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Directorate: Governance

Minutes of: Resources Committee

Date: 22 June 2022

Time: 10.00

Venue: Remote access via MS Teams

Present:

Alasdair MacLeod	(AMcL)	Governor (Chair)
Simon Boulcott	(SB)	Governor
Darrell DeSouza	(DDS)	Group Principal & CEO

In attendance:

Karen Elliott	(KE)	HR Director (<i>Item 9 only</i>)
Dylan McTaggart	(DM)	Deputy CEO and Principal Uxbridge
Andy Miller	(AM)	Exec Director Corporate Services
Vik Patel	(VP)	Head of Finance
Tracy Reeve	(TR)	Clerk to the Corporation
Jo Withers	(JW)	Principal Harrow
Shane Woodhatch	(SW)	Group Director Finance & Resource Planning

1. Chair's Agenda Item

The Chair did not have any matters to raise under this item. He informed the meeting that since the last Resources Committee he had attended a presentation given to HCUC Governors and members of the Executive by Rathbone Investment Management. This would be discussed later in the meeting.

2. Apologies for absence

No apologies were received. The Chair welcomed Karen Elliott to her first Resources Committee meeting since being appointed as HR Director of HCUC in April 2022.

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 2022

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 2022.

- **Management accounts, January 2022** (*item 10 page 8*)

VP confirmed that he had circulated the Aged Debtors Report after the last Resources Committee meeting.

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

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ITEMS FOR DECISION/ APPROVAL

7. Draft Budget 2022/23 and Plan for 2023/24 and 2024/25

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 (2020/21 to 2024/25), 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 five years.
- All KPIs across all five years were universally strong.
- Cashflow was very strong - the lowest point was 218 days cash in 2021/22.
- The College had no borrowing (previous loan was paid off three years ago)
- EBITDA – HCUC was a cash generating organisation with this at 11-13% (the sector norm was much lower than this).
- The budget 2022/23 was based on prudent assumptions.

• HCUC Forecast Final out-turn 2021/22

The revised forecast reported an operating surplus for the period of £50,000 in line with the previous forecast surplus of £50,000. SW highlighted the following significant points:

- *Income:* Education Income was now forecast at £50,153,000 against a budget of £49,239,000 (positive variance of £914,000). Small group 'Tuition Fund' income had increased by £149,000 but was matched by expenditure. ESFA/ GLA funding had dropped by £159k, it was now down from 103% to 100% of allocation.
 - *Tuition Fees – home:* a negative variance of £60,000 against the forecast of £504,000 due to a number of late withdrawals.
 - *Tuition Fees – overseas:* a positive variance of £75,000 against the budget of £400,000. A number of additional overseas students had started part-way through the year.
 - *Other:* a positive variance of £544,000 against the budget of £261,000. SW explained that this was in relation to a number of contingencies which were being released over a three-year period, £250,000 per year. The Chair sought, and was given, confirmation that auditors were happy with the staggered release over a three-year period.
- *Services and other activities:* This was showing a positive variance of £3,000 against the forecast deficit of £200,000; the annual catering contract contribution had been affected by lower Refectory performance than forecast and lower lettings income. However, there had been an increase in trading within the Hair and beauty salons and in the Training Restaurant.
- *Employer Services Income:* A negative variance of £172,000 (against the forecast of £457,000 deficit). Short courses income was lower – mainly in Engineering – due to cancelled courses and lower recruitment. There were also higher costs within engineering due to higher staff costs backfilling specialist 'hard-to-fill' roles.
- *Employee Costs:* An adverse variance of £426,000 (against forecast of £33,477,000) due to posts filled later than anticipated but also the use of expensive agency staff covering vacant academic posts.
- *Expenses:*
 - *Marketing and Student Services:* An adverse variance of £32,000 against the forecast of £2,372,000 due to the higher international agent expenditure (offset by income) and higher HE Bursary expenditure.
 - *Human Resources:* an adverse variance of £93,000 due to an increase in advertising and recruitment due to high agency placement fees.
 - *Estates:* An adverse variance of £50,000 against the forecast of £4,279,000. This had been due to higher energy expenditure and higher costs for unbilled gas at UC once readings were

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taken.

