESFA ALS Funding*: Positive variance of £390,000 based on 558 learners.
- *ESFA 19+ Funding*: A positive variance of £247,000 based on the allocation statement.
- *Agency Other Funding*: A positive variance of £376,000 as the High Needs element 3 income rates would be higher than forecast. Also, higher TPS grant. Reduction in 16-18 Bursary but in line with income.
- *Tuition Fees (home):* An adverse variance of £160,000 to reflect reduced income in the curriculum plan.
- *Other:* A positive variance of £254,000 to reflect an insurance claim for the impact of Covid-19 on business operations and loss of income.
- *Services and other activities:* A positive variance of £14,000 as the College was assuming that the College catering contract would revert from cost-plus to profit-share from January 2022.
- *Employer Services*: A negative variance of £146,000 against the planned £152,000.
  - Short courses*:* Adverse variance of £48,000 against plan to reflect the ongoing impact of Covid-19 and uncertainty.
  - SFA Contracts: This was showing an adverse variance of £93,000.

Expenses

- Employee Costs

The budget included a consolidated 1.0% increase for all staff not on protected salaries; Governors were reminded that as funding levels were not increasing the College could only fund this annual salary increase by looking for efficiencies. No further increases to employers LGPS pension contributions or TPS (Teachers' Pension Scheme) contributions had been assumed during the period. The budget for employee costs was £33,636,000 against the planned £31,957,000 (adverse variance of £1,679,000). The meeting was reminded that the budget assumed that all posts would be filled from the start of the year which would provide a contingency factor when vacancies occurred (the vacancy factor was noted as £5,155,000). The meeting noted the deletion and creation of posts by department. It was noted that the average proportion of agency teaching was now budgeted at 8% across all the schools. The meeting noted that staff costs as a percentage of income in the 2021/22 budget were 70% which was the same as in the plan. The Chair sought and was given confirmation that the planned level of agency staffing at 8% was typical. The CEO confirmed that although this figure used to be higher at 10%, a decision to limit it to 7-8% was taken several years ago in order to drive up the quality of teaching learning and assessment.

- Non-Pay Expenses

SW confirmed that all curriculum expenses (staffing and non-staffing) had been rigorously challenged through the course costing model. Total expenses including depreciation were budgeted at £16,996,000 compared with the planned £16,551,000 (adverse variance of £445,000).

- *Schools*: Positive variance of £60,000 against the plan of £2,583,000 due to exams and materials costs to meet the course portfolio. There was also a reclassification of some costs to the IoT. The Chair sought and was given confirmation that there was a separate I&E account for the IoT in order to give clear visibility on income and expenditure.
- *Marketing & Student Services*: Total positive variance of £76,000 against the plan of £2,425,000. This reflected lower costs for the Advanced Learner Loan Bursary and Free College Meals which was in line with allocations from the ESFA.
- *Personnel*: A positive variance of £48,000 against a plan of £705,000 due to lower staff advertising and recruitment costs. Higher training costs reflected larger numbers of teaching staff in training.
- *Estates*: An adverse variance of £83,000 with a budget of £4,276,000 against the planned £4,192,000. The meeting noted that this reflected additional costs – e.g. Energy - associated

with the full return to campus after the Covid-19 pandemic. It also reflected Covid related expenditure to meet H&S requirements.

- *Finance:* An adverse variance of £155,000 against the planned £1,988,000. This reflected a release of provisions held within legal and professional fees. SW confirmed that merger costs were excluded but would be included in the final merged budget with RuTC. Governors noted that merger costs incurred by HCUC to date were £87,000. Consultancy costs were forecast to be higher due to project, design and survey for works within Estates, which was not planned. There would also be additional costs within systems support and development to bolster the onsite IT in light of the summer 2020 cyber incident. There was also an increase in bad debt provision due to the ongoing impact of Covid-19 on debt settlement; SW confirmed that the Finance Team would maintain a strong stance on debt recovery. There was also a release of efficiency savings into the lines above. SW confirmed that the proceeds from the sale of the School House at Harrow Weald would now be reflected in the 2021/22 budget.
- *Executive:* A positive variance of £17,000 against the planned £318,000.
- *Depreciation:* The adverse variance of £408,000 against the planned £4,339,000 was in line with capital spend and reflected the IoT capital expenditure on building and equipment.

