MINUTES

Directorate: **Governance**

Minutes of: **Resources Committee**

Date: **23 November 2022** **Time: 11.15**

Venue: **Online via MS Teams**

Present:	Alasdair MacLeod	Governor (Chair of Resources Committee)
	Simon Boulcott	Governor
	Keith Smith	CEO
For items 1J to 5J only:		
	Nasim Khan	Governor *(HCUC Audit Committee Chair)*
	Steven Cochran	Governor (HCUC Audit Committee member)
	Tracey Critchley	Governor *(HCUC Audit Committee member)*
	Ketan Sheth	Governor *(HCUC Audit Committee member)*
In attendance:	Karen Elliott	HR Director
	Dylan McTaggart	Principal Uxbridge and Deputy CEO
	Andy Miller	Exec Director Corporate Services
	Jo Withers	Principal Harrow
	Shane Woodhatch	Group Director Finance and Resource Planning
	Tracy Reeve	Director of Governance
For items 1J to 5J only:		
	Glen Bott	Cooper Parry *(external auditors)*

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

JOINT MEETING OF HCUC AUDIT COMMITTEE AND RESOURCES COMMITTEE

ITEMS FOR DECISION

1J. To RECEIVE the Report & Financial Statements and associated reports for the period ended 31 July 2022 for HCUC

i) Financial Statements

The GDFRP (SW) introduced the draft reports and financial statements for the period ended 31 July 2022 and highlighted that the Resources Committee would be required to approve the Report and Financial Statements and then recommend to the full HCUC Corporation for approval.

The following key points were highlighted:

- The operating surplus for the year was £249,000 (compared with £2,384,000 in 2020/21).
- The balance on the income and expenditure account (excluding pension reserve) now stood at £89.838m (compared with a figure of £89.587m in 2020/21).
- Total income for the year was at £56.473m compared with £55.525m in the prior year.
- Total expenditure was at £56.273m compared with £53.190m in the prior year. Staff costs were at £38.2m compared with £36.2m in the prior year. The increase in other operating expenses (now at £12.711m compared with £11.935m in the prior year) was due to a number of factors.

- Staff costs as a percentage of income was at 64% (as generated by the CFFR).
- The College had accumulated reserves of £81.102m, non-current assets of £108.091m and cash balances of £31.491m.
- Net Current assets were at £21.524m compared with £18.475m in the prior year.
- The LGPS pension liability was noted as £8.7m compared with £43.7m last year. Governors commended this positive swing but were reminded that the pension liability (FRS17) was not included by the ESFA when assessing the financial health of colleges. The reason for this movement was a change in the actuarial assumptions especially in the discount rate used and price inflation. The external auditors had confirmed that the assumptions used by the College actuaries were largely in line with those used at other Colleges.

The meeting went through the Income and Expenditure account and the Notes to the Financial Statements and Balance Sheet in detail. The total Agency funding was at 82.2% of income in 2021/22 (85.6% in prior year). The College had exceeded its 16-18 learner number target by 87 learners an achieved £32.021m against its funding of £31.895m. The meeting noted the detail of the fixed asset additions during the year, which amounted to £3.268m (compared with £8.062m in 2020/21). The meeting noted the strong financial performance indicators for the 2021/22 year which included a strong cash position after the net cash inflow of £2.4m as well as the following:

- Cash days in hand at 31 July 2022 were 237.0 against a target of 195
- Cashflow was strong with a net inflow of £2.4m to give a cash balance of £35m.
- Current ratio (assets over liabilities) of 2.73 against a target of 2.70 (2.48 achieved in 2020/21).
- Accumulated reserves were 155% of income against a target of 154%.
- EBITDA (education specific) as a percentage of income was 11.56% (the FE sector norm for this KPI was noted as circa 6%).

The meeting considered the final post-audit management accounts for 31 July 2022 and noted any major variances. Other income was £276,000 above budget but this was mostly due to a recovery in the catering on site after the two pandemic years. The catering contract was currently still on a 'cost-plus' basis but SLT were looking to changer this back to a profit-share arrangement in the near future. AMi confirmed that the college had received an income from the Aramark catering contract for the first time in two years during October 2022. The meeting discussed the release of provisions post audit and the Chair sought clarity over what had been released and whether any provisions were still in place. SW confirmed that there had been circa £2m held over after the initial merger date of July 2021 for the merger with Richmond Upon Thames College (RuTC) was deferred. It had been agreed with external auditors that this would be released over time. SW informed the meeting that £500,000 had been released in the 2020/21 financial statements, £1m was released in 2021/22, and £500,000 would be released in the 2022/23 accounts.

The meeting considered the increase in expenditure (now at £56.273m). Other than the £2m increase in staff costs the pension scheme charge had gone up by £500,000, repairs and maintenance was increased by £100,000, energy had increased by £200,000 and the Portacabins had incurred additional costs of £107,000. SW highlighted that although expenditure in relation to High Needs learners had increased this had been offset by additional income.

