



MINUTES

Directorate:	HCUC Governance	
Minutes of:	Resources Committee	
Date:	19 September 2018	Time: 09.45
Venue:	Exec Meeting Room, Uxbridge Campus	
Present:	Steve Owen	Governor (Acting Chair)
	Laraine Smith	Principal
	Sally Westwood	Governor
Apologies:	Alasdair Macleod	Governor (Chair)
In attendance:	Pat Carvalho	Principal and Deputy CEO
	Vikash Patel	Head of Finance (Outgoing)
	Jayesh Patel	Head of Finance (Incoming)
	Sara Sands	Group Director of Finance & Resource Planning
	Tracy Reeve	Clerk to the Corporation

- 1. Apologies for absence**
Apologies had been received from Alasdair MacLeod; Steve Owen was appointed as acting chair for the meeting. The meeting welcomed Jay Patel, the new Head of Finance to the meeting; he would take over the role when Vikash Patel left the College on Friday 21st September 2018.
- 2. Notification of any urgent items members may wish to raise under Any Other Business**
None.
- 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 20 June 2018**
The minutes were approved and were signed by the Acting Chair.
- 5. Matters arising from the minutes of the Resources Committee meeting held on 20 June 2018**
There were no matters arising that were not already covered by the agenda.

ITEMS FOR DECISION

- 6. Chairs Agenda Item**
There was no Chair's agenda item required at this meeting.
- 7. Bad debt write-off**
The meeting considered the report detailing the proposed write-off of £51,219.70 in bad debts during the financial year 2017/18 at HCUC, (in compliance with the College Financial Regulations). The split between the two colleges was: £19,886 at Uxbridge (9 separate debts); and £31,333.70 at Harrow (110 debts of which 95 had been in 2017/18). The Resources Committee noted that in the past the 2 colleges had used separate debt collection agencies but going forward would now move to using the same agent. Governors were concerned that the

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level of debt seemed high but were given assurance that the College would continue to chase the debts; this was the worst case scenario and the final debt figure should be lower. The meeting was assured that provision for the write off would be made in the College accounts 2017/18.

It was AGREED that the full write off of bad debts amounting to £51,219.70 in the financial year 2017/18 be APPROVED.

8. **HCUC Policies: Financial Regulations**

The meeting considered a revised set of Financial Regulations for HCUC which clearly showed the tracked changes since last approved in 2016. The main changes were to reflect the new HCUC organisation, the new budget holders and responsibilities and changes to job titles post-merger. Other changes had been made to reflect: a revised OJEU limit (now £181,382 excluding VAT); and the Skills Funding Agency (SFA) change of name to the Education and Skills Funding Agency (ESFA). The meeting discussed the proposed changes to the Petty Cash process detailed at section 8 of the Financial Regulations. The previously specified upper limit of £25 had been removed in this revised version. Group Director Finance and Resource Planning (SS) informed the meeting that this was to make the petty cash process less onerous as it was time-consuming, particularly at Uxbridge College where staff used it more. Governors discussed whether the petty cash system should be removed altogether and staff should claim expenses back through payroll instead. After discussion it was agreed that the petty cash system should remain and an upper limit should be specified in order to protect budget-holders. SS sought confirmation from the meeting on whether the list of 'approved banks' should be removed; the Acting Chair (SO) suggested that the list should be included within the Financial Regulations to demonstrate that the College had considered this matter. It was suggested that the need to review bank ratings should be strengthened within Schedule 5 of the Financial Regulations. SS confirmed that the Financial Regulations were circulated to all staff and the need for compliance was highlighted; staff were informed that non-compliance was a disciplinary offence.

The Financial Regulations were APPROVED subject to the following amendments:

- i. An upper limit for petty cash claims should be reinstated in section 8; and***
- ii. The need to assess bank ratings when considering investment opportunities should be strengthened within the narrative of Schedule 5.***

ITEMS FOR INFORMATION

9. **Higher Education (HE) Fees for 2019/20**

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 new 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. SS 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 not to increase the level of fees by 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, all fees for the first year of courses have been increased by 5%. The average contribution of HE courses at these new fee levels would be 46%. A detailed schedule of fees by course for home students was noted by the meeting; the fees ranged from £3,240 to £5,950. It was noted that the proposed

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HE fee for international students was £6,750, regardless of the course. SS confirmed that all charges including ID card, registration and exam fees were now included in the total HE fee.

The schedule of HE Fees 2018/19 was APPROVED as presented to be based on a course costing model with inflation applied at 5%.