- *Finance:* An adverse variance of £176,000 against the forecast of £2,469,000 mainly due to higher consultancy costs due to land valuation, feasibility and planning costs. Additional investment into Wide Area Network to enhance the current internet connectivity particularly with merger considerations. Systems support and development higher due to substantial increase in Microsoft Campus Agreement cost and new subscription for Manage Engineer Service Desk software. Higher provision for bad debts and additional merger costs anticipated with preparations for the merger with Richmond Upon Thames (College (RuTC)) resuming.
- *Depreciation:* A positive variance of £8,000 against the forecast of £4,599,000; reflecting a later spend on capital works than forecast.
- *Total Overheads:* An adverse variance of £745,000 against the forecast of £50,483,000.
- *Balance Sheet:* Cash was strong but showing an adverse variance of £141,000 at £29,033,000 (against a forecast of £29,174,000). Fixed Assets were showing an adverse variance of £292,000 against the forecast of £108,224,000 due to the timing of capital expenditure offset by lower depreciation. All ratios were strong: a cash day in hand figure was at 217.52 compared with a forecast of 221.3; the current ratio was 3.01 compared to 2.84 forecast and EBITDA was in line with the budget at 10%. The 'Outstanding' ESFA financial health rating would be maintained. GDFRP informed the meeting that the College score on the ESFA financial health scorecard was at the maximum 300; this was an extraordinarily strong 'outstanding' score.

The Chair sought clarification on the increased level of bad debt – from £75,000 to £100,000 – and was given assurance that a full report would be brought to the next meeting of the Resources Committee in September 2022. The meeting thanked VP for the clear reporting and did not have any further questions.

Budget 2022/23

An operating surplus for the period was now budgeted at £250,000 compared to the plan (approved in February 2022) of £500,000. SW confirmed that this reduced surplus reflected a 'worst-case' scenario. Members were assured that the College would maintain its ESFA 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:* SW reminded the meeting that the management team would lobby the ESFA to allow an application for any additional in-year growth funding if the 2022/23 enrolment exceeded the allocation.
- *ESFA T Level Funding:* A positive variance of £788,000 based on 147 learners.
- *ESFA 19+ Funding:* An adverse variance of £98,000 based on the allocation statement.
- *Agency Other Funding:* A positive variance of £423,000 at £5,653,000 as the High Needs element 3 income rates would now be in line with 2021/22 actuals and not reduced.
- *Tuition Fees (home):* An adverse variance of £131,000 to reflect reduced income in the curriculum plan.
- *Registration Fees:* An adverse variance of £169,000 as the College was trialing the removal of the Student Registration and ID charge for 2022/23, in case this was acting as a possible barrier to entry for applicants. SW highlighted that other local colleges did not charge this fee and the enrolment numbers would only need to increase by 30 to get all of the £169,000 back.
- *Services and other activities:* A positive variance of £275,000 against the forecast deficit of £194,000 as the College was assuming that the College catering contract would revert from cost-plus to profit-share. The meeting noted that Exec Director Corporate Services had held an initial meeting with the current catering suppliers - Aramark - to discuss this but if an agreement could not be reached HCUC would look at other suppliers.

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Expenses

• Employee Costs

The budget included a consolidated 2.5% Cost-of-living (COL) increase for all staff not on protected salaries (in line with the current AoC recommendation for 2022); the plan had assumed a 1.0% increase. 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 £34,638,000 against the planned £33,674,000 (adverse variance of £964,000). 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 £6,372,000). 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 2022/23 budget would be 67% which was the same as in the plan.