The meeting discussed the large reduction in the LGPS pensions liability compared with the prior year (now at £8.7m versus £43.7m in the prior year). It was noted that this was due to changes in the discount rate used by actuaries and was reflected in all FE college assessments. External auditor (GB) explained that this figure reflected a snapshot of the valuation – the share of assets versus future liabilities - at 31 July 2022 and was likely to change for 2023. The huge swing was due to a big change in low rate government bonds. GB reminded the meeting that this annual valuation of each college share was simply an accounting transaction and had no impact on the balance sheet However, every three years there was a revaluation of the whole scheme which set contribution rates for colleges and changed actual costs.

The meeting discussed staff costs as a percentage of income and the Chair of Audit Committee (NK) sought clarity on the rate currently in place at RuTC. SW confirmed this figure as circa 66% for 2021/22 but the budget for 2022/23 was close to 70% and this would go even higher in the plan year (74%) due to the dip in enrolment 2022/23 and a loss of funding for 210 learners.

The meeting sought confirmation from GDFRP on whether the planned investment of £10m with Rathbones would still go ahead if the merger was confirmed for January 2023. SW confirmed that he would be finalising the exact amount to invest during the next few days but it would allow for merger costs. The meeting noted that there was at least £10m to invest whilst allowing for merger and any associated strategic investment. The Chair sought, and was given, confirmation that this proposal would not breach the £12m level specified in the HCUC Reserves Policy. SW reminded the meeting that the required level of reserves would rise to £17m once RuTC joined the group. KS asserted the need to ensure that an investment of £10m would give sufficient headroom and also for HCUC to verify that there had been no change of the risk factor and the return on the investment since proposed in summer 2022. Governors asserted the need to act quickly once the facts were confirmed as the market was currently low and there was good opportunity for growth.

The notes to the accounts were considered in detail by the meeting. SW confirmed that the other senior members of the SLT at HCUC had contributed to the narrative of the Members Report on HCUC Strategy, curriculum and the summary of capital works undertaken at the Uxbridge, Harrow Weald and Harrow-on-the-Hill campuses. The Chair sought, and was given, confirmation that the change in CEO would be included as a post-year end note. ***SW informed the meeting that he would discuss with Cooper Parry whether the negative financial impact of the merger – the additional cost of the phase 2 building at RuTC – needed to be included in the narrative as a post year end note.***

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

ii) *July 2022 Management Accounts*

The restated Management Accounts for 31 July 2022 and the adjustments arising post-year end from the preparation and audit of the Financial Statements were noted by the meeting. Adjustments totaling £297,000 were made against the income and expenditure. As previously noted by the meeting the revised historical surplus was £249,000 against a forecast surplus of £50,000. The detail of the management accounts for July 2022 was taken as read.

The 2021/22 Financial Statements and July 2022 Management Accounts were NOTED and RECEIVED, (they would be recommended to the HCUC Corporation for approval by the Resources Committee).

iii) *Audit Findings Report of the External Auditors, Cooper Parry, following their audit of the HCUC Financial Statements for 2021/22, for APPROVAL & recommendation to Corporation.*

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

The meeting was pleased to note that the audit conclusion on all qualitative aspects considered was clean; GB also highlighted the unmodified regularity audit opinion. The Chair of Audit Committee sought clarity on the level of materiality used in the audit and GB informed the meeting that Cooper Parry had used the sector norm of 2% of income; however, there was a lower level of performance materiality – 80% of the above – which was used to calculate sample sizes. The meeting was reminded that anything at 5% or below of the materiality figure was deemed as 'trivial'; GB confirmed that this 5% figure was used by Cooper Parry across the whole of the FE sector. However, the meeting was reminded that for the regularity audit there was no materiality set and no lower threshold for transaction testing. However, GB confirmed that this had also been a wholly positive opinion for 2021/22 at HCUC.

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

GB highlighted that during the audit there had been three low risk weaknesses of controls identified which had resulted in recommendations for 'good practice' improvement. These four risks – all classified as 'green' i.e. low priority - were in relation to: Register of Interests; Fixed Asset Register (2); and regular review of credit card reconciliations. The management responses to these recommendations were noted and minor changes to process would be put in place where appropriate. SW highlighted that in relation to the Fixed Assets recommendation (zero book value assets) although the number was large the net effect was zero. SW also challenged the recommendation in relation to accruals on fixed assets; he believed that the College had too many debits and credits so they were not posted to the fixed asset system. The advice of the Finance Manager was that it was not worth making accruals. ***It was AGREED that GDFRP (SW) would discuss this further with the external auditors (GB).***

The recommendation regarding the credit card had already been discussed at Audit Committee and governors had received assurance that sufficient internal controls were in place. However, SW confirmed that the Finance Manager would act on this recommendation and reconcile on a monthly basis.

