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Directorate: Governance

Minutes of: Resources Committee

Date: 13 March 2018 **Time:** 10.00

Venue: Executive Meeting Room, Uxbridge Campus

Present:

Alasdair MacLeod	Governor (Chair)
Laraine Smith	Group Principal & CEO
Steve Owen	Governor
Sally Westwood	Governor

In attendance:

Imtiaz Aziz	HR Director (<i>present until the end of item 10</i>)
Pat Carvalho	Principal and Deputy CEO
Andrew Miller	Exec Director Corporate Services (<i>present until the end of item 11</i>)
Vikash Patel	Financial Controller
Sara Sands	Group Director Finance & Resource Planning
Tracy Reeve	Clerk to the Corporation
Robert Drury	DMS Consult (<i>Item 9 only</i>)

- i. **Chair's Agenda Item**
The Chair did not have any matters to raise under this item.
- ii. **Apologies for absence**
No apologies had been received.
- iii. **Notification of any urgent items members may wish to raise under Any Other Business**
There was no other business.
- iv. **Notification of Interests Members may wish to declare relating to any item**
No interests were notified.
- v. **Minutes of the Resources Committee meeting held on 29 November 2017**
The minutes were approved and signed by the Chair.
- vi. **Matters arising from the minutes of the Resources Committee meeting held on 29 November 2017.**
There were no matters arising that were not already covered by the agenda.

ITEMS FOR DECISION/ APPROVAL

7. Mid-Year Forecast 2017/18 and Plan for 2018/19 and 2019/20

➤ Revised Mid-Year Forecast 2017/18

The Group Director Finance & Resource Planning (GDFRP) (SS) presented the consolidated revised forecast 2017/18 and revised plan 2018/19-2019/2020. The 16-18 learner numbers against allocation were noted by the meeting: Harrow 1,739 (allocation 1,889) and Uxbridge 3,926 (allocation 3,886), overall HCUC figure of 5,665 (allocation 5,775).



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The historical cost deficit for 2017/18 was now forecast at £883,000 compared with the previous budget deficit of £141,000. The meeting noted a detailed narrative which gave clear explanation for any variance and reforecast on a line by line basis. Significant variances were highlighted as follows:

INCOME:

Now forecast at £51,286,000: £18,240 at Harrow College and £33,046 at Uxbridge College.

- *High Needs income Local Authority funded:* £1,061,000 favourable
- *Business Base (PFU) shortfall:* £975,000 adverse. Forecast at £24,416,000 compared with a budget of £24,216,000 (a positive variance of £200,000). Due to release of provision for underachievement 2015/16.
- *Apprenticeship Income.* Shortfall of £162,000 16-18 income.
- *FE and HE fees and charges:* Shortfall of £328,000

EXPENDITURE:

- *Staff Costs* now forecast at £34,929,000: of which £13,460,000 (69.9% of income) was at Harrow College and £21,469,000 (61.5%) at Uxbridge College. The meeting noted that the favourable variance of £345,000 against the 'Schools - permanent staff' budget was due to vacant posts (but these were being covered by Agency Staff) or posts filled later or at a lower grade. The meeting discussed the higher pay costs at HC in some detail. SS confirmed that the Director of Funding had reviewed the portfolio of courses across HC to ensure eligibility around the hours being delivered. A number of courses at HC had been found to be over-teaching in terms of hours of delivery. PC also highlighted the large number of staff at HC who were currently on 'protected' salaries as they were above the maximum of their pay-scale. The CEO assured the meeting that the SLT now had a robust plan in place to ensure that staff costs across HCUC were below 65% of income moving forward; this had only been finalised during the last 10 days. The meeting discussed the plans for possible pay efficiencies across the HCUC group moving forward at some length.
- *Non Pay costs* now forecast at £17,243 for the HCUC group (£6,163 at Harrow and £11,080 at Uxbridge). The meeting noted that the catering contract at HC had recently been re-tendered; this would move from a deficit position (the college were subsidising the contract by £100,000) to income generating. In addition, the previous 30 M&E contracts at HC had now been re-tendered and consolidated into 1 contract which would generate considerable savings.
- The £375,000 negative variance of the FRS17 Retirement Benefits Charge was considered (£1.422m now forecast); this had been revised to reflect the actuarial predictions in the 2016/17 year-end reports.

The Chair sought confirmation on whether the College would maintain separate Income and expenditure accounts for UC and HC moving forward. SS confirmed that this was the plan as it was important for College management to be able to monitor financial efficiency at a individual College level. The management accounts for HC had now been amended to contain the same detail as available for UC. SO sought, and was given, additional clarification on the £46,000,000 contribution to overheads figure (he queried the differential with the £51.3m income figure shown on page 1 of the narrative). The difference was noted as being due to categorisation of some Employer Services income.