<u>Balance Sheet</u>

- *Cash:* Budget of £25,651,000 against plan of £27,984,000 (adverse variance of £2,333,000). SW confirmed that this reflected a lower brought forward balance, lower surplus and higher capital expenditure.
- *Fixed Assets:* Positive variance of £1,446,000 against planned £107,892.
- *Cash Days in Hand*: 194.7 (225.7 planned).
- *Current ratio*: 2.70 (2.89 planned).
- *EBITDA*: 11% in budget against 12% in the plan.
- *Financial Health Score*: This was at the maximum score of 300 points in the budget.– The meeting was assured that this would yield an ESFA financial health grade of 'outstanding'.

<u>Plan Years 2022/23 and 2023/24</u>

SW confirmed that the income and expenditure plans for the two plan years had been reworked to reflect the proposed budget for 2021/22. Members noted that the college cash position and current ratios would remain strong throughout the two plan years. It was noted that the plan years 2022/23 and 2023/24 showed operating surpluses of £500,000 in each of the years. The stand-still assumptions for 16-18 and 19+ learner number growth and rate of funding were noted but the IoT growth had been included. The plan years assumed 5% growth in WBL funding under the apprenticeship levy-funding regime. Other income was assumed to be subject to 5% inflation. The planned Employee costs included: all pay increments; a pay award of 1% in each of the plan years; an apprenticeship levy of 0.5% of salaries in each year; and no further increases in LGPS and TPS employer contributions. Efficiencies were assumed in each plan year of £2,395,000 and £3,400,000. The detail of the capital investment programme over the plan years was considered; capital expenditure of £5,000,000 was assumed. Inflation of 4% was assumed in relation to non-pay expenditure. Governors were pleased to note that cash levels would remain strong at £27,692,000 and £29,991,000 in each of the two plan years. SW confirmed that the health category of the College would remain at 'outstanding' for both plan years with a maximum points score of 300. The meeting also considered the detailed Financial Performance Indicators for each of the plan years; all of these were strong. Members commended the very thorough budget and planning process and the clear accompanying narrative.

The Committee APPROVED the HCUC Budget 2021/22 and Plan 2022/23-2023/24 and RECOMMENDED that it be submitted to the Governing Body for approval.

- **Indicative Combined Budget and Plan Years: HCUC and Richmond Upon Thames College (RuTC)**

The meeting noted an executive summary of the income and expenditure statement for both Colleges and first year and two plan years of merger for Harrow Richmond and Uxbridge Colleges 'HRUC'. The financial performance by College was based on prior year actuals, mid-year forecast and budget year. DDS informed the meeting that RuTC were assuming a 15% growth in learner numbers but this was not included in this combined budget. The paper contained further details of income and expenditure and the key financial KPIs. Governors noted the projected financial health score of Outstanding for the combined college (HRUC) for the years ending 31 July 2022 through to 2024 with 240 points for the budget year ending 31 July 2022. The meeting noted that the first year of merger showed an indicative loss of £850k which included:

a) in part savings gained from senior staff restructuring £200k,

b) merger costs of £780k, to accommodate redundancy & strain costs, management costs to assist in transitional phase of the first six months of merger and professional fees such as legal, consultancy
c) contingencies of £100k within staffing to accommodate unforeseen costs for strain costs, any new posts required within the new management structure

However, the £850,000 deficit figure did not include any savings within corporate services which both college managements were working through to identify savings from duplicate posts. SW confirmed that once known this would be incorporated into the mid-year forecast. Also, it did not include possible savings from alignment of contractual obligations

The Balance Sheet for the merged college (HRUC) would remain strong which included a cash balance of £28.3m and adjusted current ratio of 2.05:1 in the Budget 2021/22. SW confirmed that this cash balance included the payment due to the HMRC for the VAT which would crystalize at the point of merger but did not take account of any potential cashflow issues that might arise from the complications of the RuTC Phase 2 redevelopment.

