

# MINUTES

**Directorate:** HCUC Governance

**Minutes of:** Resources Committee

**Date:** 21 September 2017      **Time:** 10.00

**Venue:** Exec Meeting Room, Uxbridge Campus

**Present:** Alasdair Macleod      Governor (Chair)  
Laraine Smith      Principal

**Apologies:** Ketan Sheth      Governor  
Sally Westwood      Governor

**In attendance:** Pat Carvalho      Principal and Deputy CEO  
Vikash Patel      Head of Finance  
Sara Sands      Group Director of Finance & Resource Planning  
Tracy Reeve      Clerk to the Corporation  
Imtiaz Aziz      Human Resources Director (*Items 8 and 9 only*)  
Len Scott      Health & Safety Officer (*Items 8 & 10 only via tele-conference*).

## 1. Apologies for absence

The Chair AMcL welcomed people to the first meeting of the HCUC Resources Committee since the merger of Uxbridge College (UC) and Harrow College (HC) on 1<sup>st</sup> August 2017. Apologies had been received from Ketan Sheth and Sally Westwood.

**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 Uxbridge College Finance & Property (F&P) Committee meeting held on 23 June 2017**  
The minutes were approved and were signed by the Chair.

**5. Matters arising from the minutes of the UC F&P Committee meeting held on 23 June 2017**  
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 £27,791 in bad debts during the financial year 2016/17 at Uxbridge College, (in compliance with the College Financial Regulations).

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The Chair sought, and was given, assurance that a full provision for the write off would be made in the College accounts 2016/17. He also sought confirmation on what the bad-debt write off had been during the prior year; it was confirmed as £19,585.

It was noted that of the whole amount, £6,186 related to unpaid student debt through upfront fees and instalments (4 students) which had been passed to debt collectors with little or no success; the 4 accounts would be closed by the debt collection agency. The remaining debts amounting to £21,605 (9 students) related to unpaid debt via upfront fees and instalments which were still at the 'new referral' stage with the debt collection agency; however the meeting noted that little or no success had been reported as yet. For this reason GDFRP (SS) was seeking approval for a full provision to be made for the write-off in the 2016/17 Financial Statements.

**It was AGREED that:**

- i) the full write off of bad debts amounting to £27,791 for UC be APPROVED.**
- ii) the level of debt write-off for HC 2016/17 should be confirmed and brought to Resources Committee for approval.**

## 8. HCUC Policies

The meeting considered the following key policies which had been revised to reflect the post-merger organisation of HCUC: Health and Safety (H&S) Policy; Equality and Diversity Policy; Modern Slavery and Human Trafficking Statement; Sustainability Policy; Anti-Fraud Policy; and the Reserves Policy.

Modern Slavery Statement: The Principal asserted the importance of the Modern Slavery and Human Trafficking Statement; this was a new requirement post-merger as HCUC had a turnover in excess of £32 million. It was noted that the College had already been asked for this document by some of its customers. HR Director (IA) confirmed that this statement had been drafted to reflect good practice guidelines.

Equality & Diversity: The meeting discussed the detail of the process outlined within the revised Equality and Diversity Policy and noted the Equality and Diversity Committee at Harrow and the Equality and Diversity Forum at Uxbridge. The meeting was reminded that an annual Equality and Diversity Report would be brought to the Corporation in December 2017.

H&S Policy: The UC H&S Advisor (LS) joined the meeting by telephone conference and the governors discussed the proposed over-arching HCUC Policy document. The meeting noted that the two separate colleges organised their H&S operations very differently and that there would be two detailed college H&S policies below this HCUC one in order to detail exactly how the important H&S requirement would be complied with in each college. The Chair sought confirmation on the time-frame for full-alignment of H&S arrangements between the two colleges. It was noted that the SLT were working towards alignment of COSHH and PUWER across all aspects of HCUC by September 2018. The meeting sought, and was given, additional clarification on how students were made aware of H&S rules and requirements. It was noted that there would be an emergency evacuation drill at each of the colleges during the next week.

Sustainability: The meeting discussed the HCUC Sustainability Policy and SS informed the meeting that the aim was to combine and maintain ISO14001 for HCUC. The SLT were also looking to novate the 'carbon trust' accreditation which Harrow College had attained across to HCUC.

Anti-Fraud: The Chair sought confirmation on whether all payments to HCUC were now being made via one location; this was not yet the case. It was confirmed that the Vice Principal checked the payments runs being made by Harrow College. SS also confirmed that an e-mail would be sent to all HCUC budget holders detailing their responsibilities and budgetary limits. The Chair sought clarity on whether the College accepted cash payments: it was confirmed that some payments at enrolment were made in cash but this was less over time.