The meeting agreed that the low number and low risk score of the recommendations highlighted an ongoing positive control environment at HCUC. The Audit Committee Chair (NK) highlighted that it would be useful for Audit Committee members to have sight of a 'landscape of comparison' and gain an understanding of where the HCUC audit report and number of findings sat in comparison to other colleges. GB confirmed that the HCUC report was at the strong end with regard to adjustments and number/ priority of findings. The negative end of comparators would have up to eight recommendations but these would be medium or high priority. GB asserted that the clean audit with no adjustments and few low priority recommendations should give governors assurance around the professionalism and control within the Finance Team at HCUC.

The Chair of the meeting thanked the GDFRP, Finance Manager (LD) and all the staff in the Finance and Student Records Team for their ongoing accuracy and effective control. The GDFRP (SW) concurred with the vote of thanks to his staff; the strong data helped SLT make effective decisions. SW also asked for a vote of thanks to be recorded for previous Head of Finance Vik Patel who had now left HCUC but contributed to the external audit and also the effective controls. Audit Committee and Resources Committee members commended the college finance team and Cooper Parry for a positive external audit.

The Audit Report and Management Letter of the External Auditors, Cooper Parry, for HCUC 2021/22 was APPROVED and would be taken to the HCUC Corporation for approval (13/12/22).

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iv) Letter of Representation

The meeting noted the draft Letters of Representation; one for the Financial Statements and one for the Regularity Audit. SA confirmed that these letters had a standard format for all FE Colleges – dictated by the Joint Audit Code of Practice – they did not include any narrative specific to HCUC.

The Letter of Representation for HCUC would be taken for approval to the HCUC Corporation (13/12/22) before being signed by the Corporation Chair on behalf of the Corporation, and the Group CEO as Chief Accounting Officer of HCUC.

2J. Assurance of Going Concern

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

- The financial position and reserves on 31 July 2022
- Cash and investment balances and cash flow forecasts for the next 12 months
- The 2022/23 financial budget as approved by the HCUC Corporation.
- The level of student recruitment in 2022/23
- Known liabilities and commitments during the next 12 months.

SW reminded the meeting that the lower enrolment in 2022/23 would have an impact on lagged funding for 2023/24. The meeting also discussed the impact of a merger with RuTC on HCUC's cash reserves and KPIs; this would be formalised in post-meeting discussions with Cooper Parry. However, this would not have an impact on HCUC's status as a Going Concern. The Chair of Resources (AMcL) confirmed that he had looked in detail at the forecast combined budget once RuTC was included in the group and he would be happy to support the confirmation of HCUC (Harrow Richmond and Uxbridge Colleges 'HRUC' post-merger) as a going concern.

The meeting agreed that the Governing Body should be assured that the College had adequate resources to continue in operational existence for the near future. For this reason, HCUC should continue to adopt the going concern basis in preparing the financial statements.

The assurance around Going Concern was NOTED and APPROVED; the Resources Committee would recommend it to the Corporation for approval (13/12/22) alongside the HCUC Financial Statements 2021/22.

3J. Regularity Self-Assessment Questionnaire

The meeting considered the detailed Self-Assessment Questionnaire 2021/22. This was completed by the College Management Team for the assurance of the External Auditors on all Regularity Issues. As previously noted, Cooper Parry had provided a clean opinion on the Regularity Audit for HCUC during 2021/22. The meeting agreed that this document continued to provide a useful summary for the Governors. The meeting was reminded that the OfS were able to access this information via the ESFA as the regulator of FE Colleges. The Chair of the meeting commended the strong evidence provided to support the Regularity Self-Assessment.

The Regularity Audit Questionnaire was NOTED and APPROVED; the Audit Committee would recommend it to the Corporation for approval (13/12/22).

4J. Any Fraud/ Corruption issues 2022/23.

The meeting noted an update on the credit card fraud which had been discussed at the last Audit Committee and Resources Committee meetings (September 2022). The meeting noted that following the attempted fraud last reported, the credit card in question had been cancelled and the replacement card had not been used at all. SW informed the meeting that following discussions with the bank there was a strong chance that he had been the victim of identity theft and he had opened an Experian account to track and monitor any additional fraudulent activity. The meeting also noted that the refund from Barclaycard for the credit card fraud had not yet been processed which was being followed up by the Finance Team.

The report was NOTED

5J. Any Other Business

There was no other business. The joint meeting of the Audit Committee and the Resources Committee closed at 11.05am.

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

The joint meeting of the HCUC Resources and Audit Committees closed at 11.05am and Resources Committee continued.

1. Apologies for absence

There were no apologies.

2. Notification of any urgent items members may wish to raise under Any Other Business

There was no other business.

3. Notification of Interests Members may wish to declare relating to any item

No interests were notified.

4. Minutes of the Resources Committee meeting held on 15 September 2021.

The minutes were approved and signed by the Chair.