The Plan Year financial detail was taken as read; the end year deficits would be £411,000 and £665,000 respectively. The meeting agreed that this combined budget would need to be revisited when a final merger date was confirmed.

The combined budget for 'HRUC' 2021/22 and plan years 2022/23 and 2023/24 was NOTED

[Shane Woodhatch left the meeting and Imtiaz Aziz joined the meeting.]

ITEMS FOR INFORMATION

8. Human Resources Update Report – FOR INFORMATION

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

- ***HR Data Dashboard***

The meeting received the HR dashboard which reported on a number of key HR metrics for 2020/21 year-to-date at the end of the third quarter (noted as 30 April 2021): 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 764 (231 at HC and 533 at UC); this had not changed significantly since the first quarter 2020/21. The meeting also noted the headcount of casual (HC 43, UC 144) and agency staff (HC 75, UC 66) at each of the two colleges. The slight increase within agency and casual staff was due to additional Covid testing staff, classroom supervisors and staff to undertake small group catch up work under the Tuition Fund

The current HCUC staff turnover figure for the rolling 12-month period to 30/04/21 was noted as 13% (compared to 14% at 31 January 2021); this was below the AoC benchmark of 17.4% and was lower than the 16% figure at the end of 2019/20. The meeting agreed that the lower figure was probably partially due to the uncertainty caused by the Covid-19 pandemic. The turnover rate by contract type (lecturer/ manager/ support) and by age band of employees was also noted. The additional data requested by governors on the length of service was noted by the meeting; this confirmed that older workers remained with the college longer. The new data showing data in relation to length of service of leavers which was requested at the last meeting was noted; this had not raised any flags. The data showed that older members of staff stayed longer which was consistent with the last report. This reinforces the message that if HCUC wants to change the age profile it will take some time. Governors (SB) asked whether management could use this data to think about career progression of younger staff; was it an inevitability that they would leave HCUC? IA confirmed that this had been discussed at the recent SLT away day and it had been identified that the College needed to create clear career paths within the organisation. SB agreed that it would be important to create reasons to stay at HCUC for staff. IA informed the meeting that HR had also been looking at the exit data which was telling management that the two main reasons for leaving HCUC was 'work/life balance and family' and 'other reasons'. There was no evidence of staff leaving for higher pay but career progression was also cited as a factor. IA informed the meeting that he was chairing a meeting on 24 June to look at hybrid working post-pandemic.

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 45% (an increase of 6% on the prior year figure), UC 36% (an increase of 1% on the 2019/20 figure). Governors were pleased to note that the overall College figure of 39% and both Colleges were meeting or exceeding the College target of 36% for BAME representation (based on the GLA benchmark). IA confirmed that work was continuing to contact staff who were currently logged on I-Trent as 'not stated' in relation to ethnicity. The meeting noted the breakdown of BAME staff by contract type at each college and were assured that the distribution of BAME staff showed an even representation across all contract types. The gender profiles for each of the Colleges were noted as: HC 76% female and UC 61% female, the overall HCUC figure was 66% 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 66% for female representation was also above the AoC 63% figure for females in the FE College population. IA highlighted that female representation was higher in the FE sector than traditionally so the AoC benchmark was more valuable than economically active.

The representation of disabled staff was 8% 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 HR Team were mindful that there was more outreach work to be done but Covid related work had consumed the HR Team over the last academic year. There were plans in place to work with local community groups to encourage more disabled people into the workforce. Governors asserted that the data was acceptable considering the 'not declared' element.

The age profile of staff was also noted with 61% of HCUC staff over the age of 44, this age profile had remained stable since the prior year. The meeting discussed the considerable recruitment activity (127 recruitment campaigns across the group) that had taken place during the nine months of the academic year and noted the ethnicity, gender and age breakdown of applicants and appointees. The year-to-date offers made to BAME applicants was confirmed at 59% at HC and 51% at UC; any previous inconsistency in this rate had now been removed as it reflected the workforce data. The Chair sought an explanation for why female offers were disproportionately higher at Harrow College (81%) compared to 57% at Uxbridge College. IA confirmed that this had traditionally been the case but could not provide an explanation; he would look for any underlying reasons and report back to Resources Committee.