BALANCE SHEET

- *Cash* was in a strong position with a positive variance; £17.632m forecast against the budget of £16.818m. Cash days in hand were forecast at 127.8 against a budget of 120.6. Current ratio was forecast at 2.37 against a budget figure of 2.75. Reserves as a percentage of income were forecast at 94.5% against the original budget of 89.8%. The EBITDA figure was now forecast at 7.8% (against a budget of 8.8%). The meeting was

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reminded that the capital spend at £6.402m was £2.686m higher than budget due to the refurbishment of the LRC at the Weald Campus.

- *Financial Health.* It was noted that under the reforecast the College's financial health as assessed by the SFA would remain at 'Outstanding' for 2017/18.

➤ Plan Years 2018/19 and 2019/20

The GDFRP presented assumptions for the two plan years, based on the original 2017/18 budget and the revised forecast. It was confirmed that the plan years had been adjusted to allow for known factors such as the EFA allocation, increases in pension contributions and NI, and capital expenditure. The plan years showed operating surpluses of £494,000 and £498,000 respectively (this represented 1% of income) with an EBITDA of 10.4% for both years. Cash balances for the two plan years were now forecast at £18.983m and £30.428m and the Reserves would be at £51.344m and £51.793m.

Income assumptions were based on the following:

- 16-18 allocation – an increase of £75,000 in funding was now confirmed (£222,000 growth at Uxbridge and £147,000 reduction at Harrow). No further growth of learner numbers in the second year was assumed.
- 19+ allocation – a 5% reduction was included for each of the plan years.
- WBL (Apprenticeship) – an increase of 5% for all ages assumed for each of the plan years.

The plans assumed a salary increase of 1% each year and further pension increases of 2.0% for LGPS (August 2018 and 2019) and 1% for the Teachers Pay Agency from April 2019. The staff costs assumed that all posts were filled for the whole of each plan year. Pay efficiencies of £2.1m in the first plan year and a further £950,000 in year 2 were assumed; a zero based staff budget exercise for 2018/19 was already underway. The meeting noted that a similar zero-based exercise for non-pay expenditure would commence shortly. Non-pay inflation was assumed at 3% for each of the plan years. SS highlighted that the efficiencies included in the plan years would only be finalised once the final allocations were known and detailed curriculum planning had been completed. The meeting discussed the need to restructure posts and realign working practices across the HCUC Group. Governors questioned whether it was realistic to achieve a 65% staffing cost as a percentage of income within 1 year; SS confirmed that in reality this would probably take the best part of two years to achieve. The CEO and Harrow Principal agreed that it was better to undertake any requisite restructuring sooner rather than later in order to maximise the Ofsted readiness of the new HCUC. Capital expenditure had been included in the plan years at £4.05m and £3.95m respectively but it was noted that the final capital strategy would not be agreed by Governors until July 2018. The meeting also noted that this capital expenditure figure did not allow for any works to the Armstrong Building at Harrow or any Institute of Technology provision. The CEO reminded the meeting that there would be a detailed update and discussion around the HCUC Property Strategy at the Governors Training Day in April 2018.

The KPIs for the plan years were noted: Cash days in hand were shown as 138.3 and 148.9; Current Ratio was shown as 2.54 and 2.72; Reserves as a percentage of income were shown as 99.9% and 104.8%; and the EBITDA figure would be 10.4% in each of the years. The meeting also noted that staff costs as a percentage of income would be 63% in each of the two plan years. The College would retain a financial health category of 'Outstanding' in both plan years.

Governors commended the clear paperwork and very thorough narrative they thanked SS, VP and the rest of the HCUC Finance Team for their work on this revised forecast and plan.

The Revised Forecast for 2017/18 and the revised Plan for 2018/19 and 2019/20 was APPROVED; it would be RECOMMENDED to the Corporation for approval (20 March 2018).

