

# MINUTES

**Directorate:** Governance

**Minutes of:** Resources Committee

**Date:** 25 November 2020      **Time:** 11.15

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

**Present:**

Alasdair MacLeod	Governor (Chair of Resources Committee)
Simon Boulcott	Governor
Darrell De Souza	Group Principal and CEO
Steve Owen	Governor

For items 1J to 5J only:

Nasim Khan	Governor ( <i>HCUC Audit Committee Chair</i> )
Tracey Critchley	Governor ( <i>HCUC Audit Committee member</i> )
Ketan Sheth	Governor ( <i>HCUC Audit Committee member</i> )

**In attendance:**

Imtiaz Aziz	HR Director
Pat Carvalho	Principal and Deputy CEO
Andy Miller	Exec Director Corporate Services
Vikash Patel	Head of Finance
Shane Woodhatch	Group Director Finance and Resource Planning
Tracy Reeve	Clerk to the Corporation

For items 1J to 5J only:

Simon Atkins	Cooper Parry ( <i>external auditors</i> )
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***The Resources Committee 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 Alasdair MacLeod.***

## **JOINT MEETING OF HCUC AUDIT AND RESOURCES COMMITTEES**

### ITEMS FOR DECISION

#### **1J. To RECEIVE the Report & Financial Statements and associated reports for the period ended 31 July 2020 for HCUC**

##### *i) Financial Statements*

The GDFRP (SW) introduced the draft reports and financial statements for the period ended 31 July 2020 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 £3,434,000 (compared with £1,006,000 in 2018/19).
- Once the impact of the £16.9m actuarial FRS17 pension loss was applied this resulted in a 'Total Comprehensive Loss' of £13.481m.
- The balance on the income and expenditure account (excluding pension reserve) now stood at £77.162m (compared with a figure of £71.777m in 2018/19).
- Total income for the year was at £52.977m compared with £50.103m in the prior year.
- Total expenditure was at £49.543m compared with £49.097m in the prior year. The increase of £446,000 equated to a figure of less than 1% and the meeting noted that within this figure £33,000

# MINUTES

had been spent on exceptional staff restructuring costs post-merger. Other operating expenses had been kept flat at circa £10.2m in the current and prior year.

- The College had accumulated reserves of £41.15m, non-current assets of £105.388m and cash balances of £19.360m. The Chair sought clarity on the proposal to categorise £13.5m as restricted reserve; SA confirmed that the format of the Financial Statements followed the ESFA Accounts Direction which required any ring-fencing of reserves to be 'designated' rather than 'restricted'.
- Net Current assets were at £11.915m compared with £9.239m in the prior year.
- The LGPS pension liability was noted as £40.661m compared with £21.773m last year. Governors were reminded that the pension liability (FRS17) was not included by the ESFA when assessing the financial health of colleges as it was a factor outside Colleges control. The reason for this large movement was a change in the actuarial assumptions especially in the discount rate used which had been adversely affected by changes in bond yields due to Covid-19. The LGPS triennial revaluation had used a rebased discount rate of 1.4% (rather than the previous rate of 2.1%). The transitional provisions brought in because of the McCloud judgement had also been a factor in the increase although this had less of an impact (circa £500,000). The external auditors had confirmed that the assumptions used by the College actuaries were largely in line with those used at other Colleges. The meeting discussed the impact of the actuarial pension loss in year on the Statement of Comprehensive Income (SOI); the £3.4 million surplus was changed to a £13.4 million deficit. However, Governors were assured that within the sector there was a general awareness that the £16.9m pension loss was accounting adjustment; the key figure was the operating surplus. SA highlighted the more useful focus on the extra employer contributions that might become payable in the future. The current employer contribution rate for LGPS was 25.4% and was probably likely to go even higher. It was also noted that to date there had been no additional central government funding to pay increased LGPS employer contributions as there had for the higher liability under the Teachers' Pension Scheme (TPS). The GDFRP assured the meeting that he had accounted for the additional £1.5m cash element of the pension scheme into the budget 2020/21 and the mid-year review. The pensions factor – cash impact and long-term liability - would also have to be included during the due diligence work with Richmond Upon Thames College.