The meeting discussed whether the assumed 2.5% COL increase was too low as the likely impact would be nearer to 3.5 or 4% if consolidated increases were also included. DDS reminded the meeting that regular discussions with the Trade Unions would allow the SLT to monitor any trends within the sector. DDS informed the meeting that he would be asking the HR Director to look more closely at salary comparator data. Governors were reminded that although the baseline funding from the ESFA had increased by 8% the College would need to use this funding to provide the mandatory additional 40 hours of delivery to each learner in 2022/23.

• 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 £18,976,000 compared with the planned £18,377,000 (adverse variance of £598,000).

- *Schools:* Positive variance of £26,000 against the plan of £2,687,000 due to exams and materials costs to meet the course portfolio. 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 £38,000 against the plan of £2,472,000. This reflected higher international recruitment costs due to increased activity and additional overseas trip to boost enrolment. 16-18 Bursary as per allocation and increase in 16-18 Vulnerable Bursary in line with 2021/22 actuals. Reduction in Advanced Learner Loans Bursary in line with 2021/22 mid-year funding claim. Provision to support shortfall in 16-18 Bursary released within Student support fund. Additional marketing expenditure required for growth.
- *Estates:* An adverse variance of £452,000 with a budget of £5,045,000 against the planned £4,592,000. The meeting noted that this reflected higher costs for routine maintenance due to additional services incorporated and to cover new buildings. There would also be significantly higher energy costs due to substantial increases in unit prices for both gas and electricity; the energy forecast had been provided by Beond (energy consulting company). However, there would be some savings within Cleaning as per the contract.
- *Finance:* An adverse variance of £106,000 against the planned £2,592,000. This reflected additional costs within Systems support and development to bolster the onsite IT, enhance the network capability and increase in the number of Microsoft Campus Agreement licences. There was also an increase in bad debt provision mainly to cover student and employer debt. Higher merger related costs anticipated with activity resuming towards the revised merger date. Efficiency savings were expected from the outsourced procurement services of Tenet.
- *Executive:* An adverse variance of £67,000 against the planned £328,000 which reflected the cost of the additional enrichment activity in line with the requirement to deliver additional hours to learners as per the funding regulations .
- *Depreciation:* The adverse variance of £48,000 against the planned £5,042,000 was in line with capital spend and reflected capital expenditure on building and equipment.

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Balance Sheet

- *Cash*: Budget of £31,189,000 against plan of £30,968,000 (positive variance of £220,000).
- *Fixed Assets*: Adverse variance of £339,000 against planned £108,183,000
- *Cash Days in Hand*: 227.65 (232.5 planned).
- *Current ratio*: 3.19 (3.02 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'.

SW confirmed that it was a prudent budget that reflected the pressure of lower lagged funding due to a dip in enrolment for 2021/22 and also the need to grow the IoT, Apprenticeship and commercial income. DDS confirmed that the SLT Away Day in June would focus on how to drive growth in these key areas. SW highlighted the work that the College was doing to bring down Trade Debtors; the College had now appointed a specific member of staff to chase down this debt.

Plan Years 2023/24 and 2024/25

SW confirmed that the income and expenditure plans for the two plan years had been reworked to reflect the proposed budget for 2022/23. 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 2023/24 and 2024/25 showed operating surpluses of £250,000 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 planned 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 1.5% 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 £3,169,000 and £4,562,000. The detail of the capital investment programme over the plan years was considered; capital expenditure of £5,000,000 was assumed. Inflation of 5% was assumed in relation to non-pay expenditure. Governors were pleased to note that cash levels would remain strong at £33,581,000 and £35,822,000 in each of the two plan years. Staff costs as a percentage of income would be at 66% and 67% respectively in each of the 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 meeting agreed that the ongoing inflationary pressures during 2022/23 would put additional pressure on College budgets but the prudent budget and financial strength would help HCUC to be more financially resilient than many FE Colleges.