Governors were pleased to note that the absence rates were below the AoC benchmark and College target of 5.6 days in all categories of HCUC staff for the year to date 2020/21 (this was on a rolling

12-month period to April 2021). The overall sickness absence rate for HCUC was 4.0 days for the 12 months to 31 January 2021 (4.3 at Uxbridge and 3.5 at Harrow). The meeting agreed that these low levels were probably a reflection of the Covid-19 pandemic and the increased remote working. Resources Committee members noted the data an appraisal outcomes on completed performance appraisals for 2020/21. The data showed that: at UC 50% were 'Exceeds' and 39% 'Meets' expectation; Harrow was 36% 'Exceeds' and 54% 'Meets'. DDS asked where Corporate Services were included and this was noted as UC; this could have some skew impact on the data. SB asked whether there was any external challenge to the distribution of grades. IA informed the meeting that there was a uniform benchmark with regard to guidelines and a moderation process via a 'grandparent' signatory who had a whole department view. DDS informed the meeting that at the exemplary end of the grading the moderator had to be consulted; this was less defined at Exceeds/ Meets but there was still an overview by a Director to ensure that there was challenge. The Chair sought and was given confirmation that Lesson Observation data contributed to the annual appraisal basis. IA confirmed that additional training on descriptors was planned to ensure ongoing clarity and consistency on ratings. ***SB suggested that the only other thing to look at would be the link from appraisals at each college and the overall performance of each college. DDS concurred that it would be useful to see the spread of grades and whether corporate services staff were judged as higher performing than the average. It was AGREED that IA would look at this analysis on an annual basis and report any trends to Resources Committee.***

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 individual colleges.

- ***Employee Relations***

The meeting noted that there had been an increase in casework since last reported at the end of quarter 2; cases had now gone up to 439 (300 at UC and 139 at Harrow) from 364 at the end of January 2021. The meeting noted that there were 65 active cases at the current time. IA confirmed that this significant increase was due to the pandemic and large proportion of the total cases were related to Covid-19. The Chair sought confirmation on the number of HR staff who were involved in this aspect of the personnel work; this was noted as six staff over the two colleges. The value of HR input was asserted by the CEO who confirmed how it eased pressure on managers. SB suggested that it would be a good idea to compile a 'lessons learnt' brief from previous cases to improve future performance. 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. IA informed the meeting that HR were currently considering an anonymous 'drop-box' to capture feedback and comments from staff.

Covid: The meeting noted the Covid metrics and the vaccination rate data was noted by the meeting. The meeting noted that 85% of staff had now had at least one dose of the Covid-19 vaccination (compared with 78% at 30 April 2021), and 60% had received two doses. These figures were slightly above the national figures but mirrored the local communities and age profile of staff. Governors noted that only 11% of staff were planning to book a holiday abroad in summer 2021 but this data would be revisited before the summer break. The report cited no positive Covid tests but IA informed the meeting that since the 30 April there had been 3 positive cases in staff. DDS informed the meeting that there had been a slight increase in staff having to self-isolate just after May half-term due to the Delta variant of Covid-19 but this had now stabilised back to low numbers.

- ***Staff Focus Group Feedback***

The meeting noted the summary feedback from the Staff Focus Group that had been held remotely on 5 May 2021 for 20 Support Staff across HCUC. 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 and ethos; Customer service; Quality (SAR process); internal career development and staff training; EDI, Safeguarding and Prevent; Leadership and Management; team working; Staff Workloads and Wellbeing; Human Resources service; 'HRUC' post-merger

College culture/ values; and staff feeling valued by the organisation.

The positive feedback and the areas for improvement were highlighted in the report to the Resources Committee meeting and were discussed. Governors took the reports containing detailed staff feedback and the management responses as read. Governors were given assurance that action in relation to the suggested areas for improvement was being taken and was being monitored by the Senior Leadership Team. One suggestion highlighted was that Support Staff should have access to external speakers at the Whole College Training Day; this was already being implemented in readiness for any future Ofsted Inspection. The meeting noted that the regular HR Newsletter introduced during the college lockdown had been received very positively. The strong positive feedback from support staff was commended; this group had traditionally been a less positive group.