10. Management Accounts

a. HCUC May to July 2018

The Head of Finance (VP) gave an update to the 4th quarter accounts to the month of July 2018; these were noted as being prior to any end-of-year adjustments. The historical cost surplus for the period ended 31 July 2018 was £267,000 compared to a revised forecast deficit of £445,000 giving a favourable variance of £712,000. However, the meeting noted that this positive variance was subject to change and would decrease in the final Financial Statements. The GDFRP highlighted that the current management accounts were based on the income as stated in the ILR Period 12; the Financial Statements would include the Period 13 final income figures which would include any additional positive outcomes and also the negative impact of any funding claw-back. The meeting went through the management accounts and narrative comments in detail and the significant variances were highlighted as follows:

- **Income:** Overall favourable variance of £177,000 against the forecast of £45,122,000.
 - **Agency Other income:** A positive variance of £239,000 (against the forecast of £5,199,000).
 - **Employer Services Income:** An adverse variance of £204,000 (against the forecast of £964,000); of which £123,000 adverse was in relation to Work Based Learning reflecting lower delivery for 16-18 than planned.
- **Employee Costs:** A favourable variance of £328,000 (against the forecast of £31,921,000) due to vacancies and use of agency staff covering vacant academic posts; the meeting was reminded that the forecast assumed all posts were filled for the whole year. The variances by line were considered. The meeting discussed the current position with redundancy costs which were £346,000 against the forecast of £350,000; this position would change with additional accruals being accounted for and the final figure was likely to be circa £400,000. The acting Chair sought, and was given, confirmation that this circa £50,000 adverse movement would reduce the current forecast surplus of £267,000.
- **Expenses:** Overall favourable variance of £506,000 (against the forecast of £15,428,000).
 - **Schools Costs:** Favourable variance of £207,000 (forecast £2,420,000) due to lower exam fees and 'other costs' and materials fees at both colleges.
 - **Marketing and Student Services:** A positive variance of £38,000. Within this the £20,000 overspend in 16-18 bursary and £19,000 on Free College Meals was noted but this was offset by additional income.
 - **Human Resources:** Favourable variance of £38,000 (£481,000 forecast) as there had been an under-spend of £34,000 on advertising and recruitment costs due to the internal restructure.
 - **Estates:** A positive variance of £60,000 (forecast £3,577,000); of which £60,000 savings had been made after a number of contracts were recently re-tendered across HCUC (as discussed by the Resources Committee in June 2018). There had been an over-spend of £38,000 on security to cover for sickness for two posts and higher than planned lettings at Uxbridge. The meeting sought, and was given, confirmation on the number of security staff at each of the colleges. There was also a positive variance of £32,000 (against forecast of £633,000) in energy costs due to savings in gas and electricity at Harrow College.
 - **Finance:** A favourable variance of £110,000 (forecast of £2,112,000) of which £40,000 was an under-spend on subscriptions at Harrow and £27,000 was a saving against the forecast pension finance costs. SS confirmed that the 2017/18 actuarial review had been conducted earlier this year and the actual costs for 2017/18 were already known.

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- *Executive:* A positive variance of £33,000 (forecast £360,000).
- *Depreciation:* Positive variance of £21,000 against the forecast of £4,272,000. The meeting discussed the work being undertaken within Finance to align the depreciation policies of Harrow and Uxbridge; Harrow was currently using 75 years and Uxbridge 50 years. SS confirmed that HCUC would move to a figure of 50 years across the College Group. The SLT were currently awaiting valuations for insurance purposes and then the Harrow depreciation would be recalculated; any change would impact the forecast surplus.
- *Balance Sheet:* Cash was at £17,570,000 (adverse variance of £689,000) due to earlier capital expenditure, higher debtors and higher creditors. Fixed Assets were showing a positive variance of £272,000 against the forecast due to the timing of capital expenditure. Reserves were at £59,519,000. The meeting noted that the cash days in hand figure was at 133 compared with a forecast of 148.2 but all ratios remained strong; the 'outstanding' SFA financial health rating would be maintained.

Members were reminded that the financial statements audit for HCUC would take place in October 2018 and the external auditors were Moore Stephens LLP. The audited accounts for HCUC would be brought to the Resources Committee in November and taken to the Corporation in December 2018

b. August 2018

The GDFRP informed the meeting that the Management Accounts for HCUC for August 2018 were not yet available due to sickness in the Finance Team; Governors were given assurance that they would be available soon.

The HCUC Management Accounts July 2018 were RECEIVED.

The HCUC Management Accounts for August 2018 would be circulated to Resources Committee Members as soon as available.

11. Student Applications and Enrolment Update 2018/19

The GDFRP presented an updated enrolment report for 2018/19 as at 18th September for each of the two colleges; the error on the Uxbridge College column was noted, it had not been updated since 12th September 2018. The portfolio target (which was confirmed as the internal College target to allow for withdrawals during the initial 6-week period) for FT 16-18 year olds were noted as follows: Harrow – 1,804 (2,058 in 2017/18); Uxbridge – 4,118 (4,139 in 2017/18). Against the ESFA targets (which were lower than the internal College portfolio targets) there was currently a shortfall of 59 '16-18' learners at Harrow (3%) but Uxbridge had over-recruited by 2%. The meeting noted that enrolment would continue for a short time. The following areas of concern were highlighted: Harrow: Sport (69%), Art and Media, and Health & Care (80-85%), where recruitment was lower than target; and Uxbridge: HBH at 88% and Computing at 95%.