The Committee APPROVED the HCUC Budget 2022/23 and Plan 2023/24-2024/25 and RECOMMENDED that it be submitted to the Governing Body for approval.

ITEMS FOR INFORMATION

8. Investment Decision

The GDFRP (SW) presented a paper which outlined two options for investing some of HCUC's cash reserves in order to generate a better return on investment. Governors were reminded that HCUC had a strong financial performance track record due to good financial management, which had led to a build-up of a healthy cash reserve to the current level of £31m. SW confirmed that this level of cash was unusual for colleges within the FE sector. This growth in cash was forecast to continue to circa £40m with a high level of EBITDA in the financial plan; HCUC would remain cash generating for the foreseeable future. SW reminded the meeting of the previous decision by

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Governors to investigate options for alternative investments solutions in order to increase return on investment which would help to protect the College against inflationary increases which were currently at the fastest growing rate for 40 years.

The meeting noted that cash inflows were forecast to be around £2m each year; after serving HCUC's working capital requirements and annual investments of £5m which included a contingency £1.6m. This would increasing the cash balance by £11m from £31m to £42m by the end of 2026/27. The meeting was reminded of the cash reserve policy which was set to cover any crisis or unforeseen circumstances affecting core delivery, major loss of income etc. SW confirmed that current projections - based on 3 months expenditure – were that the cash reserve amount required going forward had increase by £300,000 from £13.7m to £14m. The meeting agreed that at £31m cash there was more than sufficient headroom between cash balance and cash reserve to cover major capital investments and merger related costs. The lowest headroom had been previously agreed as circa £17m. The meeting also noted the forecasts for 'solvency ratio' i.e. cash days in hand which was due to stay at an average figure of 226 days (minimum 200) over the next 10 years. This was noted as being much higher than the sector average of circa 60 days. Projections for EBITDA were also forecast to remain above 10% although inflationary costs would put pressure on this KPI.

The meeting noted the detail of the two options from Barclays and Rathbones. Both organisations had been approached with regards to possible investment solutions and presentations had been made to members of the Corporation. SW informed the meeting that Barclays' initial proposal was the weaker of the two and since then they had come back with a more bespoke proposal which was comparative to Rathbones. Governors were reminded that Barclays had attended the Governors Strategy day in April 2022 to present their initial proposal. The paper asserted the rationale for HCUC investing circa £14m in a low/ medium risk portfolio over a five-year period which would earn the College close to a £1m per annum. The Director of Governance (TR) confirmed that the final investment decision would need to be approved by the full Corporation.

The meeting AGREED with the proposal that Barclays should be asked to present their second proposal to Corporation Members and a decision would then be made by the full Corporation on who the College invested with, how much and how long for.

9. Human Resources Update Report – FOR INFORMATION

The HR Director (KE) presented the standing Human Resources update report to the meeting. KE informed the meeting that she would like to amend the format of the report to Governors and suggested that she discuss what would be useful for governors in any future format. ***Governors AGREED that this would be a good idea and SB would come into Uxbridge College to meet KE and discuss condensing the current report and adding anything of value for Governors.***

• ***HR Data Dashboard***

The meeting received the HR dashboard which reported on a number of key HR metrics for 2021/22 year-to-date at the end of the third quarter (noted as 30 April 2022): staff headcount and FTE by College; staff turnover; equality data of the HCUC workforce; recruitment activity; and sickness absence rate. Governors noted the overall headcount (not FTE) for HCUC for permanent staff YTD was now 734 (199 at HC and 535 at UC). This had reduced by 9 since the first quarter 2021/22. The meeting also noted the headcount of casual (HC 44, UC 161) and agency staff (HC 88, UC 60) at each of the two colleges. The decrease within agency and casual staff since quarter 1 was noted but the figure was still higher than the prior year. DDS reminded the meeting that the college aim was to keep this at 7-8% of total staffing in order to maintain high quality Teaching and Learning. ***KE informed the meeting that she would put the Headcount by Contract Type data into one chart for future reports as it would be easier to analyse.***