5. Matters arising from the minutes of the Resources Committee meeting held on 15 September 2021.

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

ITEMS FOR DECISION

6. Chair's Agenda Item

The Chair had nothing to bring to the meeting under this item other than confirming that he had attended an AoC Briefing session on the likely implications of colleges being reclassified as public sector organisations by the Office of National Statistics.

7. Human Resources Update

UXBRIDGE COLLEGE

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MINUTES

The HR Director (IA) presented the standing Human Resources update report to the meeting. This reported on key HR metrics for 2022/23 year-to-date (to 31 October 2022) including the following: workforce data; turnover, exit data; equality data; recruitment data; sickness absence; training and development; employee relations; and feedback from the November 2022 staff focus group meeting. There was also an update on the action plan in relation to 'hard to fill' roles. The report was largely taken as read but the meeting discussed the following aspects of the report. The meeting noted the new format of this report which presented historical data to give visibility on any trends. In addition data was now shown split by academic and support staff.

Workforce Data: Governors noted the overall headcount (not FTE) for HCUC for permanent staff YTD was now 728 (516 at UC and 212 at HC) which was marginally higher than the figure of 724 at 31 July 2022. This figure had remained stable since 2019. The number of agency staff was significantly higher – increased by 37% - than at 31 July 2022 (230 versus 171) to cover the 'hard-to-fill' staffing gaps. The meeting noted the flexibility that this 'agency staffing buffer' gave the College. The 14% increase in casuals was mainly due to enrolment staffing. The current HCUC staff turnover figure after the first quarter of 2022/23 was noted as 22% (the prior year figure in November 2021 was 15%); this was now above the AoC benchmark of 17.4%. However, KE reminded the meeting that this benchmark did need updating. Turnover data by curriculum area and category (academic or support) was noted. The Exit Interview data was considered by the meeting and the top three reasons for leaving within the 38 leavers were noted as:

- Career change/ development (44%)
- Work life balance/ family reasons (19%)
- Relocation (7%)
- Retirement (7%)

The meeting was pleased to note that pay did not feature in reasons for leaving HCUC. The focus on work/ life balance was now stronger after the pandemic and people having experienced other options with working from home. The CEO (KS) informed the meeting that he was asking for some detailed analysis of exit interviews and peoples reasons for leaving the College as SLT needed a clear view of what was driving people's choices and why the workforce appeared to be so mobile. The Chair suggested that it would be useful to have visibility on where people were going to for career progression and what difference there was in salary and benefits were being offered. KE informed the meeting that HR were currently looking at developing options for secondment opportunities and honorariums to allow people to get extra experience without leaving HCUC. KS highlighted the need to identify flight-risk staff and put actions in place to mitigate. This could include CPD opportunities and testing new jobs. HCUC and the new bigger college group (with Richmond included) would have a lot of opportunities available and KS believed that the College could work smarter to hold onto staff that management were keen to keep. Governors were assured that managers had been offered a lot of CPD opportunities many of which were no cost options to 'lift people above the pack'. KE highlighted the considerable Education and Training Foundation (ETF) CPD offer which had been rolled out across HCUC. The Chair sought clarity on whether the college tied people in after funding Teacher Training qualifications. KE confirmed that the college was not allowed to tie people in for this qualification but any other training provided with a cost in excess of £800 resulted in staff being tied for one year. The meeting commented on the high turnover rate in Employer Services (36%). Principal Harrow (JW) commended the new visibility on this data by directorate but confirmed that this was unusual – there was no historical trend - and would be monitored moving forward. ***The Chair asked for the turnover data by directorate to be amended to include absolute numbers in the next report to Resources Committee.***

Workforce Equality Data: The equality and diversity (E&D) data was considered and KE highlighted that the current BAME figure at each of the colleges was: HC 57% (an increase of 9% on the prior year figure), UC 44% (a decrease of 6% on the July 2022 figure). The overall figure was at 48% which was above the College target of 36% for BAME representation. The meeting was reminded that the percentage of BAME economically active in the London labour market was 36%. The breakdown by contract type assured the meeting that BAME staff were well represented at all levels including management. However the BAME data for the Senior Leadership Team was out of kilter at 31% BAME. However, the meeting was assured that the figure at the level below SLT (Assistant Principals) was 60% BAME. The meeting noted the BAME data comparing academic staff percentages to students; overall students were 74% BAME and academic staff were 51%. These figures were 72% and 50% at Uxbridge and 79% and 53% at Harrow. So there was still work to be done to ensure staffing reflected the student population. Governors (SB) sought – and were given - confirmation that the new Gender Pay Gap reporting would be completed and published in March 2023. The gender profiles for each of the Colleges were noted as: HC 83% female and UC 61% female, overall HCUC was 67% female. The GLA benchmark for females economically active in the London labour market was 46% and the AoC benchmark for females in FE colleges was 63%. The representation of disabled staff was now 9% at Harrow and 8% at Uxbridge with the overall HCUC figure at 9%. The GLA benchmark was 12% of people economically active in the London area declaring a disability. KE confirmed that the College was still working to identify all staff and also undertaking outreach work to encourage local people declaring a disability to apply for roles at HCUC.