8. HCUC Fees and Charges Policy 2018/19



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The GDFRP presented the HCUC Fees and Charges Policy for 2018/19. It was confirmed that changes to the policy had been made in light of funding guidance from the ESFA and the Higher Education Funding Council; consideration had also been given to market forces and the fees and charges made by other providers. Governors were reminded that the detail of HE Fees 2018/19 had been agreed at the December 2017 Corporation meeting in order to comply with the Consumer Rights Act 2015 and guidance issued by the Competition and Markets Authority (CMA); the College was required to publish the level of HE fees in November for the following academic year. The meeting was informed that the College Fees Policy had been restructured to contain the fees in the appendices rather than in the body of the policy which would make review easier moving forward. Governors were assured that there was no significant change to the content of the policy but the fees and charges were now common across all campuses of HCUC. The meeting noted the Table of Fees, the following significant changes were being proposed:

- Alignment of Harrow fees and charges to HCUC rates, including the introduction of a £5 ID fee which would be offset by a reduction in the FT registration fee from £50 to £35.
- Fees for HE now included all charges and so no other fee would be required at enrolment.
- Introduction of a non-refundable £100 registration fee for international students (previously £35 at Uxbridge and £250 at Harrow).
- The College registration charge to be held at £35 for full-time students and at £25 for part-time students across HCUC (previously £50 at Harrow). Parking fees to be held at £150 for full-time and £75 for part-time students (no charge previously at Harrow). ID card charges to remain at the same level, (£5) and the cost of a replacement ID card to remain at £10.
- Fees for 19+ learners on level 3 courses and above (providing it was not their first level 3 courses) would be set at a funding value listed by the ESFA and the maximum loan amount available for all first year entrants. These would be available on the College website.
- The fee for HE courses for 'home' students would be individually priced between £3,315 and £5,995 with the aim to achieve a margin of 40% overall.
- A range of fees for international students: FE £6,000 - £7,000 and HE students not eligible for HEFCE funding would remain at £6,500.

SS informed the meeting that the issue of compensation and refunds would need to be added to the Fees Policy in relation to HE students; this was to meet the requirements of the OfS registration. Governors also commended the GDFRP's intention to review the fees policy for 2018/19 as it had become very long and slightly unwieldy; SS believed it could be improved for 2019/20.

The HCUC Fees and Charges Policy for 2018/19 was APPROVED; it would be RECOMMENDED for Corporation approval (20th March 2018).

9. Capital Update and approval

• **Property Update**

A property update report was considered by the meeting. Governors were reminded that major works had been undertaken at Harrow Weald with the construction of the Health and Social Care Building. In addition, further work had been completed on the masterplan for Harrow Weald, and an application for LEAP funding for a project at Weald has been submitted.

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. As a result of the large number of snagging issues relating to the building, the College met with AA Projects in February. Critical issues such as heating and the commissioning of the lift had now been resolved, however a number of M&E issues remained. It should be noted that these are less than ideal, but not currently causing disruption to the curriculum staff and students. As the building had now been handed over half the retention had been paid, with the remaining half (£100,000) due in 12 months' time, at the end of defects, assuming any issues arising in the year have been dealt with.

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Weald Masterplan: The meeting noted that the Local Planning Authority failed to review the initial design information in time to discharge pre-commencement conditions so a new S73 application was submitted in May 2017 at their request. Final planning approval should have been determined on 18 September 2017, but had now been delayed.

The Local Skill for Londoners Capital Investment Fund: The meeting noted that the College had been successful in its application to the LEAP for funds to refurbish the LRC. Governors were delighted that the funding offered by the LEAP was greater than anticipated, and requested, and was as a result of the poor quality estate at Harrow. The grant value was £2,303,054 with the College contribution reduced from £1,000,000 to £282,586. The College had contracted with Robert Drury (RD) of DMS Consult to direct the project; RD was present at the Resources Committee meeting. RD informed Governors that the programme to refurbish the Harrow LRC had been reviewed and a final consultation meeting held with key stakeholders which had resulted in a few minor changes. As the notification of the approval was significantly later than anticipated, the programme had been amended to ensure that the actual spend would be in line with that stated in the project programme. This has meant that external works including the demolition of the learning support 'portakabin' and the building of the new road through the campus had already been brought forward and commenced. In addition, a tender had been held for the main contractors, and the meeting considered the detailed tender report. RD confirmed that the tender had been conducted by the College's Quantity Surveyors, Gardiner & Theobald and five companies had submitted competitive tenders for the contract. Three of these were invited for interview. The very detailed Gardner & Theobald Report was considered by the meeting and the recommendation to appoint Beard Contractors. RD informed the meeting that Beard scored highly and had previously worked successfully on several £6m builds at the Uxbridge and Hayes campuses. Governors noted that it was recommended that the College approve the appointment of Beard Contractors who were ready to start on site on 25th April 2018 with a completion date of 3rd August 2018. The contract with Beard was within the budget allowance and offered the College very good value for money.

