

MINUTES

Directorate: Governance

Minutes of: Resources Committee

Date: 28 November 2018 **Time:** 11.30

Venue: Executive Meeting Room, Uxbridge Campus

Present: Sally Westwood Governor (Acting Chair)
Laraine Smith Group Principal & CEO

For items 1J to 5J only:

Mike Cox Governor (*HCUC Audit Committee Chair*)
Nasim Khan Governor (*HCUC Audit Committee member*)

Apologies: Alasdair MacLeod Governor (Chair of Resources Committee)
Steve Owen Governor

In attendance: Imtiaz Aziz HR Director
Pat Carvalho Principal and Deputy CEO
Jayesh Patel Financial Controller
Sara Sands Group Director Finance & Resource Planning
Tracy Reeve Clerk to the Corporation

For items 1J to 5J only:

Nick Simkins Moore Stephens LLP (*external auditors*)
Lorna Raynes RSM Risk Assurance Services LLP (*funding auditors*)
Kath Rangeley (KR) Director of Funding & Information Services

Observers: Dylan McTaggart Vice Principal Harrow College
Shane Woodhatch Group Director Finance and Resource Planning 'Elect'

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

ITEMS FOR DECISION

1J. To RECEIVE the Report & Financial Statements and associated reports for the period ended 31 July 2018 for Uxbridge College

i) Financial Statements

The GDFRP (GDFRP) introduced the draft reports and financial statements for the period ended 31 July 2018 and highlighted that the Resources Committee would be required to approve the Report and Financial Statements and then recommend to the full HCUC Corporation for approval.

The following key points were highlighted:

- The operating surplus for the year was £547,000 (compared with £892,000 in 2016/17).
- Once the impact of the FRS17 pension gain was applied this resulted in a surplus 'Total Comprehensive Income' of £23.210m. Net assets of £15.226m were transferred from Harrow College on merger to HCUC.
- The balance on the income and expenditure account (excluding pension reserve) now stood at £51.583m (compared with a figure of £43.791m in 2016/17).
- The College had accumulated reserves of £60.202m, net assets of £90.632m and cash balances of £17.698m.
- The LGPS pension liability was noted as £13.900m compared with £19.602m last year

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- (the prior year figure was for Harrow and Uxbridge as separate colleges). Governors were reminded that the pension liability (FRS17) was not included by the ESFA when assessing the financial health of colleges.

The meeting went through the Income and Expenditure account and the Notes to the Financial Statements and Balance Sheet in detail. The meeting noted that in 2017/18 the College delivered activity that produced £40.027m in Agency main allocation funding (compared with £43.119m in 2016/17). The total Agency funding was at 81.6% of income in 2017/18 (83.05% in prior year). Total income had decreased from £51.733m in 2016/17 to £49.031m in 2017/18; UC income had fallen by 2% on prior year due to a lower Adult Education Budget; and HC income had fallen by 10% due to some courses having been removed. The meeting discussed the curriculum planning process for 2019/20 and questioned when this would start. The Principal (LS) informed the meeting that when the final ILR was known at the start of December the SLT would start to consider the portfolio of courses for 2019/20; Harrow College would be considered first as there appeared to be a need for more change than in the UC portfolio. LS reiterated the need to construct enrolment targets across the College based on reality. Expenditure had decreased from £51.035m (across the two colleges pre-merger) to £48.484m; of this £33.731m related to staff costs compared with £34.719m in the prior year. SS highlighted that all central staff costs – corporate services and SLT – were included against the UC staff cost. SS assured the meeting that eventually the costs would be allocated more accurately across HC, UC and West Met Skills. Governors sought confirmation that financial data would continue to be presented separately for each of the two colleges as well as a group position; SS confirmed that this would always be required to allow management and Governors to see that each College was operating efficiently. The meeting noted the detail of the fixed asset additions during the year, which amounted to £7.73m; of which £5.309m was on land and buildings and £2.421m was on equipment. SS highlighted a historical accounting issue with the HC revaluation reserve; this had been corrected for 2016/17 and tracked back to 2013/14 to see whether the trial balance had been closed off. The meeting noted the strong financial performance indicators for 2017/18 which included a strong operating cash inflow (£5.5m) as well as the following:

- Operating surplus of 1.14% of income (UC was 2.8% in 2016/17).
- Current ratio (assets over liabilities) of 1.9 (UC was 2.7 in 2016/17).
- EBITDA (education specific) - earnings before interest, tax, depreciation and amortisation - at 12.12% which was down on the prior year figure of 16.51% at UC.
- 69% staff costs as a percentage of income including agency staff (66.2% in prior year). This figure reduced to 66.54% when the pension cost was excluded.