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The current HCUC staff turnover figure for the rolling 12-month period to 30/04/22 had increased by 3% to 20% (compared with 15% at the end of 2020/21); this was now above the AoC benchmark of 17.4%. KE flagged this as an area of concern for her although people were leaving for a variety of reasons. KE confirmed that a lot of people were retiring, relocating or making a career change. The meeting agreed that the higher figure was probably partially due to greater certainty after the Covid-19 pandemic had eased and people were now looking to move into new roles. SB confirmed that there was evidence of a higher turnover rate in all sectors – it was not just affecting education. People were thinking harder about a ‘work/ life balance’ post pandemic. DDS asked whether there was any HR forecasting data on whether this was likely to settle down in the next two to three years. SB informed the meeting that current HR thinking was that the current inflationary pressures and economic factors around the increased cost of living might put a restraint on people making life changes so the turnover rates might slow. Exec Director Corporate Services (AMi) informed the meeting that HR would be reviewing the HCUC exit interview process to make the feedback more valuable; this would involve more open questions. SB concurred with the possible benefit of adding an exit survey but he asserted that data was only valuable when it was available in volume. The turnover rate by contract type (lecturer/ manager/ support) and by age band of employees was also noted.

The equality and diversity (E&D) data of staff was considered and KE highlighted that the current BAME figure at each of the colleges was: HC 48% (an increase of 3% on the January 2022 figure), and UC 37% (an increase of 1% on January). Governors were pleased to note the overall College figure of 41% and that both Colleges were meeting or exceeding the College target of 36% for BAME representation (based on the GLA benchmark). 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 83% female and UC 61% female, the overall HCUC figure was 67% female. The meeting noted that this figure was above 46% which was the GLA figure for females who were economically active in the London population. The HCUC figure of 67% for female representation was also above the AoC 63% figure for females in the FE College population. This figure had been stable for some time now.

The representation of disabled staff was 10% at HC and 7% at UC; 8% at HCUC overall. KE highlighted that this figure was lower than the GLA figure for disabled persons who were economically active at 12%. However, as discussed in previous meetings there was a level of under-reporting across HCUC which HR was working to try and identify.

The age profile of staff was also noted as being relatively stable with 61% of HCUC staff over the age of 44, this age profile had remained stable since the prior year. KE informed the meeting that this might vary when next reported in September 2022 due to the large number of people retiring in July 2022. The meeting discussed the considerable recruitment activity (162 recruitment campaigns across the group) that had taken place during the 2021/22 academic year and noted the ethnicity, gender and age breakdown of applicants and appointees. The number of offers cross college was 191 (148 at UC and 43 at HC). Year-to-date offers made to BAME applicants was confirmed at 53.5% at HC and 48% at UC; any previous inconsistency in this rate had now been removed as it reflected the workforce data. Governors sought additional information on the length of time that it was taking the college to recruit from the opening of the job advert to actually appointing someone. KE confirmed that this would be included in future reports as she was able to access data on Stonefish to provide this information for future HR Reports. **SB also suggested that HR might think about getting feedback from candidates – successful and unsuccessful – to see whether they would be good advocates for the process.**

Governors were disappointed to note the upward trend in the absence rates which were now above the AoC benchmark and College target of 5.5 days in all categories of HCUC staff for the year to date 2021/22. The overall sickness absence rate for HCUC was 9 days for the Year-to-date 2021/22 (8.6 at Uxbridge and 10 at Harrow). The meeting agreed that these higher levels were probably a

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reflection of the end of the Covid-19 pandemic and the move away from remote working. KE informed the meeting that HR were convinced that this accurately reflected all sickness across college as a lot of work had been done on this with HoDs. The meeting was assured that sickness levels would be closely monitored by SLT moving forward. AMi highlighted the new Plumm package which was a 'wellbeing platform' being offered to all staff across HCUC. This would support any 'holes' in the existing HR provision and Employer Assistance Programme. The college was trialling Plumm for one year; staff uptake to date had been limited but HR would be working to market it more effectively. Governors commended this new initiative and sought feedback on any positive outcomes in the future if it could be done without compromising confidentiality. Resources Committee members were reminded that 96% of appraisals for 2020/21 had been completed; it was noted that data for 2021/22 would exclude staff on maternity or long-term sick leave.