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 2019/20 the College delivered activity that produced £44.850m in Agency main allocation funding (compared with £41.522m in 2018/19). The total Agency funding was at 82.7% of income in 2019/20 (81.4% in prior year). The meeting noted the detail of the fixed asset additions during the year, which amounted to £16.558m (compared with £6,833m in 2018/19). The meeting noted the strong financial performance indicators for the 2019/20 year which included a strong cash position even after the cash outflow of £0.6m as well as the following:

- Cash days in hand at 31 July 2020 were 131.8 against a target of 119.1
- Current ratio (assets over liabilities) of 2.23 against a target of 1.74 (2.12 in 2018/19).
- EBITDA (education specific) - earnings before interest, tax, depreciation and amortisation - at 13.18% which was a marginal increase on the prior year figure of 13.0%. The sector average was noted as 5-6%.
- Accumulated reserves were 144% of income against a target of 137%.

SW highlighted the impact of Covid-19 on the financial results with the following income streams adversely affected by; other income £55,000; commercial activity £92,000; Work Based Learning provision £329,000. There had also been additional costs incurred of £89,000 in relation to PPE sourced. This was counter-balanced by a saving of £212,000 for the HMRC Coronavirus Job Retention Scheme (to cover furlough payments for staff).

The Members' Report and notes to the accounts were considered in detail by the meeting. The Chair of Resources Committee suggested that **the reference to the merger with Richmond up Thames College (page 11) should make it clearer that it was a proposed merger at the current time**

## MINUTES



subject to the results of due diligence and a final resolution to merger by the Corporation. The Chair suggested to an addition to the Reserves narrative on page 7 of the Members' Report; **it was suggested that the following wording (underlined) should be added: 'This is to cover unexpected gaps in income and costs associated with Covid-19 and Brexit, and any other unforeseen circumstances'**. The Members' table also needed updating to reflect: **all current members (Simon Boulcott was appointed in October 2020); the correct expiry date for the Chair of Resources (AMcL)**. The meeting also considered and noted the Statement of Corporate Governance and Internal Control and the assessment of the College as a 'going concern'. SW 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 Uxbridge, Harrow Weald and Harrow-on-the-Hill campuses. The meeting commended the strong financial results and agreed that the College was able to meet current and future economic challenges from a position of relative strength when compared with many other FE Colleges. HCUC was a strong cash generating organisation with an EBITDA ratio more than double the sector average. 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 Members' Report would be amended as highlighted above.***

ii) July 2020 Management Accounts

The restated Management Accounts for 31 July 2020 and the adjustments arising post-year end from the preparation and audit of the Financial Statements were noted by the meeting. Adjustments totaling £268,000 were made against the income and expenditure. As previously noted by the meeting the revised historical surplus was £3,434,000 against a forecast surplus of £2,607,000. The accounts were taken as read as they agreed with the Financial Statements.

***The 2019/20 Financial Statements and July 2020 Management Accounts were NOTED and RECEIVED, (they would be recommended to the HCUC Corporation for approval by the Resources Committee).***

iii) Audit Findings Report of the External Auditors, Cooper Parry, following their audit of the HCUC Financial Statements for 2019/20, for APPROVAL & recommendation to Corporation.

Simon Atkins (SA) of Cooper Parry presented the Audit Findings Report to the Governors, which acknowledged the strong financial outturn and cash position for HCUC. The meeting was pleased to note the clean unqualified opinion on the financial statements and for the regularity audit. SA informed the meeting that the audit had gone very smoothly from their perspective; the flow of information from management had been accurate and timely. This had been even more complicated during the current year when the audit had taken place completely remotely. The remote audit had been undertaken via real-time screen shares as well as Teams meetings online; it had been a very robust process. He reminded the meeting that this was a notable achievement as it was VP's first year in post as Head of Finance at HCUC working with Cooper Parry. SW agreed that the audit process had gone well from the College management perspective from the planning stage to the completion of the audit. The Management Report was considered in detail.