The meeting APPROVED the recommendation within the Gardiner & Theobald (G&T) report as follows:

- i. Beard are informed that they are the preferred contractors and attend all future design team meetings.***
- ii. G&T prepare a PCSA for signing for Beard and HCDC***
- iii. G&T and Beard work up a target budget over the next 2 weeks***
- iv. Beard review early order items such as windows and Air Handling Units***
- v. HCDC provide Contract Amendments for review and agreement with Beard over the next 2 weeks***
- vi. Novation agreement and fees to be agreed with the architect.***

Local Skill for Londoners Capital Development Fund: The meeting was pleased to note that the College had been successful in its application for £100,000 development funds for the Armstrong building at Harrow on the Hill. The development fund had allowed the college to review the plans and move forward with planning permission. The former Uxbridge College architects had now reviewed the existing building and college requirements, and issued a proposed design which also incorporates a refurbishment of the refectory area, and a redesigned front entrance and cladding, within the same cost envelope as the original design. Full details of the £8.5m proposal were presented to the Committee meeting by RD; Governors were very positive about the proposals. The meeting noted that this presentation would be taken to the full Corporation at the April 2018 planning day when approval would be sought for moving forward to the planning application stage in May 2018. The proposed timescale would for completion of the project by September 2019. RD confirmed that he would be meeting the LBH planners for a pre-planning discussion during the next week. PC confirmed that this proposed redevelopment of the Armstrong Building would have a significant impact on the Harrow-on-the-Hill campus

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The Property Update Report was RECEIVED.

ITEMS FOR INFORMATION

10. Human Resources Update Report

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

- ***HR Data Dashboard***

The meeting received the new dashboard format which reported on the following key HR metrics for 2017/18 year-to-date at 31st January 2018: staff headcount and FTE by College; staff turnover; recruitment activity; absence rate; Equality data of the HCUC workforce; age profile data; performance management and appraisal completion data; and a Prevent update (in relation to completion of training). The meeting noted the amendments made after comments from Governor at the last Resources Committee meeting. Governors noted the overall headcount for HCUC for permanent staff YTD was now 773; the CEO highlighted that this was a headcount not a FTE figure. The meeting noted that there were a number of support staff on fractional contracts so the headcount for this group was higher at 385 compared with 313 lecturers. This overall figure was broken down by contract type with 75 Managers (9.7%), 313 (40.5%) Lecturers and 385 (49.8%) business support staff. IA confirmed that this overall picture was broadly consistent with the benchmark data from the AOC workforce survey report of March 2017. The Chair sought confirmation on the turnover figure of 24% for UC lecturers compared with 7% for HC. IA confirmed these figures and explained that the younger age profile of lecturers at UC made turnover more likely. The meeting noted that the absence data to 31 January 2018 was skewed by seasonal factors; coughs and colds were in the top 3 reasons for absence. ***Governors asked for further analysis of the recruitment data split by equality characteristics which seemed to conflict with the overall recruitment data (Action: IA to verify).*** Governors sought, and were given, assurance that the required Gender Pay Gap reporting was now complete and would be accessible via the College websites by the deadline of 31 March 2018. The pay gap at HC was approximately 7.2% and UC was 12% due to the large numbers of female employees at the higher end of pay-scales.

It was AGREED that the gender Pay Gap report for HCUC would be brought to the next meeting of the Resources Committee with the Action Plan once it had been discussed by the Senior Leadership Team (SLT).

The meeting went on to discuss the number of appraisals still to be completed; 53 at UC on the report (now noted as having reduced to 34) and 16 at HC. Governors expressed concern that appraisal deadlines were being missed as they were an integral part of the College performance management process. The CEO agreed that this should be a priority for action and assured the meeting that it would be discussed at SLT and outstanding appraisals would be chased once the new HR system was fully functional. SW suggested that the SLT needed to consider why the appraisals were not being completed; was it due to apathy or a lack of understanding by staff. IA confirmed that his objective for 2018/19 would be to have 100% completion of appraisals across HCUC by 31st January 2019. The CEO assured the meeting that the SLT would ensure that middle managers focused on compliance for 2018/19

- ***Staff Focus Group Feedback***

The meeting noted the detailed feedback from the Staff Focus Groups which had been held on 2nd February at UC and 5th February at HC. Staff involved comprised support staff from a wide range of service areas including academic School administrators, employer services, Exams, technicians, Finance, HR, LRC, ELAP, Guidance and support, attendance co-ordinators and learning support. Participants were provided with an opportunity to offer their opinion on a range of issues that we

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considered important for an effective working environment and continued improvement of the College. Views expressed were not attributed to any single member of staff and the findings would be presented to and discussed at SLT, CMM and SSC and Resources. Staff responses showed they were committed to the College and positive about key aspects, but they also raised concerns in a number of areas. The meeting noted that staff were most positive about the way the College addressed Equality & Diversity, the Safeguarding and Prevent agenda, leadership & management and team working. IA highlighted the areas of most debate and/or identified as needing improvement.