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Reserves: SS confirmed that the outline amount of Reserves had been increased to £12 million to cover 90 days costs for HCUC. The Chair sought, and was given, confirmation that Harrow College had a Reserves Policy pre-merger; SS confirmed that the stated aim of this policy had been to build a Reserve of £4 million. It was noted that the Charities Commission cited having a Reserves Policy as being compliant with good practice guidelines.

**The revised HCUC Policies as outlined above were APPROVED as presented.**

## ITEMS FOR INFORMATION

### 9. Human Resources Report 2017/18

Template for future HR Reports: The meeting received a template with a suggested format for the standing HR Report which would be brought to all future HCUC Resources Committee meetings. The meeting noted that future HR reports would be in a dashboard format reporting on the following key HR metrics: staff turnover; recruitment activity; staff headcount and FTE; Equality data of the HCUC workforce; sickness absence; general absence rates; performance management and appraisal completion data; CPD activity by contract type; and a Prevent update. It was also noted that the HR Report would contain the summary feedback from the Staff Focus Groups which would be held on a termly basis at each of the two colleges. The CEO highlighted that the staff focus groups would be asked for specific feedback on their experience concerning the merger.

Policy Updates: The meeting noted that the HR department was currently reviewing a number of key HR policies which had contractual implications and so required collective consultation with the recognised trade unions. The meeting noted that it was expected that these policies would be presented to Resources Committee in November 2017 once the consultation process was complete.

Gender Pay Gap: The meeting noted the requirements that had come into place on 6 April 2017 with the advent of The Equality Act 2010 (gender pay gap information) Regulations 2017. It was noted that data for the first year was required to be collected for the two separate colleges and gender pay gap reports would need to be on the Colleges' individual websites by 4 April 2018. It was confirmed that in future years reporting would be for the collective HCUC organisation.

Post-merger Action Plan: The meeting noted the two key HR work-streams which were highlighted in the HCUC Post-merger Action Plan 2017/18. These were: a review of existing HCUC Terms and Conditions; and alignment of pay which would also need to address any pay protection/ restriction measures that might emerge from this process.

***The Human Resources Report was RECEIVED and the format of future reporting during 2017/18 was APPROVED as presented.***

### 10. Health & Safety Reports 2016/17

The meeting noted two separate Health and Safety Reports 2016/17, one for each of the colleges. It was noted that Harrow College used a specialist H&S consultant and Uxbridge College had a designated Health and Safety Advisor on-staff. The CEO (LS) confirmed that a lot of work had been undertaken across the two colleges on Health and Safety issues and a joint H&S Policy was now approved. The Deputy CEO (PC) confirmed that the Harrow College lead on H&S was comfortable with the proposed mechanisms for taking this important area of work forward across the two colleges. The meeting discussed the H&S reports with Len Scott and was pleased to note the downward trend in accidents.

***The detailed Health and Safety Reports 2016/17 for Harrow College and Uxbridge College were NOTED and RECEIVED.***

### 11. Update on 2017/18 HCUC Budget

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The meeting noted that there had been no significant change to the combined HCUC budget 2017/18 since last presented. SS informed the meeting that there could be some variation due to a change in the level of disadvantage uplift to funding based on postcode analysis. The meeting was reminded that the combined budget would be re-worked in detail for the mid-year forecast at the end of January 2018.

**NOTED**

## 12. Management Accounts

a. Harrow July 2017: The meeting noted that the management accounts as presented were before any necessary year-end adjustments. The year-to-date actual surplus was noted as £2.689m against a planned surplus of £640,000. It was noted that £1.96m of this surplus had been due to gain on the sale of assets. Income was £868,000 lower than planned and expenditure was £942,000 below plan. The Executive summary was noted which gave the meeting a clear commentary on all of the variances against budget. The EFA 16-18 learner numbers 2016/17 were highlighted; at 1,910 these had been 57 lower than the prior year and 188 below target/ budget. The large numbers of High Needs learners at Harrow were noted at 182 during 2016/17 which had generated £2.8m income. The meeting went through the HC management accounts in detail and noted that the savings in permanent staffing costs had been offset by agency staffing costs; this was confirmed as mainly being within ALS rather than within curriculum areas. The meeting noted that all of the KPIs, Financial Ratios and performance against bank covenants were in line with expected performance. During consideration of the Balance Sheet the Chair sought additional detail on what was included in the Revaluation Reserve: this was noted as covering land and buildings at all Harrow College sites in order to get a baseline for the merger. This revaluation had been undertaken by external property consultants Gerald Eve. The meeting discussed the Harrow College depreciation policy and the Chair was given confirmation that this could vary by campus or even by individual buildings across the group if required. SS confirmed that Harrow College's depreciation policy was at 60 years and UC's had been revised to 50 years for 2017/18. It was noted that this matter had been discussed at Audit Committee on 20 September and it had been agreed that the GDFRP would take advice from external auditors on whether to harmonise this over HCUC as the organisation moved forward.