The meeting was pleased to note that the audit conclusion on all qualitative aspects considered was clean; SA also highlighted the unmodified regularity audit opinion. The meeting questioned the level of materiality and SA confirmed that it had been set at 2% of income so was circa £1 million. The Chair (NK) sought, and was given, confirmation that this level was appropriate and noted that this drove the sample size of the audit; triviality was noted as 10% of materiality. ***NK suggested that the level of materiality used should be included in future management reports for information.*** The meeting went onto consider the significant audit risks that had been identified by Cooper Parry and detailed in their audit planning letter. The key risks were noted as follows: income recognition; going concern; management override of control; related party transactions; and retirement benefits. Governors noted that Cooper Parry's conclusion against all five of these risks was clean and that there were no issues identified which needed to be reported to the Audit Committee. Governors also noted the positive

## MINUTES



assurances given by Cooper Parry around the risks of fraud and independence and related party transactions. The meeting spent some time discussing the need for the College to remain vigilant as the incidence of fraud and financial scams being perpetrated in the FE sector was on the increase. The importance of going concern was discussed and Governors were reminded that this would be discussed under a separate agenda item. The meeting noted that that one unadjusted journal had been raised relating to the reclassification of debit balances within creditors from prepayments into trade debtors for £74,750; this journal had no impact on the Statement of Comprehensive income (SOI). The audit had not identified any misstatements that required adjustment in the financial statements. SA highlighted the table on page 3 of the report which clearly presented an 'uncluttered' summary of the year-end outcome with an actual operating surplus of £5.4m before the in-year pension costs of £1.9m had been applied. Funds carried forward on the I&E were showing as £77million which all agreed was a strong outcome.

SA highlighted that during the audit there had been four low risk weaknesses of controls identified which had resulted in recommendations for improvement. These four risks were in relation to: Year End Stock Takes; Fixed Asset Register; Payroll and Salary Review Letters. All four recommendations were accepted by College management and would be actioned as soon as possible; SA confirmed that Cooper Parry were fully satisfied with the management response and planned actions. Governors (SB) sought additional detail on the issue with salary review letters and was informed that the issue had been with a lack of completeness on the HR files in relation to both salary review letters and updated contracts of employment. The meeting agreed that the low number and low risk score of the recommendations highlighted an ongoing positive control environment at HCUC. The Audit Committee members commended the College finance team and Cooper Parry for a robust and positive external audit.

The meeting discussed the generic audit risks detailed on page 5 of the report: income recognition; going concern; management override and bias; related party transactions; and retirement benefits. SA confirmed that none of these risks were heightened for HCUC. In relation to income Recognition, the Chair of Resources sought confirmation on when the last Funding Audit had been undertaken at HCUC; SW confirmed that the last national funding audit had been commissioned by the ESFA in autumn 2018. The College had not been able to commission its own funding audit in 2019 due to late auditing guidelines and in 2020 due to Covid-19. SW confirmed that there was a plan for an audit of Work Based Learning provision during 2019/20 and that an external funding audit would be commissioned in autumn 2021. SA informed the meeting that there had recently been a strengthened auditing standard against Going Concern and the testing of assumptions used by Colleges. This would lead to an even more rigorous of Going Concern in the 2020/21 external audits for colleges. Management Override had been tested against the College's Finance Regulations and there was nothing to report on this or in relation to related party transactions or Register of Interest declarations.

The Chair sought confirmation from SA on where he believed HCUC sat when benchmarked financially against other Colleges. SA confirmed that HCUC were in a much stronger position financially than many FE Colleges although many colleges and Multi Academy Trusts had reduced expenditure in 2019/20 due to Covid-19 and remote delivery. However, the audit at HCUC had been completed without challenge to meet the ESFA deadline; this had not been the case in all colleges.

***The Audit Report and Management Letter of the External Auditors, Cooper Parry, for HCUC 2019/20 was APPROVED and would be taken to the HCUC Corporation for approval (8/12/20).***

iv) Letter of Representation

The meeting noted the draft Letters of Representation; one for the Financial Statements and one for the Regularity Audit. SA confirmed that these letters had a standard format for all FE Colleges – dictated by the Joint Audit Code of Practice – they did not include any narrative specific to HCUC.