- Staff felt that the effective working and time management were affected by a number of factors including additional invigilation duties (UC), the unreliability of printers (UC), PC speed and continued issues with the new HR iTRENT system (HC/UC).
- Standards of learner behaviour, especially toward support staff (HC/UC)
- Customer service/responsiveness relating to IT services and Estates (UC)
- Consultation with managers about the SAR process (HC/UC)
- Training & development more targeted and suited to the needs of Support staff (UC)
- Agreeing the most effective approaches to improving learner attendance & punctuality (HC/UC)
- Impact of the merger. (HC/UC)

Governors were assured that constructive suggestions for improvements had been taken seriously; management responses had been made, and action to address issues where possible had been taken. IA informed the meeting that he had met with both groups after the formal meeting to talk about the numerous issues raised around the iTrent HR system.

• **HCUC Recruitment & Selection Policy**

The meeting considered a new HCUC Recruitment Policy which would ensure consistent and fair recruitment practices across the two colleges. The baseline policy used was the UC policy with changes made to implement good practices from both colleges. Two significant changes were noted as:

- All recruitment panels for an established post would be supported by an HR representative. (New to HC)
- A scoring scheme would be introduced for the interview and testing stages of the selection process. (New to UC)

The HCUC Recruitment and Selection Policy was APPROVED as presented.

• **HR Casework Update**

The following Human Resources casework activity was noted:

- There had been no formal grievances registered during the year to date 2017/18.
- An existing member of staff had registered two Employment Tribunal claims complaining about race discrimination. The complaints had arisen after management took disciplinary action because of the member of staff's conduct with staff, students and customers.
- Three cases of misconduct had been dealt with informally via the guidance interview process.
- One safeguarding issue involving a former employee of HC was dealt with as it involved another FE college where the former employee was now working.

• **Lecturers' Pay Scales Survey 2018**

The meeting noted a comprehensive summary of Lecturer's Pay Scales for 17 London Colleges over the last three years. It was noted that for 2017/18 at the maximum pay point Harrow College was ranked fifth and Uxbridge was ranked sixth; at the minimum of their scales HC was sixteenth and UC was seventh. This report was for information and did not raise any issues for action.

The Human Resources Report was RECEIVED.

[The HR Director left the meeting.]



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11. Mid-Year Corporate Services Report

The Executive Director Corporate Services for HCUC (AM) presented a comprehensive report which provided a mid-year update on the following corporate service areas: IT Services; Marketing; Estates & Security; HR; General Data Protection Regulation (GDPR); and Sustainability/Environmental Issues. Highlights were noted as follows.

IT Services: Following the successful link to link implementation in November 2017 IT services finished the implementation of a single operating platform in mid-February 2018. Uxbridge had observed some continuing issues with the performance of IT equipment which had resulted in an enhanced action plan. In conjunction with Estates and HR a new multi-function helpdesk was being scoped with the intent to see economy of scale and better function. Printer and photocopier contracts were due for renewal in 2018; the Harrow contract had now expired and was rolling on month on month, and with the exception of two machines the Uxbridge contract finishes in July 2018. The meeting was informed that a review of current provision was taking place with re-siting and better identification of print requirements.

Marketing: In line with the strategic decision taken to offer a local product post-merger, marketing has maintained separate college advertising with HCUC and West Met Skills branding added to Harrow and Uxbridge college material. The meeting was pleased to note that the HCUC website was live and now linked with both individual college sites. The West Met Skills site would be complete in April 2018. There had been a number of open events during 2017/18 to date; the autumn open evenings at Uxbridge, Harrow on the Hill and Hayes campuses all took place in November 2017 with a total of 1133 attending all events. Harrow also ran an extra event on 7th February which attracted 77. The meeting noted that the March 2018 open events unfortunately began with the postponement of the Uxbridge event due to the snowy weather conditions; however, 36 potential learners had still attended. SO sought clarity on whether numbers attending these events was as expected; PC confirmed that the 159 attending HC in November was about what would normally be expected. Marketing had also attended numerous external events which included: Skills London at ExCel – 24th & 25th November 2017; and Heathrow Jobs & Careers Fair at Sofitel Terminal 5 – 29th (evening only) & 30th January 2018. AM informed the meeting that in retrospect the Skills London event was too far east to be of any real recruitment benefit to HCUC but feedback from the Heathrow event had been very positive. SW confirmed that this event had been really well attended.