Recruitment: The activity in this area was noted as being consistent with previous years. Recruitment data demonstrated that 79% of BAME applicants were offered a position in Harrow College compared with 66% of applicants at Uxbridge College. The CEO (KS) informed the meeting that SLT were reviewing the recruitment policy to ensure that interview panels reflected diversity in gender and ethnicity. KE also informed the meeting that management had reviewed how much HR were involved with recruitment s there was an aim to try and reduce timelines where possible.

Absence: Governors noted that the each of the college's absence rates at 31 October 2022 compared with the prior year: HC 9.5 current year to 10.5 in prior year; UC 8.4 in-year to 9.7 in prior year; HCUC 8.7 current year and 10 in prior year. KE highlighted that the AoC benchmark figure was 5.5. days and the Public Sector rate was 8.5 days although as with previous benchmarks these had not been updated since the pandemic. The meeting also noted that the sickness data included Covid but the College now had the data excluding Covid; this reduced overall HCUC sickness to 6.9 days when excluded. The data showing the split between academic and support was commended as useful by the meeting. The meeting noted that this upturn in sickness absence was trend reported nationally as well as throughout London. As well as Covid the incidence of colds and flu plus heightened anxiety meant people were staying away from work (as the guidance asked them to) when they might have come in pre-pandemic. The slightly higher rate at Harrow College was due to the larger number of LSAs who worked 1:1 with learners and were even more likely to stay away. The CEO suggested that the college needed to do more diligent tracking on the reasons within reported 'sickness' and be aware of illness versus stress related absence. ***KS asked that the reasons within 'sickness' be included in the report to the next Resources Committee meeting (March 2023).***

Training: The meeting noted the completion rates for Performance Appraisals but KE highlighted the lack of data on Training and Development in the pack. However, the HR Team has now recruited a new members of staff to focus on this area of work and more detailed data would be brought to the next Resources Committee meeting.

Employee Relations: The HR Director confirmed that the majority of ongoing work under this aspect of HR was with ongoing absence and 'welfare' i.e. health and wellbeing issues. This had been made worse by the pandemic. The number of cases having been dealt with at the two colleges to date in 2022/23 were noted as: 164 across HCUC (105 Uxbridge and 59 Harrow) with 67 welfare cases across the group. KE also highlighted the number of people applying for flexible hours or compressed hours. The meeting also noted that the College was involved in two Employment Tribunals: one was Covid related and one age related. There were also several ongoing complex disciplinaries. KE highlighted that the HR Team was conscious of the need to do more work on wellness for staff and additional training for managers on how to 'care for staff'. Principal Harrow (JW) informed the meeting that the College did a lot of work in 2021/22 working with managers on any lack of confidence in addressing concerns with staff. However, JW concurred that there was still more work to do. Governors were reminded that historically, HCUC used to have a strong training programme which helped manager respond to sickness etc. The current plans were to restart short drop-in sessions on specific subjects rather than saving all the training for the Whole College Training days or managers training day. KE also informed the meeting that HR were planning to run some training on developing 'emotional intelligence' in managers.

Staff Focus Group Feedback: The meeting noted the summary feedback from the Staff Focus Group that had been held on 3 November via MS Teams; 19 lecturing staff from across both colleges had attended. The range of topics covered, were as follows: Time management and barriers to fulfilling the job role; Communications; Interface between support and curriculum; Learner impact/ culture & ethos; customer service; Quality (SAR process); Internal career development and staff training; Equality/ Diversity/ Safeguarding and Prevent; Leadership and Management; team working; Staff Wellbeing; College values and valuing staff. The meeting took the detailed report outlining staff feedback as read. The meeting noted the positive feedback on the following: time management, communications (this was seen as key during the ongoing pre-merger period); teaching & learning hour and the sharing of good practice; people management (staff felt supported by management); and partnership work with employers across college was also seen as positive. KE assured the meeting that action in relation to the areas of improvement identified was being taken and would be monitored at Senior Leadership Team to ensure appropriate action was being taken in response to staff feedback. The comment about people wanting SLT to be more visible across the campuses was discussed and KS confirmed that he was keen for members of SLT to be present at all campuses on a rotating basis, this would become even more important when the merger with RuTC completed. The detailed feedback from the Focus Group was taken as read.