• **Employee Relations**

The meeting noted the ongoing casework which was now RAG rated; KE explained the different categories:

- Red: where an ongoing HR case was not going to plan and where there might be threat of a tribunal, not going to plan. These cases were often high level and complex.
- Amber: There was a concern that the case could tip into the 'red' category.
- Green: a standard HR case e.g. managing a case of long-term sickness.

KE confirmed that casework continued to be very busy post pandemic with many cases of grievance, disciplinary, and mental health. **DDS suggested that the casework reporting should include any legal risk, financial risk, or Health and Safety risk associated with the 'red' cases.** There was also more work to be done on looking at the possibility of referral to other external organisations for resolution of any ongoing issues.

• **Staff Focus Group Feedback**

The meeting noted the summary feedback from the Staff Focus Group that had been held remotely on 19 May 2022 for 13 Support Staff across HCUC. Governors questioned whether this number was sufficient to provide any level of significance. The range of topics covered, were as follows: Time management and barriers to fulfilling the job role; Communications; Time and workload; Curriculum (common goals); Learner impact; Learning culture and ethos; Customer service; Quality; internal career development; Staff training; and EDI. The positive feedback and the areas for improvement were highlighted in the report to the Resources Committee meeting and were discussed. 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. The meeting commended the positive feedback on Leadership & management at HCUC which was supported by staff exit questionnaire data. The Chair sought, and was given, more details about the Student Breakfast Club which had been started after a learner fainted while waiting to go into an exam. The idea of getting learners in earlier for some breakfast had been raised by the first-aider and this new initiative had been well used across HCUC during the year. Areas for improvement were noted around workload and there was some negativity regarding curriculum areas not sharing good news stories with Marketing. The Chair asserted the different pressures in relation to workload for teaching staff compared with support staff. KE assured the meeting that SLT had reviewed the feedback and looked for 'quick wins'. DM confirmed that SLT would focus on better resources to aid delivery. The detailed feedback from the Focus Group was taken as read.

• **Hard to Fill Roles**

The meeting discussed the specific work looking at innovative ways to help with the recruitment of specialist staff in some of the vocational areas such as engineering, plumbing, and construction. As previously discussed at Resources Committee a lot of work and discussions had taken place around this issue and SLT were looking for quick solutions. One example of this was the College running a pilot programme to pay a market supplement for electrical installation staff; HR had also reduced the length of the application form to try and encourage applicants. Governors noted that the College had

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not seen a positive impact yet. The working group was also looking at Golden Handshakes for new starters and then Golden Handcuffs for retention. Nothing had been actioned yet as further thought needed to be given to whether these payments would be deferred or paid on arrival. There was also work to set up a Staff referral scheme which would need promoting. SB asserted the traditional low impact of referral schemes as people were reticent to refer in case it did not work out well. The meeting also noted the Talent Academy which had been held on 9 June; low numbers had attended but they were all high quality candidates. The Chair sought confirmation on where people had come from and it was noted as the recruitment agency Protocol but in the future HCUC was looking to work with trade associations. AMi highlighted the need to include some specialist support/ non-teaching roles as they also need support e.g. Estates roles. KE confirmed that one person from the Talent Academy was now ready to support pipeline vacancies and DDS highlighted the need to keep people engaged until a vacancy arose. The meeting also noted the progress with HCUC working with ex-services personnel through the Forces Family Federation and HCUC had also signed up to the Armed Forces Covenant. DDS confirmed that initial meetings had taken place with legal specialists to look at options around offering less pension and more salary. ***DDS suggested that HR should look into using its own students as a pool of talent through sponsorship - like the scheme in place at Brunel; it was AGREED that HR should think about this option.***

The Human Resources Report was RECEIVED.