Estates & Security: Governors noted that tenders were underway for the new HCUC provision for both cleaning and maintenance contracts; both were due to be in place by the start of the new academic year (1st August 2018). Governors noted that the HCUC Health & Safety Advisor (HSA) had been working across all sites and the OSHENS software package had been adopted across HCUC to record H&S matters. AM informed the meeting that a commercial company was currently putting together a suggested alternative roster for security across all sites; this would be part of a package used to review current security arrangements. Governors were given assurance that the recent increase in student disciplinary issues at Uxbridge would also come into greater consideration when deciding exactly what security guards were expected to achieve. Governors sought, and were given confirmation that levels of disciplinaries were increased on the prior year but had not reached the levels seen two years ago. The meeting agreed that there was a need to balance communicating positively with students against ensuring security. It was noted that this review of security might involve staff restructuring so it was expected to be at least four months before any change was fully implemented. The meeting noted that usage of College mini buses was being reviewed from a cost an environmental standpoint. Governors sought confirmation on whether the minibuses were owned or leased; 2 were owned and 2 were leased.

Human Resources: The meeting had already received a stand-alone report from the HR

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Director. Governors were informed that other HR activities of note during the period and for the near future were:

- Implementation of iTrent HRIS: The lack of an iTrent expert at the start of the project had hampered delivery. With the arrival of a HR iTrent consultant the system was now close to being considered fully operational. Staff were being paid, holiday could be applied for and absence was being recorded.
- Re-organisation: The draft re-organisation of the HR service delivery was now close to completion. Once completed it would be presented for consultation.
- Recruiting: A new software system, Stonefish, was being introduced across the college group to harmonise recruitment procedures.

General Data Protection Regulation (GDPR): The meeting was reminded that the new GDPR legislation would come into effect on 25th May 2018. Governors noted that the Executive Director Corporate Services would act as the Data Protection Officer (DPO) responsible for overseeing, policy and driving privacy. The meeting was given assurance that steps were underway to conduct a data audit which would produce a gap analysis to determine the required GDPR action plan.

Sustainability/ Environmental Issues: AM confirmed that both colleges were ISO 14001:2015 certified. Harrow's certification was also linked to the BREEAM standard and as such the 2018 audits would be undertaken on an individual HC and UC basis. The Harrow audit was due 23rd March and the Uxbridge audit would be completed before the end of June after which the HCUC policy and action plan would be drafted. AM informed the meeting that in addition to ISO 14001:2015 HCUC would look to achieve Carbon Standard accreditation from the Carbon Trust. The first HCUC Environmental Management Group meeting took place on 16th January 2018 and during week beginning 12th March this group was working collaboratively running an environment awareness (sustainability) week. HCUC was working with Northwick Park Rotary Club and West London Waste.

***The Corporate Services Mid-Year Report was NOTED
[The Director Corporate Services left the meeting.]***

12. HCUC Monthly Management Accounts to 31st January 2018

The GDFRP (SS) presented the composite HCUC management accounts to 31st January and the accounts to 28th February 2018 were tabled. The meeting noted an operating surplus for the period ending 28th February 2018 of £223,000 compared to a budgeted surplus of £9,000 giving a favourable variance of £228,000. The significant variances were highlighted as follows:

- Funding income of £22.498m compared with a budget of £23.230m giving an adverse variance of £732,000. Noted as being due to a shortfall in 19+ recruitment and apprenticeship income.
- Tuition Fees and Education Contracts Income of £5.384m compared to budget of £5.752m, (adverse variance of £368,000).
- Expenditure was showing a favourable variance of £1.238m against the budget of £30.167m. Staff costs of £19.317m compared to budget of £20.076m, (favourable variance of £759,000 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.
- Other Operating Expenses: a favourable variance of £479,000 against the budget of £10.091m. This was noted as mainly due to timing issues with later expenditure on exams and materials than forecast.
- Balance Sheet remained strong with a cash balance of £19.944m.
- All ratios were healthy: cash days in hand at 127.1 (full year target of 104.1); and current ratio at 2.06 (full year target 2.25).
- The College was currently complying with all loan covenants.

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The HCUC Management Accounts to 31st January and 28th February 2018 were RECEIVED

13. Agency Allocations and Priorities for 2018/19

The GDFRP (SS) gave a verbal update and informed the meeting that there was no additional information available yet on the College's 19+ funding allocation for 2018/19. The 16-18 funding allocation had now been confirmed as 5960 learners, £30.3m. This was a reduction of 76 compared with the current year but would generate an increase in ESFA income of circa. £75,000 due to the impact of rising 19s and students being in higher funding bands.