The notes to the accounts were considered in detail by the meeting. The Chair questioned the use of the word 'merger' within the financial statements as from a technical accounting perspective it had been an acquisition. **SS highlighted the use of the word 'combination' in the report but agreed she would consider whether the word 'merger' should be changed in any of the narrative.** *(Action SS)*

The meeting considered and noted the Statement of Corporate Governance and Internal Control and the assessment of the College as a 'going concern'. SS confirmed that the other senior members of the SLT at HCUC had contributed to the narrative of the Members Report on HCUC Strategy, curriculum and the summary of capital works undertaken at the Harrow Weald and Harrow-on-the-Hill campuses. The Chair sought, and was given, confirmation that the external auditors had done their own 'controls testing' to validate the audit process. The meeting commended the results and agreed that the College was in a position to meet current and future economic challenges from a position of relative strength when compared with many other FE Colleges. The meeting commended that HCUC had made a surplus in the first year post-merger despite merger costs of approximately £800,000 in year and £1.8m FRS adjustments in relation to the LGPS pension scheme. It was agreed that the College's key strategic aim in relation to finances 'To maintain the strong financial profile needed to ensure a secure future', had been fully achieved.

The Chair of Audit Committee highlighted that he had found several typographical errors in the Financial Statements; he would e-mail the detail of these to the GDFRP for correction.

(Action MCx / SS)

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ii) July 2018 Management Accounts

The restated Management Accounts for 31 July 2018 and the adjustments arising from the preparation and audit of the Financial Statements were noted by the meeting. Adjustments totaling £329,000 had been made against the income and expenditure. As previously noted by the meeting the revised operating surplus was £596,000 against a forecast deficit of £445,000.

The 2017/18 Financial Statements and July 2018 Management Accounts were NOTED and RECEIVED, (they would be recommended to the HCUC Corporation for approval by the Resources Committee).

(Action AMcL / SS)

iii) Audit Findings Report of the External Auditors, Moore Stephens, following their audit of the HCUC Financial Statements for 2017/18, for APPROVAL & recommendation to Corporation.

Nick Simkins (NS) of Moore Stephens presented the Audit Findings Report to the Governors, which acknowledged the strong financial outturn and cash position for Uxbridge College. NS highlighted the difficult circumstances that had arisen this year due to staff absence within the Finance Team and commended the new Head of Finance (JP) for his considerable efforts and positive contribution in his work with the external audit team. SS affirmed this vote of thanks for JP who had been somewhat 'thrown in at the deep end' and had done a great job in the preparation work for the Financial Statements audit. The meeting was pleased to note the clean unqualified opinion.

NS informed the meeting that once again, after the initial delay to the process starting (due to HCUC finance staff absence), the audit had gone very smoothly from their perspective; the flow of information from management had been accurate and timely. SS and JP concurred that the process had gone well from the College management perspective. The meeting considered the Management Report in detail.

The meeting was pleased to note that the audit conclusion on all qualitative aspects considered was clean; NS also highlighted the unmodified regularity audit opinion. The meeting went on to consider the significant audit risks that had been identified by Moore Stephens and detailed in their audit planning letter. The risks were noted as follows: revenue recognition; management override of control; valuation of LGPS; and the merger between Harrow College and Uxbridge College. Governors noted that Moore Stephens conclusion against the first three of these risks was clean and that there were no issues identified which needed to be reported to the Audit Committee. The risk associated with the merger – in relation to the accounting treatment and disclosures made in the accounts – was still to be finalised. However, the meeting was assured that Moore Stephens did not 'expect any modifications to the audit report on the financial statements July 2018'. The meeting also noted the assurances given around the risk of fraud and independence. NS highlighted that during the audit there had been no weakness of controls identified but there were two recommendations for improvement; one grade B ('important issue, requires attention') and one grade 'C' ('less important/ housekeeping'). The grade B recommendation was in relation to the need for a comprehensive Fixed Asset Register; management had accepted this recommendation and would complete the verification exercise during 2018/19. The lower priority recommendation was in relation to 'document retention on Midland iTrent' (the HR system recently implemented across HCUC); this had also been accepted by management and would be implemented by the HR Director. Audit Committee members commended the small number of recommendations as the 2017/18 had been a very complicated year for the Finance Team having to bring the two colleges finance systems together for the first time. The meeting also noted that there were no unadjusted misstatements to report. There had been a presentational adjustment of £15.2m in the Total Comprehensive Income as the net assets of Harrow College on merger should have been treated as 'combination that is in substance a gift'.