Recruitment of Shortage Specialist Staff: The meeting noted an update to provide assurance for the Resources Committee members on what management were doing to resolve the ongoing 'Hard To Fill' vacancies. This sat within the overarching People Plan that was being written post-merger to look at how to develop all staff as well as working to identify high achievers. Current plans included attendance at Brunel recruitment events, the first one was noted as 8 February 2023. The working group was continuing to drive forward this 'Hard to Fill' action plan. The Chair sought, and was given, confirmation that the HR Director was talking to other colleges to get ideas of best practice. KE confirmed that a recent meeting of 10 London colleges had been helpful but all were experiencing the same issues with recruiting full time specialists. KE also attended the regular AoC HR network meetings and the London HR Directors convention. KE highlighted the recent success with the recruitment of six staff being 'sponsored' to come to the UK from overseas. The CEO sought clarity on whether it would be possible/ advisable for HCUC to create its own pool of 'agency staff' that could be employed directly at a lower cost (no agency fees to pay). KE asserted the need to consider exclusivity but agreed that this could be investigated. KE also highlighted the option to offer people additional hours (up to six per week) and pay people higher rate without breaching the working time directive. The meeting agreed that if there was a large element of the workforce who wanted to work flexibly then HCUC would need to change its process sand practice to tap into and optimise this resource. Principal Harrow (JW) highlighted the work to look at different contracts for hard to fill roles. Other colleges had set up agencies but as the LSIPs took shape these would get harder to fill. A lot of key staff had retired or were still working in industry but more investigation would be undertaken to look at working on a shared services basis. The Deputy CEO (DM) concurred that demand would only increase in key curriculum areas and HCUC was behind other colleges on developing new models. Other colleges (East Surrey College and Ealing Hammersmith and West London College) already had their own agency; HCUC would need to catch up. However, KE reminded the meeting that salary expectations in some areas were not realistic or achievable – e.g. assessors looking for higher salary rates than managers.

Merger with RuTC: The CEO highlighted that the next HR report would include data for Richmond Upon Thames College (RuTC). The meeting sought clarity on whether there would be a need for a new HR system to be put in place for the larger college group. KE confirmed that the HR workstream was actively considering whether there would be a need for a new system. The meeting noted that RuTC currently used the Cypher system which was user friendly and good for report writing. Work would be undertaken to look at the cost-benefit of Cypher versus iTrent. KS asserted the need for clearer visibility to enable the SLT to get clearer data on casuals and agency staff. Governors were assured that they would be kept updated on progress with post-merger systems including HR, Finance and MIS.

The Chair thanked the HR Director for her report and whilst noting the need to keep the pressure on with progress he commended the progress being made and the amount of good work being undertaken.

The Human Resources Report was RECEIVED.

[The HR Director left the meeting.]

8. HCUC Management Accounts to 30 September 2022

An historical cost surplus for the period ending 30 September 2022 of £2,776,000 compared to a budgeted surplus of £1,695,000 giving a favourable variance of £1,082,000. The significant variances were highlighted as follows:

- Education Income of £8,808,000 compared to budget of £9,074,000, (adverse variance of £266,000) positive variance of £66,000). Within this major variances were noted as: an adverse variance of £164,000 in HEFCE Funding Fees against a budget of £436,000 due to lower than anticipated recruitment on BTEC HNC Level 4 courses.
- Services and Other activities income showing an adverse variance of £21,000 against the forecast of £14,000. The meeting noted that £21,000 of this was an adverse variance on refectory income due to lower footfall and reduction in services. SW reminded the meeting that the catering was currently on a 'cost-plus' contract but this would soon be reviewed to see whether it could move back to a profit-share.
- Employer Services was showing a favourable variance of £158,000 against the budget of £861,000. There were staffing savings due to vacancies and consumables expenditure was later than expected.
- Employee costs of £4,950,000 compared to budget of £5,727,000, (favourable variance of £777,000 due to vacant posts within Academic and Support staff). Members were reminded that the budget assumed all posts would be filled for the whole year.
- Expenses: a favourable variance of £431,000 against the budget of £2,777,000. This included a variance of £49,000 in exams costs which would be later than expected and £48,000 on consumables expenditure which was also later than expected. Depreciation was also £103,000 below forecast of £848,000 due to later than expected capital expenditure.
- The College's Balance Sheet remained strong with a cash balance of £33,917,000. Fixed Assets were at £108,639,000.
- All ratios were healthy: cash days in hand at 272.0; current ratio at 2.28 (year-end forecast 3.19); and reserves/ income at 154% (year-end forecast 153%). The cash position was very strong against budget at £37.264m due to the front loading of GLA income.

The meeting took the detailed accounts as read. The GDFRP (SW) informed the meeting that the final R04 numbers were not yet confirmed; these would be added in as soon available. The Chair sought additional clarity around the debtors – these were higher than planned by £500,000 due to an outstanding debt in relation to High Needs provision with a local authority (LBH). SW confirmed that this debt would be handed over to debt collectors to chase it and an additional charge of 8% would be added to the debt.

The Management Accounts for the first quarter to 30 September 2022 were RECEIVED; the Resources Committee commended the strong start to the 2022/23 financial year.