SS confirmed that these figures had been used for the revised HCUC forecast and plan 2018/19. The risk to 19+ funding with the impending London Devolution was discussed by the meeting. **It was NOTED that an update, on the final allocations 2018/19 for all ages, would be provided as soon as it became available.**

14. Merger Costs Update

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 £1,189,694 against the budget of £917,000 (adverse variance of £272,694). The meeting noted the IT systems costs which had started earlier than planned; the variance on this line alone was adverse £157,514.

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15. Funding Issues Update

The meeting discussed a report which outlined actions taken since the funding review in October conducted by KPMG. The meeting was reminded that this funding audit had reported on a number of issues at Harrow College (HC) that had a direct impact on the final funding claim in 2016/ 2017 and the portfolio offer in 2017/ 2018. SS confirmed that as a result of the review a number of changes have been put in place many of which had been overseen by the Director of Funding. These were noted as follows:

1) Audit log: All audit recommendations made by KPMG were recorded on the audit recommendations log which is reviewed by Audit Committee. It was noted that 12 of the 25 recommendations made, had already been completed.

2) 2017/18 course file review: A complete review of the current year course file had been undertaken, to ensure the portfolio offered was in accordance with the funding regulations, had correct taught hours attached, was being offered to eligible students, and was still a valid course. This had resulted in a revised course Masterfile that had been used as a basis for staffing decisions through the year.

3) School staffing review: A detailed listing of staff had now been compiled including fractions, taught hours, abatement per staff and any flexing required e.g. for long term sickness etc. This had been summarised by school so that comparison with the required course hours could take place.

4) Balance of course hours required against staff hours required: A further review had taken place to ensure that the actual course hours timetabled did not exceed the required course hours as shown in the Masterfile. Following this the staff hours actually taught was reviewed and where necessary reduced in line with requirements. This in turn resulted in a reduction of staff overtime and agency hours required.

5) Booking of staff hours: A revised system of authorisation has been put in place to ensure managers and directors where possible, were approving agency staff in advance of booking and were also approving timesheets for both agency and established staff. This would ensure that HC managers had full oversight of the costs within their areas.

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6) Centralise access to the student data base: Access to the main student data base had been significantly reduced, so that only a limited number of people could make changes that would affect the funding claim.

7) Monthly ILR checks: A full suite of ILR checks were now in place prior to the monthly funding claim being made, to ensure higher levels of accuracy.

8) Reconciliations of funding: Funding claims were now reconciled monthly to ensure no significant unexplained movements between months. This has enabled Harrow College to identify areas which needed further review.

9) Reports: A suite of reports was being developed from Prosolutions to mirror Uxbridge College reports and allow HC curriculum staff to monitor all aspects of their courses easily. The meeting noted that this had been hampered by volume of work within the funding departments, and the set-up of the Prosolutions system, which has inconsistencies in some areas.

The Group Director Finance and Resource Planning assured the Governors that whilst there remained a great deal to resolve before the two colleges were fully integrated, the HCUC corporate services staff now had a much improved understanding of the level of accuracy, detail, monitoring, and reporting that was required to ensure the high levels of data integrity that management needed in order to operate effectively. Governors sought clarity on the likely timescale for all the recommendations to be implemented and for full integration of all systems across HCUC (finance, HR and learner records); this was estimated as being by the end of year 2 post-merger i.e. 31 July 2019. However, Governors commended the considerable work undertaken to date.

The Funding Report update was NOTED

16. To receive the Resources Committee Risk Register update

The meeting noted the two separate College Risk Registers which had the risks aligned to the Corporate Goals of each college. SS confirmed that both of these Risk Registers would continue to be monitored via the individual sub-Committees as well as by the Audit committee until the HCUC Strategic Plan was finalised. The Risk Register aligned to the Post Merger Action Plan (PMAP) was also considered; the risks on this were aligned to the PMAP rather than the corporate goals. The meeting considered the three Risk Registers and noted that they showed significant and contingency risk only. Governors were given assurance that these Risk Registers were reviewed regularly through HCUC management team meetings. The meeting considered the summary report which highlighted the key risks as follows:

Harrow College and Uxbridge College Risk Registers

The meeting noted that the significant risks (rated 12 and above) in both Colleges all related to difficulties with staff recruitment and achievement of funding:

- Insufficiently qualified and equipped staff to support the delivery of study programmes and quality outcomes for learners
 - Problem areas noted as: Harrow, Health & Social Care and LLDD; Uxbridge, Business, Health and Social Care, Engineering (ME), Learning Support
- Failure to recruit 16-18 enrolment and AEB income targets.
 - Recruitment to date was noted as:
 - Harrow
 - 16-18 learner numbers actual: target 1848:1960
 - 19+ funding target £4,334,000: shortfall of £832,000 anticipated
 - Uxbridge
 - 16-18 learner numbers actual: target 4098:4068
 - 19+ funding target £2,842,000: shortfall of £200,000 anticipated
- WBL 16-18 and 19+ apprentices target not met including in-year variation
 - May – December shortfalls now confirmed
- Underachievement of funding targets – as above and as previously discussed by th

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- An additional risk was significant at Uxbridge:
 - Employers not agreeing to the College apprenticeship contract or not signing in a timely manner.