The meeting discussed the potential impact of the proposed increase to the Teachers' Pension Scheme (TPS) employer contribution rates; planned to rise from 16.48% to 23.6% from September 2019. SS confirmed that it was not yet known whether the DfE would provide any support for Colleges in facing this increased expenditure. NS believed that this increased TPS burden could be the final financial straw for a lot of Colleges and independent schools.

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NS thanked the College Finance Team for their support and cooperation throughout the annual audit which had been recognised in the Management Letter; the flow of information had been good and a number of technical matters had been resolved amicably. NS confirmed that the issue of 'symmetry' around the debtor system at HC had now been resolved. It was noted that the low number of recommendations highlighted an ongoing positive control environment at HCUC. The Audit Committee members commended the College finance team and Moore Stephens for another positive result. NS highlighted his thanks to SS as she was leaving HCUC in December 2018; he had worked with her for many years and she had always done a sterling job, she would be greatly missed. All Audit Committee members and attendees concurred with this statement.

The Audit Report and Management Letter of the External Auditors, Moore Stephens, for Uxbridge College 2017/18 was APPROVED and would be taken to the HCUC Corporation for approval (11th December 2018).

(Action MCx / SS)

iv) Letter of Representation

The meeting noted the draft Letter of Representation; this had a standard format for all FE Colleges, which was required by the Joint Audit Code of Practice; it would not include any amended narrative specific to HCUC.

The Letter of Representation for HCUC would be taken for approval to the HCUC Corporation (11/12/18) before being signed by the Corporation Chair on behalf of the Corporation, and the Group Principal/ CEO as Chief Accounting Officer of HCUC.

(Action MCx / LS)

v) Funding Assurance Report 2017/18 completed by RSM

The meeting welcomed the HCUC Director of Funding and Information services (KR) to the meeting along with the Funding Auditor (LR) from RSM Risk Assurance Services LLP. The meeting considered the report from RSM, commissioned by the Education and Skills Funding Agency (ESFA) within the annual national sample of Final Funding Returns. The RSM review had examined the College's final ILR for 2017/18, which had consisted of a 'stitched file'; Harrow College and Uxbridge College had run two different Learner Number Systems and different procedures during 2017/18. The funding streams considered had been;

- Carry-in apprenticeships and adult education budget provision
- Apprenticeships (from 1 May 2017)
- Advanced Learner Loans
- 16 to 19 provision

The meeting noted the assurance review approach taken by RSM and the errors found during the funding audit. The associated risks and associated funding adjustments were clearly highlighted by LR and the Audit Committee discussed the Action Plan and recommendations with KR. Members were pleased to note that many of the recommendations had already been completed, whilst others had completion dates for December 2018 or early in 2019. LR assured the meeting that all of the errors found were commonly found across FE college funding audits. However, KR confirmed that there was still work to be done to get the College back to the very high level of compliance with funding requirements that had existed pre-merger. Audit Committee was assured that due to the considerable work undertaken during 2017/18 on aligning the two college systems, HCUC was compliant with funding rules for 2018/19. The meeting discussed the disappointing number of recommendations and KR assured Governors that the level of materiality used by RSM was very low; they also included all errors found even if cleared during discussions. KR informed the meeting that she had challenged a number of the recommendations with the ESFA Funding specialist but she had to agree that the report was factually accurate.

The Funding Assurance Report of RSM, for HCUC 2017/18 was RECEIVED and APPROVED and would be taken to the HCUC Corporation on 11th December 2018.