9. Capital/ Property Update

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

- *House at Harrow Weald*: The meeting noted that the 'cash buyer' had fallen through and the house had now been taken off the market. It was noted that HCUC was taking legal advice to see whether the 'buyer' could be pursued for HCUC legal costs and possible loss in revenue as the property market had fallen in price since the purchase was agreed at £500,000. The £50,000 deposit was still being held by solicitors while this was investigated. The meeting sought confirmation on what course of action would now be taken with the property. SW confirmed that the option of keeping the property and renting it out would be investigated. The meeting agreed that leaving the property empty for an extended period would increase the likelihood of dilapidation.
- *F Block Works:* SW confirmed the success of the proposal as submitted to DfE for grant funding of £105,000 under the Strategic Development Fund to create a new workshop and learning spaces for a new low carbon transport curriculum. The total cost of this project would be £255,000 and the grant funding had to be spent by March 2023.

The Property Update Report was RECEIVED.

ITEMS FOR INFORMATION

10. ESFA Dashboard and confirmation of financial health rating

The GDFRP (SW) presented the finance dashboard from the ESFA which confirmed their assessment of the College's financial health after their review of the financial plan 2021/22 to 2022/23. The meeting was pleased to note that this confirmed financial health grades of Outstanding for 2021/22 and also Outstanding for 2022/23 (the current budget year) as forecast by the management team. The meeting commended the very useful dashboard which very clearly demonstrated HCUC's strong financial performance. SW highlighted the fact that HCUC was at the maximum score of 300 on the ESFA Financial Scorecard; there were not many colleges who could demonstrate ongoing financial performance at this level and who exceeded budget forecasts on an annual basis. The Chair sought – and was given – assurance that this item would be taken to the Corporation for information in December 2022.

It was AGREED that SW would highlight the very strong financial performance of HCUC on an ongoing basis at the end of term All Staff Briefing in December 2022.

The ESFA Letter and Dashboard of BCA's Financial Health was NOTED; it would be taken to the Corporation for information on 13 December 2022.

11. To receive the Resources Committee Risk Register update

The meeting received the HCUC Risk Register that detailed the risks mapped to the Strategic Aims and Corporate Goals of the College. SW also presented a new executive summary highlighting 'mission-critical' red rated risks which were unlikely to ever secure a lower RAG rating. The meeting discussed risks with changed risk profile and 'red' rated risks 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 still at 12 'red'). The meeting was reminded of the ongoing project work looking at innovative ways to recruit for hard to fill vacancies as discussed regularly at Resources Committee and Corporation meetings.
- 1.09 *Failure to recruit sufficient staff, qualified at the appropriate level.* (Risk score still at 12 'red'). As above, initiatives being considered included paying premium salaries as 'golden handcuffs' and to meet industry rates. However, parity with other College roles would need to be considered.
- 1.11 (ii) *Project Work fails to prepare the College for T levels, CDF and the Transition Fund.* (Risk remains at 15 'red'). The College was at the forefront of T Level delivery and this was being carefully monitored.

- 2.05 *Inflexible delivery models for Apprenticeships could restrict growth* (Risk score remains at 12 'red'). The meeting was reminded that the SLT were currently developing a five-year strategy to develop plans for growth in Work Based Learning (WBL), Institute of Technology provision, and commercial income. This had been discussed at the Governors' Strategy Day in November 2022.
- 3.02 *Insufficient enrolment on employability pathways for adult unemployed learners will reduce spend of ESFA contract.* (Risk score remains at 12 'red').
- 3.11 *Underachievement of funding targets* (Risk score still at 15 'red'). The need to meet learner number targets for 2022/23 would remain a focus for the SLT.
- 3.12 *Failure to secure and respond to large levy paying employers could impact on apprenticeship income* (Risk score remains at 15 'red'). The College's Business Development Consultants (BDCs) continued to engage with large employers. Various networking events had taken place to advise and guide employers to drive forward apprenticeship work.
- 3.19 *16-18 and 19+ mainstream recruitment target not met, leading to a reduction in funding in current and future years*. (Risk score remains at 12 'red'). This continued to be a challenge but some recruitment was still ongoing.
- 3.20 *WBL non-levy 16-18 and 19+ apprentices target not met.* (Risk score still at raised level of 15 'red'). The meeting noted that there was no current allocation of ESFA funding for sub-contractors. Delivery against the ESFA contract was being closely monitored.
- 4.02 *Failure to attract and retain staff: especially in highly competitive areas.* (Risk score still high at 12.) The work on reviewing salary bands and implementing the AoC Pay recommendation for 2022/23 was noted. This was key during the ongoing inflationary economy which would put pressure on any Cost of Living Pay demands.
- 4.05 *Failure to achieve IoT targets* (Significant red risk with a score of 12.) The ongoing dialogue with the DfE around targets had now been resolved for years 1 to 2 but stretching targets remained for years 3 to 5 with no change to the baseline. A 10-year strategic plan for the West London IoT (WLIoT) was being developed within the over-arching strategic planning process. The focus for 2022/23 was to increase the 'anchor' and delivery partners working with HCUC in the WLIoT.
- 5.11 *Compliance with GDPR and other data related regulation* (Risk score remains at 15 'red'). As previously discussed by Governors at Corporation and Strategy days the SLT were still working to improve current HCUC practice on the destruction of obsolete data in a timely manner. The meeting was assured that progress was being made but the risk score had not yet been reduced in order to maintain focus.
- 5.12 *College loses IT capability and/ or data following a cyber-attack.* (Risk score remains at 12 'red'). This risk was very real despite IT Services using up to date security software and policies.