### b. Uxbridge 4<sup>th</sup> quarter (May to July 2017)

The Head of Finance (VP) gave an update to the 4<sup>th</sup> quarter accounts to the month of July 2017; these were noted as being prior to any end-of-year adjustments. The historical cost surplus for the period ended 31 July 2016 was £1,047,000 compared to a revised forecast surplus of £815,000 giving a favourable variance of £233,000. The meeting went through the management accounts in detail and the significant variances were highlighted as follows:

- **Income:** Overall favourable variance of £4,000 against the forecast of £28,558,000.
  - **Employer Services Income:** An adverse variance of £29,000 (against the forecast of £637,000).
- **Employee Costs:** A favourable variance of £169,000 (against the forecast of £18,815,000) due to vacancies and use of agency staff covering vacant academic posts. The variances by line were considered.
- **Expenses:** Overall favourable variance of £198,000 (against the forecast of £10,232,000).
  - **Schools Costs:** Favourable variance of £29,000 due to lower exam fees and 'other costs'.
  - **Marketing and Student Services:** A positive variance of £55,000.
  - **Human Resources:** Favourable variance of £32,000 as there had been an under-spend on advertising and recruitment costs due to lower turnover and some posts being 'held' pre-merger.
  - **Estates:** An adverse variance of £37,000; of which £26,000 was an over-spend on additional reactive work for plumbing, electrical and other fabric work which had not been anticipated.

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- *Energy:* Adverse variance of £9,000 due to higher gas usage and unit price.
- *Finance:* A favourable variance of £106,000 of which £68,000 was an under-spend on Area Review related expenditure.
- *Executive:* A positive variance of £11,000.

▪ *Balance Sheet:* Cash was at £12,081,000 (against a forecast of £12,547,000) due to early repayment of the bank loan partly offset by higher surplus, lower capital expenditure and higher creditors. Fixed Assets were showing an adverse variance of £296,000 against the forecast of £51,960,000 due to the timing of capital expenditure. Reserves were at £35,283,000. The meeting noted that the cash days in hand figure was at 134.6 compared with a forecast of 139.8 but all ratios remained strong; the 'Outstanding' SFA financial health rating would be maintained.

Members were reminded that the financial statements audits for Harrow and Uxbridge would take place in October 2016 by the external auditors KPMG and Moore Stephens respectively. Both sets of audited accounts would be brought to the Resources Committee in November and Corporation in December 2017.

## a. August 2017

The Management Accounts for HCUC for August 2017 were presented for information and taken as read. SS highlighted that Head of Finance (VP) had undertaken a lot of manual work to bring the combined accounts together; systems were not yet in place to bring HC and UC trial balances together automatically. The Executive Summary on the front page was considered in detail and Governors were reminded that August accounts were traditionally of little value as the new college year was not yet underway. It was confirmed that August management accounts were still required by the college bankers. The Chair sought additional clarity on the profiling of the budgets across the year and it was noted that it was based on the following: tuition fees, 2016/17 actuals; staffing costs, equally across the year; non-pay costs, 1/12 contracts or actual during 2016/17. Harrow College profiles had been provided by the HC finance staff. The meeting commended the positive cash-position of HCUC at £20 million.

***The Management Accounts July 2017 for Harrow College and Uxbridge College and the August 2017 accounts for HCUC were RECEIVED.***

## 13. Update on Merger Costs

SS presented a summary of the actual costs to date compared with the forecast costs of the merger which had been included in the two-college combined forecast 2016/17 and financial plan 2017/18. The actual cost of the merger to date was noted as £669,362; against the budget of £917,000 (favourable variance of £247,638). The meeting was reminded of the unforeseen income from the transaction unit for the VAT on the new Harrow Weald building (£389,000) and the transition unit income (£91,000). SS highlighted that staff related costs and savings had yet to be fully quantified. SS reasserted the efficiencies that would be made in the future by combining provision of services across the two colleges.