- **Annual Gender Pay Gap Report**

The meeting noted the annual gender pay gap report that the College was required to publish on the website. This report had a snapshot date of 31 March 2021. IA confirmed that the latest gender pay gap report did not show any significant difference in the overall position of HCUC and UC between 2019 and 2020. In the same period there had been a reduction in the pay gap figures for HC. Governors asked for benchmark data from other colleges but it was noted that the AoC had not yet published this data. The meeting discussed how this data was calculated and noted that a larger number of women at lower levels would lead to a bigger gender pay gap. This would also be affected by high numbers of Learning Support Assistants (LSA) who were traditionally female. HR would think about how to attract more men to LSA roles. The impact of the gender split of the senior team was also noted. The meeting noted that the bonus figure related to one member of staff; when published the gender Pay Gap Report would include staff numbers to allow the context to be seen.

The Human Resources Report was RECEIVED.

9. HCUC Monthly Management Accounts to 31st May 2021

The Head of Finance (VP) presented the HCUC management accounts to 31st May 2021. The accounts were taken as read as they had been fully considered during agenda item 7 Draft Budget 2021/22.

The HCUC Management Accounts to 31st May 2021 were RECEIVED

10. Capital and Property Update

The meeting considered the Capital Update Report presented by VP in the absence of 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:

- *Institute of Technology:* VP confirmed that the twenty-second drawdown had taken place on 7 June 2021; the year-to-date grant funding drawn down was now £8,758,517 (received £8,385,991).
- *House at Harrow Weald*: The meeting was reminded that the offer of £505,000 had fallen through due to delaying tactics by the buyer. A second cash offer of £500,000 had been accepted at the end of February 2021 and SW was currently working with solicitors to conclude the sale. Governors commended the work done on progressing this sale and achieving the £500,000 sale figure.
- *Vacant land at Harrow Weald:*
  The meeting noted that several property developers had approached HCUC about selling land adjacent to the Harrow Weald campus bordering the A409 and Uxbridge Road. The only company to come forward with a firm offer was Heronslea Group Portfolio who had offered a cash sum subject to planning permission. Governors noted that the 'modus operandi' of the Heronslea

Group was to buy land and then work with planning authorities to gain the necessary permissions to design and build bespoke homes. It was agreed that this opportunity might be of value to HCUC going forward particularly in relation to the challenges associated with the merger. There would also be the possibility of using any cash injection to finance a new SEND building at Harrow Weald due to the high demand for high need learners provision within Harrow. The meeting agreed that this would be a good idea in principle but more work would have to be undertaken to gauge the full value of the land. Governors also suggested that HCUC might look for a share of any developers profit.
It was AGREED that the possibility of land disposal at Harrow Weald should be taken to the Corporation meeting on 6 July 2021 for further consideration.

- *ESFA Further Education Capital Allocation (FECA):* VP reminded the meeting that the deadline for completion of all the work had now been extended to September 2021. The meeting was reminded that the total allocation from the ESFA had been £2.094m with HCUC also spending £523,541 (25% contribution). Governors were assured that work was all on track to meet the revised deadline. The spend to date was noted as £2,545,871 and works had been completed for Bronte, Fleming and C Block.

- *FE Capital Transformation Fund (FECTF)*: The meeting noted that HCUC submitted a capital bid on 22 March 2021 for £4,418,697 of which £2,945,798 would be grant funded and £1,472,899 self-funded. The project was to create a college business centre with a focus on two areas aligned to the IoT: Business Skills and Engineering (new technologies). These were two sectors with the highest future demand in West London over the next decade. Outcome of the first stage was due to be known by 14 May 2021 but confirmation was still outstanding. DDS confirmed that he had spoken to the ESFA about this bid but it seemed that they would be prioritising bids where colleges had a high level of dilapidated buildings.