(Action MCx / LS)

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2J. Assurance of Going Concern

SS informed the meeting that the FE/HE Statement of recommended practice required the Corporation to carry out a formal assessment of going concern. NS highlighted that it would be important to demonstrate that the Corporation had undertaken due diligence around their consideration of the going concern of the College as the FE sector moved forward into a new Insolvency Regime. Members noted that the governing body must make their own assessment of their institution's ability to continue as a going concern to assure themselves of the validity of the 'going concern' assumption when preparing their accounts. In making this assessment, an institution's governing body should take into account all available information about the future for at least, but not limited to, 12 months from the date the accounts were approved. An institution must disclose any material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern. SS assured the meeting that HCUC Corporation had carried out a formal assessment of the going concern in preparation of signing the financial statements. This had included an assessment of the following factors:

- The financial position and reserves as at 31 July 2018
- Cash and investment balances and cash flow forecasts for the next 12 months
- The 2018/2019 financial budget as approved by the corporation
- The level of student recruitment in 2018/19
- Known liabilities and commitments in the next 12 months

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

The assurance around Going Concern was NOTED and APPROVED. The Resources Committee would recommend it to the Corporation for approval (11/12/18) alongside the HCUC Financial Statements 2017/18.

(Action AMcL / SS)

3J. Regularity Self-Assessment Questionnaire

The meeting considered the detailed Self-Assessment Questionnaire 2017/18 which had been completed by the College Management Team for the assurance of the External Auditors around Regularity Issues. As previously noted Moore Stephens had provided a clean opinion on the Regularity Audit for HCUC during 2017/18. The meeting agreed that this document provided a useful summary for the Governors.

The Regularity Audit Questionnaire was NOTED and APPROVED; the Audit Committee would recommend it to the Corporation for approval (11/12/18).

(Action MCx / SS)

4J. Any Fraud/ Corruption issues 2018/19.

It was noted that there were no known attempted fraud or corruption issues to report year-to-date 2018/19.

The report was NOTED

5J. Any Other Business

The joint meeting of Audit and Resources formally recorded a vote of thanks to Sara Sands (GDFRP) as she would be leaving HCUC on 7th December 2018. Her contribution to Uxbridge College for more than 20 years and as GDFRP at the newly merged HCUC had been enormous; she would be sorely missed and had been a joy to work with.

The joint meeting of the HCUC Resources and Audit Committee closed at 11.20am and Resources Committee continued.

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1. Apologies for absence

Apologies had been received from Alasdair Macleod (Chair of Resources Committee) and Steve Owen. In the absence of the Chair Sally Westwood was Acting Chair of the meeting.

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

There was no other business.

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

No interests were notified.

4. Minutes of the Resources Committee meeting held on 19 September 2018

In the absence of the Chair (AMcL) the Clerk confirmed that he had approved the draft minutes in advance of the meeting. The minutes were considered, approved and signed by the Acting Chair.

5. Matters arising from the minutes of Resources Committee meeting, 19 September 2018.

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

ITEMS FOR DECISION

6. Chair's Agenda Item

The Acting Chair had nothing to bring to the meeting under this item.

7. Contract for Multi-functional devices (MFDs)

The GDFRP presented the paper which was recommending the appointment of Ricoh to supply MFDs (printers/photocopiers) across the HCUC College estate on a lease over a period of 5 years. SS informed the meeting that the tender process had been managed by the College procurement specialist Tenet and covered HCUC and the Windsor Forest Colleges Group (to maximise efficiencies of scale). The meeting noted that HCUC currently contracted with 3 different printing companies across the 2 Colleges. Harrow College leased printers from Ricoh, however the printer stock at Harrow had been out of contract for some time now (it had been on site for over 7 years) and the suppliers had advised that they were now unable to procure parts to repair the fleet. As a result, there were a number of copiers out of action across both Harrow Weald and Harrow on the Hill. Governors were informed that Uxbridge College had purchased copiers from Ricoh three years ago, and whilst the copiers were still working without significant issue, the specification has been deemed too low, leading to long queues at most copiers on a regular basis. The replacement of the MFDs across HCUC was now seen as a priority. Tenet Procurement undertook a mini tender process earlier in the year combining HCUC with Windsor Forest Colleges Group, using the Crown Commercial Service Framework, which included an audit of current stock, and review of usage across all sites, by the interested companies. The meeting noted that the College received completed tenders from the following companies: Ricoh UK Ltd, Canon and XMA; the tender from XMA was deemed ineligible as it did not address the requirements of HCUC. The meeting noted full details of the summary costs submitted by the companies. SS informed the meeting that the recommendation of contracting with Ricoh over a 5-year lease represented a saving of £49,131 per annum, or £245,654 (excluding VAT) over a period of 5 years, on a like for like basis. The meeting noted that the lease would constitute a finance lease, with the equipment being returned to Ricoh at the end of the period, or rolled onto a new lease with a peppercorn rent. Due to the age of the equipment at Uxbridge, it is unlikely that there would be any residual value that could be included in the savings. The equipment could still be used however, with the maintenance costs being included in the click charge. The alternative option was to purchase the equipment out right, which would not represent a significant difference in overall cost, however with the lease option, Ricoh would allow a 10% variance to contract with no penalties or additional charges, and any equipment that could not be serviced would be replaced with a comparable unit. Members agreed that this was a preferable option.