***The Letter of Representation for HCUC would be taken for approval to the HCUC Corporation (8/12/20) before being signed by the Corporation Chair on behalf of the Corporation, and the Group Principal/ CEO as Chief Accounting Officer of HCUC.***

# MINUTES

## 2J. Assurance of Going Concern

SW reminded the meeting that the FE/HE Statement of Recommended Practice required the Corporation to carry out a formal assessment of going concern. SA 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 now that the FE sector had moved forward to being bound by a new Insolvency Regime. Members noted that the governing body were required to make their own assessment of their institution's ability to continue as a going concern so that they were certain of the validity of the 'going concern' assumption when preparing the financial statements. In making this assessment, an institution's governing body were required to take account of all available information about the future for at least, but not limited to, 12 months from the date the accounts were approved. An institution was required to disclose any material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern. SW 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 on 31 July 2020
- Cash and investment balances and cash flow forecasts for the next 12 months
- The 2020/21 financial budget as approved by the HCUC Corporation.
- The level of student recruitment in 2020/21
- Known liabilities and commitments during 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 (8/12/20) alongside the HCUC Financial Statements 2019/20.***

## 3J. Regularity Self-Assessment Questionnaire

The meeting considered the detailed Self-Assessment Questionnaire 2019/20. This was completed by the College Management Team for the assurance of the External Auditors on all Regularity Issues. As previously noted, Cooper Parry had provided a clean opinion on the Regularity Audit for HCUC during 2019/20. The meeting agreed that this document which had been enhanced for 2019/20 with an additional Annex A in relation to the operational impact of Covid-19 provided a useful summary for the Governors. The meeting was reminded that the OfS were able to access this information via the ESFA as the regulator of FE Colleges.

***The Regularity Audit Questionnaire was NOTED and APPROVED; the Audit Committee would recommend it to the Corporation for approval (8/12/20).***

## 4J. Any Fraud/ Corruption issues 2020/21.

The meeting noted the two incidents of Fraud that had occurred during the 2020/21 academic year to date: the cyber incident that had taken place on 13 August 2020; and a one-off 'phishing impersonation email' which took place on 23 October 2020 when the Director of HR (IA) had his email address compromised. A phishing email had been sent from IA's email to 1500 recipients but this was spotted and mitigation taken. Audit Committee Members were reminded that the August incident had been discussed in detail during the September 2020 Audit Committee meeting; an update is minuted at Part 2. The meeting was assured that there had been no impact from the second incident which was spotted very quickly by College IT staff. The meeting noted that two-factor authentication had now been put in place on staff email accounts to heighten security. The IT Team were also planning a 'penetration test' to ensure that recent changes had increased security.

***The report was NOTED***

# MINUTES

## 5J. Any Other Business

There was no other business. The joint meeting of the Audit Committee and the Resources Committee closed at 11.15am.

*The joint meeting of the HCUC Resources and Audit Committees closed at 11.15am and Resources Committee continued.*

### 1. Apologies for absence

There were no apologies.

### 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 16 September 2020.

The minutes were approved and signed by the Chair.

### 5. Matters arising from the minutes of the Resources Committee meeting held on 16 September 2020.

- **Restricted Reserves:** The matter arising in relation to the 313.5m 'restricted reserves' (item 10, page 4) had already been considered during the joint Audit and Resources Committee meeting.

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

## ITEMS FOR DECISION

### 6. Chairs Agenda Item

The Acting Chair had nothing to bring to the meeting under this item. It was noted that AMcL would be joining the merger Joint Steering Group (JSG) as Chair of Resources Committee.

### 7. Human Resources Update

The HR Director (IA) presented the standing Human Resources update report to the meeting. This reported on key HR metrics for 2020/21 year-to-date (to 31 October 2020) including the following: workforce data; equality data; recruitment data; sickness absence; training and development; employee relations; Covid-19 staff metrics; and feedback from the November 2020 staff focus group meeting.