- *T level Capital Wave 3*: HCUC had submitted a capital bid on 28 March 2021 for £972,608 of which £648,405 would be grant funded and £324,203 self-funded (33%). The project would entail refurbishment of the Brunel Building which would cater for the T Level Business & Administration and Science routes expected to be delivered in 2022/23. The meeting noted that the outcome of the first stage bids would be announced in July 2021.

The Property Update Report was RECEIVED.

11. Financial Regulations Amendment

The meeting considered a paper which sought approval for the revised Financial Regulations for the post-merger organisation 'HRUC'. This new policy would come into effect at the point of merger. VP confirmed that the reviewed document was based on the HCUC Financial Regulations and had been amended to reflect the agreed Designate Executive Structure which would come into effect at the point of merger. The Capital Resources Project Group at RuTC had also now been included within the document. VP confirmed that the thresholds for delegation were the same as in the current HCUC version (last reviewed in June 2020). The Chair sought clarity on the level of delegation of financial authority to the three colleges but VP confirmed that any devolved budgets would be kept at a high level and to a minimum in order to maintain control. Governors supported this policy to keep control with the central Finance Team. VP highlighted that this was an initial draft which needed to be finalised with the management team at RuTC; it was only for information at this stage. A final version would be brought to Resources Committee for approval when the merger date was confirmed.

The draft Financial Regulations for HRUC were NOTED; a final version would be considered by the Resources Committee later in 2021 in advance of a confirmed merger date.

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12. Revolving Credit Facility (RCF)

The meeting noted this paper for information. Governors were reminded that in October 2019 HCUC repaid the existing loan and reduced the revolving facility from £4m to £1.5m which produced annual savings of £56,500. HCUC currently incurred an annual non-utilisation charge of 0.50% (or £7,500) for keeping the credit line open. The meeting noted that with effect from the 31 December 2021, LIBOR would cease to be used as a “reference rate” for Sterling borrowing. The College bankers, Barclays, would need to amend the RCF to an alternative reference rate by 30 September 2021. For loans below £25m, Barclays was offering Bank of England Base Rate as a reference rate, as it was widely understood. Governors were informed that borrowers had the option to choose the Sterling Overnight Index Average (SONIA), which will be the only option available for loans greater than £25m. SONIA was a rolling average rate, which was calculated daily by the Bank of England and was based on actual transactions; it reflected the average of the interest rates that banks paid to borrow sterling overnight. As the withdrawal of LIBOR was being imposed on banks and borrowers, neither party was expected to be worse off as a result (economic equivalence). However, historically, both Bank of England Base Rate and SONIA had been lower than LIBOR. To achieve economic equivalence, all banks would now add a ‘credit adjustment spread’ (CAS) to the new reference rate and margin. In other words, LIBOR + Margin = Bank of England Base Rate + CAS + Margin. To calculate the CAS, banks had calculated the five-year historic median of the difference between LIBOR and the new reference rate. The FCA had signed off this approach and had locked in a CAS for Bank of England Base Rate of 0.0793% (when compared to 3 month LIBOR). This would mean that, with effect from 1st January 2022, if HCUC fully draws down its Revolving Credit Facility, it would pay an ‘all-in’ interest rate of 1.6793% (made up of: 1.50% (margin) + 0.10% (BoE Base Rate) + 0.0793% (CAS)). The College would currently pay an all-in interest rate of 1.50% + LIBOR. The meeting was reminded that if the RCF was never drawn, there would be no impact to HCUC.

The meeting NOTED the removal of LIBOR and ACCEPTED the new interest rate imposed by Barclays on any draws on the HCUC Revolving Credit Facility.