**NOTED**

## 14. Update on Post-Merger Action Plan

The meeting considered an update on the Post Merger Action Plan which detailed items relevant to the Resources Committee. The meeting noted that many of the specific statutory, regulatory and other issues arising from the merger had already been addressed e.g. insurance cover. Other items were highlighted as follows:

*Bank Loan:* UC repaid its £1.3m loan at the end of July and the HC loan was repaid at the start of August. The meeting was reminded that both loans were refinanced with a 5 year £4 million revolving credit facility arranged with Barclays Bank. The meeting noted the specific details of this new finance arrangement.

*VAT:* HC had now been de-registered for VAT and the UC VAT registration would continue for the HCUC College Group.

*PSA, PCCI, Consumer Credit Licence:* All of these were confirmed as having new arrangements

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completed post-merger.

PAYE, payroll and pensions: HCUC used the new payroll system i-Trent for the first joint payroll in August 2017. All HC staff had now transferred over to the UC reference. Both TPA and LGPS had been informed of the merger. There was no change to TPA arrangements but as previously notified the LGPS assets and liabilities in the Harrow Fund had been transferred to the Hillingdon fund from 1 August 2017.

Finance System: HCUC was currently upgrading the Aptos finance system used at Uxbridge; this would be fully implemented by October 2017 with new site codes and cost centres.

Financial Reporting system: It was confirmed that in the interim period while HCUC was running 2 finance systems a reporting system will be used which mapped data from both systems into the standard reports to be used by the Group.

Student Records system: The CEO highlighted this area as a major cause of concern with a great deal of work to do in order to bring the two separate MIS systems together by January/February 2018. This timeframe would be required to enable enrolment 2018/19 to run smoothly. MIS staff were currently investigating whether Pro-Solutions or EBS would be a better system for HCUC to use.

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### 15. **Student Applications and Enrolment Update 2017/18**

The Group Director Finance & Resource Planning presented an interim enrolment report for 2017/18 as at 7<sup>th</sup> September 2017 for each of the two colleges. The meeting noted that at the present time HCUC had not met its full-time 16-18 target, however enrolment was continuing. The ESFA targets for FT 16-18 year olds were noted as follows: Harrow – 1,889 +71 rising 19s totalling 1,960 (2,098 in 2016/17, and 2,160 in 2015/16); Uxbridge - 3,886 + 182 rising 19s totalling 4,068 (4,039 in 2016/17, 3,799 in 2015/16); HCUC – 5775 + 253 rising 19s totalling 6,028. There was currently a shortfall of 154 learners, 2.5% against the ESFA targets, however enrolment would continue for a short time. Areas to note were highlighted: Harrow: Health & Care, Sciences and Humanities recruitment was lower than target; Uxbridge: 18 year old recruitment at 81% of target, affecting most areas. 16-17 recruitment was at 104%, level 3 second year learners below target. HC Principal (PC) confirmed that since the report was issued Health and Care enrolment had improved as had Science. The meeting discussed the funding benefits of over-recruitment on 16-17 year olds as they were worth more income per head to the College than 18 year old learners; this would mean that although numbers were down, the associated cut in lagged funding would be proportionately less. The increase in 16-17 year olds was also a very positive sign for progression in the next few years.

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. Of the classroom funding the actual FT 19+ enrolments for the group was 1,168 against the target of 1,112. Uxbridge was at 113% of its internal target, and Harrow at 95%. Of the part time numbers, the actual for the HCUC group was 2,515 against a target of 5,352. Part time enrolments would continue throughout the year and the monetary values would be monitored through the management accounts. HE enrolments were currently showing 106 actual enrolments against 327, however enrolments would continue into October when HE courses would commence. The chair sought confirmation of whether there was a separate cohort of lecturers for HE; it was confirmed that this was not the case and any excess staff could be utilised within FE teaching.

The CEO assured the meeting that a full analysis of the under-recruitment and possible reasons was currently being undertaken by the Senior Leadership Team (SLT). The funding reduction associated with this level of enrolment was considered by the meeting and the potential reduction in lagged funding for 2017/18 was noted as circa £869,000. It was confirmed that an update on enrolment would be taken to the Governing Body meeting on 26<sup>th</sup> September.