The HCUC Risk Register was NOTED and RECEIVED.

12. HE Fees 2023/24 approval

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

Resources Committee members were reminded that the HCUC Fees Policy set out the requirements for the charging of fees and the rationale behind the fee structure. It was designed to provide clear criteria for course charges and to avoid ambiguity and inconsistency, across funding streams and ages. In relation to

HE fees, the College had committed to maintaining the same fees in the second year of a course as the first, so students had certainty over the cost of the course. In addition, there was a commitment to increase the level of fees by no more than 5% per year. Courses were costed annually using direct staff and materials costs. In the absence of full pension increase details, and in the knowledge of likely pay increases and inflation, SW confirmed that all fees for the first year of HE courses had been increased by 5%. Governors were reminded that the College was capped at a cost of £6,000 for full-time courses (FT) and £4,500 for part-time (PT). SW reminded the meeting that in order for HCUC to charge any more than these figures (up to the limit of £9,000) a change of status would be necessary which would require HCUC to develop a full Access and Participation Statement, rather than the less onerous Access and Participation Plan currently required. Governors noted that the SLT were currently undertaking a cost-benefit analysis to see whether it would be advisable to opt to increase fees and generate the more complicated A&P Plan. ***An update on the proposed action would be presented to Resources Committee in March 2023.***

A detailed schedule of fees by course for home students was noted by the meeting, the report confirmed that all charges including ID card, registration and exam fees were now included in the total HE fee. The Chair sought clarity on why the College accepted cash for HE Fees and whether there was any risk associated with security or money laundering. SW asserted his belief that there was no associated risk.

The schedule of HE Fees 2022/23 was APPROVED as presented.

13. ONS and Rathbones Investment update

The GDFRP (SW) updated the meeting on recent work undertaken to protect the College's considerable cash reserves in light of the ONS reclassification of colleges into the public sector. SW confirmed that the college had taken specialist legal advice from Eversheds on setting up an Arms' Length Foundation (ALF) to ringfence reserves. SW had also spoken to staff at City of Glasgow College about the experience in Scotland where colleges were already reclassified within the public sector. HCUC had set up an ALF but it now appeared that it was less likely that reserves would be affected by reclassification. The other factor against using the ALF was that the College would effectively lose control of all the money put onto any ALF as this would pass to the Trustees. The decision had been taken not to pursue the ALF model to ring-fence reserves due to these control issues. The CEO (KS) highlighted that any funds within an ALF would deflate as it was not earning any interest. Anecdotal evidence seemed to indicate that ALFs were being used to protect land rather than cash. The Chair concurred that advice from the recent AoC event was that reserves would not be taken from colleges in the immediate future.

The meeting agreed that the previously discussed investment opportunity with Rathbones should be taken forward as soon as possible. SW reminded the meeting that Rathbones' 5 year average return was 3.1% when last presented, but he would check what the current position was. The likely annual return would be £500,000 on an investment of £15m. SW confirmed that he would look at the 'worst case scenarios' with respect to the cost of the RuTC merger and the need to have reserves of circa £22m accessible post-merger. SW asserted the likely recommendation would be to invest £10m with Rathbones.

The meeting AGREED to action the Rathbones investment – as previously approved by the Governing Body - as soon as possible with an update to the full Corporation in December 2022.

14. To confirm and agree the dates and times for the meetings in 2022/23

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

- Wednesday 8 March 2023 at 10.00am *(later amended to 23 March at 10am)*
- Wednesday 21 June 2023 at 10.00am

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15. Any Other business

- **Resources Committee membership**

The Chair asserted the need to bolster the Resources Committee membership and was reminded that this would happen after the merger with RuTC. The CEO informed the meeting that he was keen to recruit new governors from Richmond within the schools sector.
NOTED

- **Executive Structure of 'HRUC'**

KS informed the Resources Committee that the proposed Executive Team structure for the post-merger college Harrow Richmond and Uxbridge Colleges would be presented to Remuneration Committee on 29 November 2022. KS confirmed that he was also looking at the tier 2 management structure post-merger.
NOTED

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

Signed ……………………………………….

Date ……………………………………..