13. To receive the Resources Committee Risk Register update

Governors noted the combined Resources Committee section of the HCUC Risk Register which had been updated since the last meeting of the Resources Committee in March 2021. The meeting discussed risks with changed risk profile and the key ‘red’ rated risks in more detail and the mitigating actions that had been put into place:

- 1.08 *Insufficiently qualified and equipped staff to support the delivery of study programmes and quality outcomes for learners.* (Risk score unchanged at 12 ‘red’).
- 1.09 *Failure to recruit sufficient staff, qualified at the appropriate level.* (Risk score at 12 ‘red’).
- 1.12 *Project work fails to prepare the college for T levels, Capacity Development Fund, and the Transition programme (Risk score unchanged at 15 ‘red’).* The impact of Covid-19 on securing work placements was still proving problematic.
- 1.14 *College fails to retain Highly Trusted Status (HTS) for international students* (Risk score still green but score raised from 4 to 8). The potential issue around visa refusals and Covid was noted. Governors sought additional clarity on the impact of losing HTS and the CEO explained the impact on HE and the increased risk post-Brexit and post pandemic. However, it was also noted that the Home Office had been understanding and the risk was not yet rated above green.
- 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’).

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- 3.03 *Insufficient student demand to achieve long term growth targets* (Risk score now at 10 'amber').
- 3.11 *Underachievement of funding targets* (Risk score still at 15 'red'). The ongoing impact of Covid-19 on particularly Apprenticeship work was being very carefully monitored. The meeting was also reminded that a business case had also been submitted to the ESFA to allow for in-year growth 2021/22.
- 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.
- 3.20 *WBL non-levy 16-18 and 19+ apprentices target not met*. (Risk score still at raised level of 15 'red'). Current WBL delivery against the ESFA allocation was being closely monitored but had been severely impacted by the Covid-19 pandemic.
- 4.05 *Failure to achieve IoT targets* (Remained a significant risk at 12 'red'.)
- 5.11 *Compliance with GDPR and other data related regulation* (Risk score at 15 'red'). SLT were concerned that despite staff training and advice from the Information Commissioners Office (ICO) on best practice, destruction of obsolete data was not always happening as quickly as recommended.
- 5.12 *College loses IT capability and/ or data following a cyber-attack.* (Risk score remained at 12 'red'). This risk still real despite IT Services using up to date security software and policies.
- *5.13 Operational impact due to Coronavirus (Covid-19).* (This new risk added in March 2020 was still deemed as a risk score of 12 'red'). The meeting was reminded of the measures in place and the adherence to all Public Health England and Government guidelines.

- ***IoT Risk Register***

The meeting also noted a separate Risk Register for the West London Institute of Technology (WLIoT). SW reminded the meeting that this Risk Register format was in a format specified by the Department for Education and was used by them as a monitoring tool as well as internally by HCUC. There were two 'red' risks in relation to: insufficient learner numbers (adverse impact of Covid-19), and possible changes to government policy on Apprenticeships. The meeting had already been given assurance that the SLT were keeping a close eye on the IoT after the departure of the Deputy CEO (PC) in May 2021; a new senior management oversight structure had been put in place as discussed earlier in the meeting.

The HCUC Risk Register and West London IoT Risk Register were NOTED and RECEIVED.

14. Notification of any attempted fraud in the period to date 2020/21

The meeting received a report which confirmed that there had been no known attempted fraud/ corruption issues to report since the last meeting.

NOTED

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

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

- Wednesday 15 September 2021 at 10.00am
- Wednesday 24 November 2021 at 10.15am (joint with Audit)
- Wednesday 16 March 2022 at 10am
- Wednesday 22 June 2022 at 10am

16. Any Other business
There was no Other Business raised by the meeting.

17. Items for Feedback to Governing Body meeting on 6 July 2021

i) Budget 2021/22:
The Resources Committee had approved the Budget 2021/22 and plan years as presented. The Financial Health Grade was Outstanding for the budget 2021/22 and in the following two plan years with a maximum score of 300 points. They would be recommending this budget to the Governing Body.

ii) HR Report:
The Resources Committee had received a comprehensive update report on Human Resources activity and staff data. The welfare of staff continued to be a priority and the recent positive feedback from support staff on all aspects of College had been encouraging.

iii) Capital/ Property Update:
There were a number of ongoing bids for grant funding for additional campus development. Interest had also been received from a Property Developer for land at Harrow Weald campus, this would be considered further during 2021/22. The sale of the house at Harrow Weald had now been agreed at a sale price of £500,000; contracts were currently being drawn up.

There was no other business. The meeting closed at 11.25am

Signed ……………………………………….

Date ………………………………………..