10. HCUC Monthly Management Accounts to 31 May 2022

The Head of Finance (VP) presented the HCUC management accounts to 31 May 2022. The accounts were taken as read as they had been fully considered during agenda item 7 Draft Budget 2022/23.

The HCUC Management Accounts to 31 May 2022 were RECEIVED

11. Office for Students Reportable Events

Governors were reminded that the Office for Students (OfS) was the independent regulator for English HE providers, established by the Higher Education and Research Act 2017 (HERA). The OfS registered and monitored HE providers to ensure that conditions of registration were satisfied on an ongoing basis. The OfS had a range of powers to intervene where there was a breach of a condition, or where there was an increased risk of a breach. The OfS enforcement powers included the power to impose a financial penalty, to suspend aspects of a provider's registration and to deregister a provider. The meeting was reminded that HCUC as a provider was required to be familiar with the content of the regulatory framework including the conditions of registration. HCUC Governors were kept assured around compliance with these conditions of registration on an ongoing basis by the detailed reporting spreadsheet presented to Resources Committee, Quality Curriculum & Student Committee and the full Corporation. The detailed HE Reporting spreadsheet was presented to the meeting and taken as read.

The meeting noted a paper which focussed on one element of the OfS regulatory framework which set down rules for the need for HE providers to notify the OfS of 'reportable events'. This was within 'Provision of information to the OfS' under condition F3. Governors noted that paragraph 494 of the regulatory framework defined a reportable event as:

Any event or circumstance that, in judgement of the OFS, materially affects or could materially affect the provider's legal form or business model, and/or its willingness or ability to comply with its conditions of registration.

SW confirmed that HCUC had been compliant with regards to reporting events and the only reportable event that had taken place in the academic year 2020/21 (and 2021/22) was notifying the OFS of the possible merger between HCUC and RUTC. The meeting noted that reporting was enacted through the OfS portal. Governors sought clarity on the level of materiality which would

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require an event to be reported and it was noted that HCUC had decided to report on the basis of a de minimis value rather than using the level of materiality used at external audit (£250,000). TR confirmed that the guidance did not specify any threshold so it was better to include all potential 'reportable events' rather than under-report.

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12. Capital and 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 house sale had not yet completed as planned due to lack of funds at the vendor. SW was hopeful that this would be finalised before the end of the academic year.
- Harrow on the Hill Campus: The estate at Harrow on the Hill (HoH) was currently being reviewed with the idea of possible changes to be made within the Enterprise Building. This would involve moving the LRC from the 1st floor to the ground floor which would free up space for additional classrooms or office space. In addition, Student Services would be relocated to the centre of the college enabling easier student access for advice, guidance and support. The area currently occupied by Student Services could be converted to an executive block including the boardroom. SW confirmed that discussions were being held with the Principal Harrow and management to review the feasibility of the proposals. The time frame for this work would be a 3-5 year period with a capital cost of £800,000 over each of the three years. The meeting agreed that this improvement at HoH would be important in order to compete with other local colleges who had recently secured large sums of money to upgrade their buildings e.g. Stanmore College had recently received circa £60m grant funding for their new campus.

The Property Update Report was RECEIVED.