Governors were reminded that 19+ targets were harder to quantify as the allocation was a monetary value, and both Colleges allocated a monetary proportion for non-classroom work. The meeting noted the current position against the target of 1,022 FT 19+ enrolments. The large numbers of part-time 19+ learners was noted with a target of 3,127 at Harrow and 1,199 at Uxbridge. Part time enrolments would continue throughout the year and the monetary values would be monitored through the management accounts. HE enrolments were currently showing 134 actual enrolments against 324, however enrolments would continue into October when HE courses would commence.

The CEO assured the meeting that a full analysis of numbers on each course would be undertaken to ensure viable group sizes. It was confirmed that an update on enrolment would be taken to the Governing Body meeting on 25th September.

The Enrolment Report 2018/19 was RECEIVED.

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12. Property Update

A comprehensive HCUC property update report was considered by the meeting.

LEP Further Education Capital Investment Fund for Health & Social Care Building: The Health and Social Care building had now been in use since November 2017. There had been no change since last reported to Resources Committee in June 2018. The final account had still not been formally submitted and the College continued to take specialist advice.

Weald Masterplan: The meeting was reminded that there were several conditions which remained to be discharged relating to the masterplan; this included an updated travel plan and a cycle scheme.

The Local Skill for Londoners Capital Investment Fund: The meeting noted that the planned works at the Weald Campus were now complete and the College was in full occupation: External works – Access road and demolition of Ramsey Building; LRC reconfiguration to incorporate High need learning; and the demolition of Gaskell building and hard and soft landscaping. The Principal Harrow commended the positive impact of the recent campus development at Weald; a great deal had been achieved during summer 2018. The meeting noted that the project had been completed on 24th August 2018 against the planned completion on 18th August. The current projected final cost was in line with the approved budget of £2,825,864.

Estates Strategy – Enabling Works: The meeting commended the considerable progress against the agreed Estate Strategy for both of the Harrow Campuses. The meeting was reminded that a series of enabling projects had been identified which were able to be delivered independently, and released the Newton and Armstrong Buildings to be redeveloped as funding became available.

Harrow Weald

- *Planning Application Newton Building for new Workshops to accommodate the offsite Construction facilities.* The meeting noted that planners had now toured the site and indicated approval would be forthcoming at Planning Committee on 26th September.
- *Relocation of the Refectory and associated facilities to the DAC building.* This had been completed on 31st August and the kitchen was operational week commencing 4th September for the start of term.
- *Reconfiguration of the Art Facilities to release ground floor space for the refectory.* The 2 remaining classrooms were likely to be completed by 7th September. The delays were due to the need for art staff to oversee removal of art work.
- *Uplift of Bronte Building with new power operated doors to address DDA and provide future opportunity for access barriers.* This was completed on 31st August 2018.
- *Transfer 3 laboratories and associated prep room to Harrow on the Hill (reusing and relocating existing FFE).* No progress at current time.

Harrow on the Hill

- *Enterprise Building– Alteration work to create better space utilisation, creation of new floor space / classrooms. Relocation of the LRC from Armstrong, Principalship and Board room moved to 2nd Floor.* Work was completed on 20th August.
- *Science laboratories created on ground floor of Sports block, new lift to 1st Floor to provide DDA access to sports.* Science laboratories completed on 7th September due to large volume of equipment transferred which required additional storage cabinets in the Preparation Room.
- *New External lift to Brunel to provide DDA access to 3 storey Science and 2 storey general teaching areas.* This was due for completion imminently.
- *West Met Training and Marketing relocated to White House to provide an independent facility to address safeguarding and allow dedicated access.* The work was completed on the interiors by 31st August and a ramp outside completed on 5th September.

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The Skills for London Capital Fund Stage 2

a) *Refurbishment of Newton Building to include workshops and classrooms:* The Newton building had now been fully vacated and would not be used by the College during 2018/19. Planners had walked through the proposed plans and indicated that planning permission would be recommended. The first stage application process was now open for grant funding from the GLA (LEAP) under the "Skills for London Capital Fund, Round 2". The meeting noted the key dates which could result in a grant agreement and project start in May 2019.