Post-Merger Action Plan (PMAP)

The meeting noted the significant risks associated with the PMAP Risk Register. These were noted as being in relation to the following: Pay assimilation of Harrow staff onto HCUC pay-scales (as previously discussed by the meeting); Review of the staff profile to align with HCUC requirements; Determine and implement most appropriate MIS systems for HCUC; and, Ensure the successful launch of HCUCs West Met Skills in 2017/18 (the Employer Services Unit facing wing of HCUC).

Governors sought, and were given, confirmation that a composite HCUC Risk Register would be available once the new Strategic Plan for HCUC was finalised and approved.

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

17. Notification of any attempted fraud in the period to date 2017/18

The meeting received a report which confirmed that there had been no known attempted fraud/corruption issues to report year to date.

NOTED

18. Update on tenders

The meeting noted that post-merger, the College had been reviewing major contracts in order to retender and produce the savings required for HCUC. Tenders have been carried out by Tenet Procurement, who are employed by the College. The meeting was given a comprehensive update on the timetable and position for the following tenders: outsourced catering; external audit; M&E tender; building cleaning; multi-functional devices; and the College security contract. All tenders were noted as covering the whole College, and existing contracts had been terminated where appropriate. SS reminded the meeting that the appointment for the successful companies would need to be approved by Governors. In order to ensure prompt appointment of successful companies, it was proposed that Governors confirm tender approvals by email (written resolution).

The Update Report on Tenders was NOTED.

It was AGREED that tender approvals would be confirmed by written resolution (via e-mail).

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

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

- Wednesday 20th June 2018 at 10.00am

20. Any Other business

• Catering Tender

The meeting considered an additional paper for decision which had been issued with the agenda. SS reminded the meeting that post-merger it was decided to review the catering providers at both Harrow and Uxbridge. Harrow College had been paying their catering suppliers Wilson Jones a subsidy of £100,000 per annum and receiving very poor quality service. Meanwhile, Uxbridge caterers Chartwells had been in place for some time on a profit share basis (approximately £15,000 pa); UC was due to retender for a new contract start in August 2019. Due to the costs and quality issues at Harrow the SLT had decided to terminate both contracts mid-year in

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retender for provision across the whole of HCUC.

The meeting noted that a tender process had been run by Tenet, the College’s procurement advisors, using the CPC framework which included 7 suppliers. Following site visits by 5 suppliers, the College received submissions from 3: Aramark, Caterlink and Chartwells (the incumbent at UC). A clarifications meeting was held on Thursday 8th March, with a panel including key staff from Harrow and Uxbridge, student presidents from Uxbridge and Hayes and a specialist catering consultant brought in by Tenet. Student representation was invited from Harrow, but there were no representatives present. However, Harrow students were offered food brought in by the caterers, even though they did not sit on the panel.

The meeting noted that on review of the tenders, and following the presentations, the suppliers were each scored across a range of items including financial, quality, innovation, and customer requirements. The summary information for each of the three suppliers was considered by the meeting with the financial data provided for the following: Capital investment; Fixed financial return pa; Total benefit over 5 years; any Additional income or equipment provided; and a final total tender score. The total scores were noted as: Aramark 82.94, Chartwell 76.56, and Caterlink 69.15. Governors sought some anecdotal evidence or references for Aramark and SS confirmed that she had spoken to a member of the SLT at East Berkshire College who had used Aramark for several years. The proposal from Aramark was to bring high street brands into all of the College outlets e.g. Starbucks which would be popular with students. Aramark were also very competitive with their pricing, they had the lowest margins, as well as being committed to innovation and sustainability issues. Governors commended the unification of catering across all of the HCUC campuses. SS confirmed that TUPE of catering staff on each of the College campuses would be undertaken. Governors considered and agreed with the tender panel’s proposal to appoint Aramark as HCUC catering contractors for a 5-year period.

The meeting APPROVED the appointment of Aramark as catering suppliers to HCUC across the 4 main sites for a period of 5 years, and a commencement date of April 2018.

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

Signed

Date