It was AGREED that the College should enter into a 5-year lease with Ricoh to supply the printer fleet (including print room devices) across all UC and HC campuses.

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8. Human Resources Update

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

• **HR Data Dashboard**

The meeting received the HR dashboard which reported on a number of key HR metrics for 2018/19 year-to-date: staff headcount and FTE by College; staff turnover; recruitment activity; sickness absence rate; and Equality data of the HCUC workforce. Governors noted the overall headcount (not FTE) for HCUC for permanent staff YTD was now 757, which was down from the average headcount of 773 for 2017/18. This was due to the redundancies that took place at Harrow College at the end of the previous academic year. The current HCUC staff turnover figure after the first quarter of 2018/19 was noted as 13% (compared with the prior year figure of 14.93% in January 2018); this was below the AoC benchmark of 17.4%. **The Acting Chair sought some additional detail on whether turnover was different for varied age groups within the College; this data would be included in the next HR Report to Resources Committee.** The equality and diversity (E&D) data was considered and IA highlighted that the current BME figure at each of the colleges was: HC 44% (a decrease of 2% on the prior year figure), UC 37% (an increase of 2% on the 2017/18 figure). Governors were pleased to note that both Colleges were above the College target of 35% for BME representation. The gender profiles for each of the Colleges were noted as: HC 73% female and UC 65% female. The representation of disabled staff was 5.4% at HC and 4.9% at UC. The meeting discussed considerable recruitment activity that had taken place during the first quarter of the academic year: there had been 24 external recruitment campaigns with 11 appointments (7 of which were external appointments). There had also been 21 internal recruitment campaigns with 21 appointments. The detailed E&D characteristics of the appointees was noted by the meeting. Resource Committee members noted the data on completed performance appraisals for 2017/18. The meeting was reminded that not all academic appraisals could be completed by the 31/10/18 deadline due to incomplete data, some success data was still awaited. Governors were pleased to note that the absence rates were below the AoC benchmark and College target of 5.6 days in all categories of staff for the full year 2017/18 and were also low to date in 2018/19 as they only covered a 3-month period. **The Acting Chair suggested that the absence data should be presented on a rolling 12-month basis to make it more meaningful.** The meeting was pleased to note the high completion rate for Prevent Training of staff with a figure of 98% at each of the individual colleges. Governors were reminded that the HCUC recruitment process had now been amended to ensure that all new appointees completed the mandatory College training in Equality, Prevent and Safeguarding before their first day of service. **The Acting Chair asked for future HR Reports to include HCUC data over a time-period to enable Governors to identify any trends.**

It was AGREED that the HR Report would be amended as outlined above for future reports.

• **Employee Relations**

The following Human Resources casework activity was noted:

- No academic staff had been subject to formal capability action.
- Three formal grievances had been registered during the year to date 2018/19. One had been satisfactorily resolved, the second was on hold as the employee was absent on sick leave, and the third was currently being processed.
- HR had supported managers in dealing with 12 requests for flexible working.
- An existing member of staff had registered three Employment Tribunal claims against the College. The date for the merits hearing had been set as 3 June 2019 for 5 days.
- There were currently three ongoing disciplinary cases.

• **Pay and Conditions**

In the first quarter of the academic year restructuring of support staff departments - Departmental administrators and Security) at Harrow had continued. Staff who took on new roles in the restructured areas would move to HCUC contracts, and terms and conditions.