The College had been advised that should it be successful in the grant application at stage 2, then the start date of the project could be deemed to be when the stage 1 application was made, 1st October, and costs could be claimed through the Grant. This is important as, in order to vacate the offsite units in August 2019, (at a saving of £250,000 pa), the College would need to complete the works at Weald to enable the full relocation and remedial works commencing June 2019. Construction works to Newton would therefore need to be phased and commence in November 2018, with design and planning largely completed by October and Phase 1 complete by June 2019. Phase 2 new build would commence April 2019 to minimise disruption. SS confirmed that the 2018/19 budget included the refurbishment of Newton as fully funded by reserves; a revised budget for the application was currently being drawn up to include grant funding of at least 33%.

b) *Armstrong Building, Harrow on the Hill:* The Planning Application submitted earlier in the year for Armstrong building had now been approved. The deadlines as shown above for grant applications applied to the Armstrong building. The approved HCUC 2018/19 budget did not include any costs for the Armstrong Building, so a revised budget for the application was currently being drawn up and would model the most appropriate level of grant required for the building enabling the College to maintain sufficient financial reserves and outstanding financial health.

c) *Mayors Construction Academy:* The College was applying for the 2 types of Grant available - one for equipment and one for refurbishment - as a result of the successful application to be one of the Mayor's Construction Academy.

Austen Building: The meeting noted that there had been no agreement reached yet in the negotiations around a land swap for a portion of HCUC land behind the Austen building that was currently green space, and the DoE section of the car park.

Institute of Technology: The College had made an application for development funds for the IoT to the value of £99,936. Outcomes would be known by 10th September, and funds would need to be used by November 2018. The purpose of the funds was to develop the project sufficiently to enable the college to make a full capital grant application. The Stage 2 application was also currently being prepared for submission October (capital) and November 2018 (main project).

Other Works: The meeting noted that the house at Harrow Weald previously occupied by the Estates Supervisor had now been vacated, following the restructure of the estates area. It was proposed to now sell the property, after making some alterations to the boundaries, and to put the proceeds towards estate developments at Harrow. The value of the property was not yet known. The meeting supported this decision to sell the property and Governors suggested that the SLT should research whether some refurbishment and upgrading could generate additional profit on sale.

It was AGREED that the SLT should investigate the options for the sale of the vacant house at Harrow Weald.

The meeting noted the summary which showed major works across HCUC current and upcoming:

- Enabling Works, Harrow. A refurb project costing c£1,000,000 starting April 2018 with completion by September 2018
- Newton Building, Weald. Refurb costing c£3-4 million, start date yet to be confirmed but possibly January 2019 with completion in September 2019
- Institute of Technology, Uxbridge New build costing c£6,500,000, start date of January 2019 with completion in September 2020

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- Mayors Construction Academy, Uxbridge. Equipment costing c£364,000. Project starting in April 2019 with completion by July 2019
- Armstrong Building, Harrow on Hill. Refurb project costing c£8,000,000. Timing yet to be confirmed.

The Property Update Report was RECEIVED.

13. Risk Register

The meeting noted the combined Resources Committee section of the HCUC Risk Register which had been recently reviewed and updated by the Senior Leadership Team (SLT). The red risks were considered in more detail; these were in relation to:

- 3.04 Inadequate budgetary controls (Risk score raised from 5 'green' to 15 'red'). This reflected the staff changes which would happen within the Finance Team and the need for ongoing robust procedures.
- 3.11 Underachievement of funding targets (Risk score still at 15 'red'). Until the 6-week census point was reached there could be no certainty around this.
- 3.14 Management Information – finance, funding, HR (Risk score raised from 5 to 15). Consistent procedures across HCUC now in place. New composite HCUC systems still relatively new (eg. HR system) so risk deemed as high.
- 3.20 WBL non-levy 16-18 and 19+ apprentices target not met. (Risk score still at 15 'red'). Governors were given assurance that current delivery against the ESFA allocation was still being closely monitored.

The HCUC Risk Register was NOTED and RECEIVED.

14. AoC 2018 Report on College Finances

The meeting noted this report which had been published by the Association of Colleges (AoC) in August 2018. The purpose of the report was to document and explain some of the financial issues facing FE colleges in England using 2016-17 financial statements data that had been collected by the Education and Skills Funding Agency (ESFA). The meeting noted the AoC's statement in the report that 'The outlook for the sector has deteriorated in the last 12 months despite the funds made available in recent Treasury budgets and despite the widespread agreement that education and skills matter for the country's future'. Members were informed that this report would be considered in more detail at the HCUC Governors' Training and Planning Day in October 2018.

The AoC report on college finances was NOTED.

15. To confirm and agree the dates and times of meetings for 2018/19

Meetings were agreed as follows:

- Wednesday 28 November 2018, at 10.15am (*the first hour of the meeting to run concurrently with the Audit Committee meeting*)
- Wednesday 13 March 2019, at 10.00am
- Wednesday 19 June 2019, at 10.00am

16. Any other business

There was none. The meeting closed at 10.50am.

Signed

Date