13. 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 which highlighted the 'mission-critical' red rated risks which were unlikely to ever secure a lower RAG rating. 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 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 earlier in the meeting.
- 1.12 Project Work fails to prepare the College for T levels, CDF and the Transition Fund. (Risk remains at 15 'red')
- 1.14 College fails to retain Highly Trusted Status (HTS) for international students (Risk score reduced from 12 'red' to 10 'amber'). It was confirmed that although HTS had been secured for the current year this would continue to be monitored as a high-risk area.
- 2.05 Inflexible delivery models for Apprenticeships could restrict growth (Risk score remains at 12 'red'). DDS reminded the meeting that the SLT were currently developing a five-year strategy to develop plans for growth in Work Based Learning (WBL), Institute of Technology

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provision, and commercial income. This had been discussed in detail at the Governors' Strategy Day in April 2022 and would be a focus for the SLT Strategy Day in June 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 and all staff during the last half of the summer term. This was also a key factor in the combined financial plan for HCUC and Richmond Upon Thames College as discussed at the merger Joint Steering Group. SW reminded the meeting that the decrease in the 16-18 funding allocation from the ESFA for 2022/23 was a loss of £2.4m (equivalent to 300 learners). SLT were mindful of the need to get enrolment levels back to pre-Covid numbers for the September 2022 enrolment.
- 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) had worked hard to stay in touch with employers during the Covid-19 business disruption and this area was now picking up post pandemic.
- 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').
- 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 and was only now showing signs of recovery.
- 4.05 Failure to achieve IoT targets (Significant red risk with a score of 12.) The ongoing dialogue with the DfE around targets continued; although targets for years 1 and 2 had been reduced the years 3-5 targets remained at the same level. This would prove a challenge over the next three years to reach these levels from a lower baseline.
- 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. The ongoing work to strengthen IT security was also noted.
- 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 meeting commended the new Executive Summary which enabled Governors to clearly focus on 'red' risks rated 12 and above and provided governors a clear view on what were the 'mission-critical' risks. The Chair commended the strong mitigation in place for the key risks.

The HCUC Risk Register was NOTED and RECEIVED.

14. Notification of any attempted fraud in the period to date 2021/22

The meeting received a report which confirmed that there had been no known attempted fraud/corruption issues to report since the last meeting. However, SW informed the meeting that there had been one very recent incidences of fraud on the Barclays Credit Card account since the meeting papers were published. This had involved the fraudulent use of his own HCUC Barclaycard in several online transactions. SW confirmed that the credit card was locked in the college safe – which was the standard security protocol - at the time when they were 'used'. This had been identified by the Finance Team during the monthly reconciliation and amounted to £2,500; there had been multiple online shops at Sainsbury for £200 per transaction. SW confirmed that Barclays had agreed to refund

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the money. Governors sought, and were given, assurance that Finance had checked for any activity on other credit cards and SW confirmed that all cards were checked at every month end reconciliation. Governors were assured that all necessary control procedures were in place. The meeting was concerned that this was the second incidence of fraud using SW's HCUC credit card even though the card had recently been replaced. Governors sought confirmation on who had access to the safe and suggested that SW should consider implementing a two-person authentication process for any access to the safe.

The Fraud Report was NOTED

It was AGREED that GDFRP should:

- i) Continue to maintain a close watch on this area of potential online fraud.***
- ii) Consider implementing a two-person approval process for any access to the safe.***
- iii) Contact Barclays to ascertain the IP address of the fraudulent transactions.***

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

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

- Wednesday 14 September 2022 at 10.00am
- Wednesday 23 November 2022 at 10.15am (joint with Audit)
- Wednesday 15 March 2023 at 10am
- Wednesday 21 June 2023 at 10am

16. Any Other business

There was no Other Business raised by the meeting.

There was no other business. The meeting closed at 11.50am

POST MEETING EVENT

17. Items for Feedback to Governing Body meeting on 12 July 2022

Agreed by e-mail after the meeting:

- The Breakfast Club which was a good initiative for learners that HCUC governors may not be aware of.
- Talent Academy for hard to fill, and other, posts.
- From HR report: Staff Turnover and Sickness data, both of which were outside benchmarks and trending the wrong way. Noted as a sector wide issue at present.
- Barclays v Rathbones investment decision.

Signed

Date