• **HR Database**

As discussed earlier in the Audit Committee meeting, the Midland Itrent system continued to present substantial challenges. A number of significant difficulties had been identified with Itrent

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which had affected HR staff time and therefore the HR service provided. IA asserted that the ability of HR to provide timely HR data was being affected, which could hinder managers' scope to manage their people resources effectively. The meeting was assured that the College was working with Midland HR (Itrent) to find resolutions to the issues identified. Governors were also pleased to note that the HR Director and Exec Director Corporate Services would be visiting another large London College which had implemented the Itrent system and was now using it very effectively.

- **HR Restructure**

The meeting noted that the new HR structure had been implemented and four new staff had joined the HR Team in September 2018. Another new staff member would join the team on 3rd December.

- **Staff Focus Group Feedback**

The meeting noted the summary feedback from the Staff Focus Groups that had been held in November 2018 (2/11/18 at UC and 5/11/18 at HC) for 16 lecturing staff. The range of topics covered, were as follows: Time management and barriers to fulfilling the job role; Communications; Learner impact/ culture & ethos; Customer service; Lesson observations; Teaching & learning hour; Study programmes, including English & maths; Ofsted Inspection; Student attendance & punctuality; People management; Career development; Staff training; E-learning; IT resources; Quality/Improving the quality of TL&A; Equality & Diversity; Safeguarding/Prevent; Leadership & management; Team-working; College values. The positive feedback and the areas for improvement were highlighted in the report to the Resources Committee meeting and were discussed. Governors took the reports containing detailed staff feedback and the management responses as read. Governors were given assurance that action in relation to the suggested areas for improvement was being taken and was being monitored by the Senior Leadership Team. The need for implementation of a programme of resilience training and a well-being offering for staff was discussed by the meeting

The Human Resources Report was RECEIVED.

[The HR Director left the meeting.]

9. HCUC Management Accounts for 30th September 2018

The meeting considered the management accounts to 30 September 2018; the first quarter accounts to 31st October 2018 had been delayed due to staff absence and would be circulated by e-mail as soon as available (SS confirmed that this would be in the next 2 or 3 days). SS assured the meeting that the October accounts would be presented to the Corporation meeting on 11th December 2018. The historical cost surplus for the period ending 30th September 2018 was £3,317,000 compared to a budgeted surplus of £2,418,000 giving a favourable variance of £899,000. The significant variances were highlighted as follows:

- Education Income of £9,533,000 compared to budget of £9,622,000, (adverse variance of £89,000). The majority of this variance was accounted for by an under-recruitment in 19+ learners for 2018/19 with income £87,000 below the budget of £869,000.
- Employer Services income of £550,000, a favourable variance of £139,000. The meeting discussed the various short-courses.
- Employee costs of £4,895,000 compared to budget of £5,323,000, (favourable variance of £428,000 due to vacant posts within Academic and Support staff). Members were reminded that the budget assumed all posts would be filled for the whole year.
- Expenses: a favourable variance of £416,000 against the budget of £2.331m. This was noted as mainly being due to timing issues with later expenditure on exams and materials than forecast. Balance Sheet remained strong with a cash balance of £20,092,000. This was against a budget of £15,715,000 due to better surplus, receipt of ESFA funding, increased creditors and decreased trade debtors, partly offset by increased prepayments and other debtors.
- All ratios were healthy: cash days in hand at 609 (budget of 181.6); current ratio at 1.93 (budget 2.9); and reserves/ income at 515% (budget 135%).

The Management Accounts for September 2018 were RECEIVED

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10. Capital/ 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 some snagging issues which were now resolved. The final account had not yet been agreed and the College was taking advice from Gardner Theobald regarding next steps.

The Local Skill for Londoners Capital Investment Fund – Stage 2:

i. Newton Building, Harrow Weald

The meeting noted that the College had now submitted an application in the first stage for grant funding from the GLA (LEAP) under the “Skills for London Capital Fund, Round 2” for the refurbishment of the Newton Building to include workshops and classrooms. The cost was c£3,574,799 and the College was bidding for 33% funding from the GLA. The meeting noted that the Newton Building had now been fully vacated and would not be used by the College during 2018/19. Governors sought, and were given, confirmation that planning approval has been approved for the refurbishment and new build works. The meeting noted the key dates associated with the bid: application deadline January 18th 2019; confirmation of successful application April 2019; and grant agreement and start delivery May 2019. The College has been advised that should it be successful in the grant application at stage 2, then the start date of the project would be deemed to be when the stage 1 application was made, (1st October 2018), and associated costs could be claimed through the Grant. The meeting was reminded that 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 by July 2019. Construction works to Newton would therefore need to be phased and commence in November 2018; SS confirmed that design and planning was largely complete. The build was noted in sections as follows: Phase 1 November – February, refurbishment of front section for classrooms and 2 workshops Phase 2 End January – March, demolition and steel order, March – June new build at back of building Phase 3 July – August, decant from Whitefriars and Skills Centre, and remedial works to units. Governors were reminded that there was therefore a period of time during which the works were at risk, before the funding outcome was known. The approximate risk was £1,400,000, being £400k to the end of December and £1,000,000 to April. SS assured the meeting that the 2018/19 budget included the refurbishment of the Newton Building as fully funded from College reserves.

ii. Armstrong Building, Harrow on the Hill

The meeting noted that the planning application for the remodelling of Armstrong Building had now been approved. The same key dates applied to this grant application as outlined above in (i). The cost of this work was forecast at £8,200,515 and HCUC was applying for grant funding of 65% from the GLA. Members noted that the costs of this project had not been included in the 2018/19 HCUC Budget.

iii. Mayors Construction Academy

The meeting noted that this bid had now been merged with the grant application for Newton Building. Costs were forecast at £326,081 and the bid was for 35% funding from the GLA.

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 100% funding for a new build at Uxbridge Campus, forecast costs at c£6.5m. The submission was made on 20th November 2018 and would be followed by an interview with Department for Education officials in December 2018.

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 Property Update Report was RECEIVED.

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11. ESFA Dashboard and Confirmation of SFA Financial Health Rating

The meeting noted a letter from the Deputy Director Assurance at the ESFA to the Principal which confirmed that the assessment of the financial health of HCUC was at Outstanding for 2017/18 and for the current budget year 2018/19. The accompanying Financial Dashboard showing KPIs for the College and also performance against sector benchmarks was noted and commended for its useful information and clear format.

The ESFA confirmation of Outstanding Financial Health grade for HCUC was NOTED.

12. To receive the Resources Committee Risk Register update

The meeting noted the combined Resources Committee section of the HCUC Risk Register which had not been changed since the last meeting of the Resources Committee. The red risks aligned to the Corporate Goals were considered in more detail; these were in relation to:

- 1.08 Insufficiently qualified and equipped staff to support the delivery of study programmes and quality outcomes for learners. (Risk score at 12 'red').
- 1.09 Failure to recruit sufficient staff, qualified at the appropriate level. (Risk score had been raised to 12 'red' in September 2018).
- 3.04 Inadequate budgetary controls (Risk score at 12 'red'). This reflected the staff changes happening within the Finance Team and the need for ongoing robust procedures.
- 3.11 Underachievement of funding targets (Risk score still at 15 'red'). This was still being monitored on a weekly basis by SLT.
- 3.14 Management Information – finance, funding, HR (Risk score at 12 'red'). Governors were reminded that consistent procedures across HCUC were now in place. However, new composite HCUC systems were relatively new (e.g. HR system) so the risk was still deemed as high. SS was hopeful that the risks around MIS would settle in advance of the March 2019 Audit Committee report.
- 3.20 WBL non-levy 16-18 and 19+ apprentices target not met. (Risk score still at 15 'red'). The meeting was assured that WBL delivery against the ESFA allocation was being closely monitored.

The HCUC Resources Committee Risk Register was NOTED and RECEIVED.

13. To confirm and agree the dates and times for the Resources meetings in 2018/19

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

- Wednesday 13 March 2019 at 10.00am
- Wednesday 19 June 2019 at 10.00am

14. Any Other business

• Association of Colleges (AoC) Briefing paper on Brexit

The meeting noted an AoC position paper on the UK's exit from the European Union and the impact on English Colleges. The Principal informed the meeting that ethnicity data on HCUC staff demonstrated that 71 members of staff had identified themselves as 'not British'; although the exact meaning of this was unclear. There were also approximately 10-15% of students who were EU or foreign nationals across HCUC.

NOTED

There was no other business. The meeting closed at 12.30pm

Signed

Date