**The Enrolment Report 2017/18 was RECEIVED.**

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## 16. Property Update

A detailed property update report was been considered by the meeting which provided an update on the following: detailed financial information for the new Health and Social Care building at Harrow Weald campus; an update on the Weald masterplan; Harrow College submission of Expression of Interests to the LEP for 5 projects across the two Harrow campuses; onward sale of the Austen Building at the Weald Campus; and minor works/ window replacement/ heating upgrade at Hayes Campus.

Health and Social Care Building: The meeting was given an update on the new Health and Social Care building at the Harrow Weald campus. The contract completion date had been 24<sup>th</sup> August 2017 but the estimated completion date was now 9<sup>th</sup> October 2017 (not 22<sup>nd</sup> September as shown in the report) with a target occupancy date of 30<sup>th</sup> October 2017. This would enable staff to access the building during half-term and the students to start in the new building after the week's break. The meeting noted the estimated outturn of £4,970,124 against the project budget of £5,150,124 (saving of £180,000). Governors noted that the LEP had provided 35% of the funding for the project. The meeting commended the grading of BREEAM Excellent achieved at the design stage and noted this was on track to be maintained for the build stage.

Weald Masterplan: It was noted that final planning approval would be determined during September 2017.

LEP Expressions of Interest (EoI): The meeting noted that Harrow College had gone forward with 1 EoI for the refurbishment of the LRC at the Weald Campus at a cost of £2.7m; there would be an expectation of a 2:1 match on funding. It was noted that this was submitted pre-merger and the HCUC proposal was for the new College Group to contribute £1m from reserves with the balance requested from the LEP. PC confirmed that she would resubmit two of the other original 5 bids when the LEP re-opened applications for Development Grants; the College would be required to demonstrate Benefit to Place, Benefit to Region and an impact on British Values.

Onward sale of Austen Building, Weald Campus: The meeting noted that this building had been sold to the Goodman Group in 2015/16 who had now sold the building on. The funds received in relation to the original sale as well as the recent top-up in relation to contingent liabilities and a section of the car park was noted.

Minor Works at Longmead, Hayes Campus:

- Window replacement: It was noted that the scheduled window replacement was not yet complete due to a delay in the manufacture of the windows. Final completion would not be in November and would necessitate weekend working to minimise disruption to learning (this would have an impact on costs).
- Heating: It was noted that the corridor radiator replacement had been completed during the summer break 2017 but the classroom radiator work would be deferred until Easter 2018 to minimise classroom disruption.

**The Property Update Report was RECEIVED.**

## 17. Risk Register

The meeting noted the two separate College Risk Registers which were aligned to the Corporate Goals for the Resources Committee to monitor during 2017/18. The Risk Register aligned to the Post Merger Action Plan was also considered. The red risks were considered in more detail, these were in relation to: enrolment, funding and targets, English and Maths and staffing. It was confirmed that a composite HCUC Risk Register would be available from January 2018 once the new Strategic Plan for HCUC was drafted and approved.

**The College Risk Registers and the Post-Merger Risk Register for HCUC was NOTED and RECEIVED.**

## 18. Minutes of previous Harrow College committee meetings.

The minutes from the Harrow College (HC) Property Committee and the HC Resources Committee both held on 14<sup>th</sup> June 2017 were taken as read and received for information.

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## 19. To confirm and agree the dates and times of meetings for 2017/18

Meetings were agreed as follows:

- Wednesday 29 November 2017, at 10.15am (*the first hour of the meeting to run concurrently with the Audit Committee meeting*)
- Wednesday 14 March 2018, at 10.00am
- Wednesday 20 June 2018, at 10.00am

## 20. Any other business

There was none. The meeting closed at 12.15pm.

## 21. Items to feedback to Governing Body

The Committee Members agreed the following key issues which would be given as feedback to the next Governing Body meeting (26<sup>th</sup> September 2017) by the Chair:

- **Bad Debt Report:** The Resources Committee had approved the write-off of £27,790 in bad debts in relation to the financial year 2016/17 for UC, (in compliance with the College Financial Regulations); full provision for the write off had been made in the College accounts.
- **August 2017 Management Accounts:** The Committee had reviewed the August 2017 management accounts for Harrow, Uxbridge and HCUC combined.
- **Property Update:** A detailed property update report had been considered by the meeting which provided an update on the following: detailed financial information for the new Health and Social Care building at Harrow Weald campus; an update on the Weald masterplan; Harrow College submission of Expression of Interests to the LEP for 5 projects across the two Harrow campuses; onward sale of the Austen Building at the Weald Campus; and minor works/ window replacement/ heating upgrade at Hayes Campus.

Signed .....

Date .....