Workforce Data: Governors noted the overall headcount (not FTE) for HCUC for permanent staff YTD was now 763, which was up from the average headcount of 740 for 2019/20. The increase was due to increased recruitment activity – 61 recruitment campaigns with 30 offers of employment. The current HCUC staff turnover figure after the first quarter of 2020/21 was noted as 15% (compared with the prior year figure of 13% in November 2019); this was below the AoC benchmark of 17.4%. The turnover at Harrow College (HC) at 19% was higher than the HCUC and UC figure (14%) and this figure would be monitored over the remainder of the year to ensure there were no underlying trends. Further analysis had identified that this higher figure at HC was due to the number of support staff leavers. The Chair (AMcL) sought, and was given, confirmation that leavers had an exit interview. AMcL highlighted that career development had been raised as an issue in the Staff Focus Group and suggested this might be having an impact on turnover. IA stated that the exit interview data suggested that a large number of people were leaving for a better 'work/ life balance'. IA also highlighted that the AoC benchmark for turnover of 17.4% was calculated on a national basis pre-Covid and was to some degree out of date.

## MINUTES



Anecdotal evidence suggested that a lot of London Colleges had turnover figures in excess of 20%. **SB suggested that it would be useful for Governors to see the length of service of leavers; IA would add this data to the next HR Report.** The meeting sought clarity on the difference between agency and casual staff – casual staff were paid through the HCUC payroll and usually had a ‘flexible working hours contract’. The meeting sought clarity on the seemingly high number of support staff compared to teaching but IA highlighted that a number of student-facing roles were included in the support figure e.g assessors.

**Workforce Equality Data:** The equality and diversity (E&D) data was considered and IA highlighted that the current BME figure at each of the colleges was: HC 42% (an increase of 3% on the prior year figure), UC 36% (an increase of 1% on the 2018/19 figure). The overall figure was at 38% which was above the College target of 35% for BME representation. The meeting was reminded that the percentage of BAME economically active in the London labour market was 36%. The meeting noted the work currently being undertaken to try and capture missing data on ethnicity across both colleges – 56 staff had left this data blank. The gender profiles for each of the Colleges were noted as: HC 75% female and UC 66% female. The GLA benchmark for females economically active in the London labour market was 46% and the AoC benchmark for females in FE colleges was 63%. The representation of disabled staff was now 9% at both colleges and for the HCUC group as a whole. IA highlighted the upward trend during 2020 with people identifying as vulnerable to Covid-19 and declaring a disability. This had continued to rise year-to-date in 2021,

**Recruitment:** The meeting discussed the considerable recruitment activity that had taken place during the first quarter of the academic year: HC, there had been 23 external recruitment campaigns with 345 applicants, 13 offers and 5 promotions; UC there had been 38 campaigns with 551 applicants, 17 offers and 9 promotions. The detailed E&D characteristics of the applicants and offers was noted by the meeting; there were no discrepancies within these figures.

**Absence:** Governors noted that the each of the college’s absence rates at 31 October 2020 showed a downward trend from the 2020 year-end figure: HC 4.2 prior year to 3.6 in-year; UC 8 prior year to 6.8 in-year; HCUC 6.7 prior year and 5.8 in-year 2020/21. IA highlighted that the AoC benchmark figure of 5.6 days was pre-Covid and was out-of-date.

**Training:** The meeting noted the completion rates for Performance Appraisals: 60% at HC and 65% at UC. Governors were pleased to note the high completion rate for Prevent Training of staff with a figure of 99% 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.

**Employee Relations:** The following Human Resources casework activity year-to-date was noted:

- HC: 1 member of the academic staff had been subject to formal capability action. UC: 4 staff were being put through capability action.
- Two formal grievances had been registered at UC during the year to date 2020/21.
- The bulk of the work had been on sickness absence cases: 7 at HC and 13 at UC.
- There were also a number of wellbeing cases: 3 at each of the colleges. These two categories reflected the impact of the Covid-19 pandemic.
- There had been 7 applications for Flexible Working, 6 of which were at HC.

**Covid-19 Metrics:** The meeting noted that on 4 November 2020, the government issued new guidance on the status of staff that were classified as Extremely Critically Vulnerable (ECV). The government guidance meant that these staff could no longer work onsite. The meeting noted that there were 6 staff at HC and 19 at UC falling in this category. Governors were assured that staff that received shielding letters during the first lockdown were identified as falling within the ECV category. In addition to these staff, the College consulted with the Occupational Health doctor to ensure that all staff falling within this category were identified.

# MINUTES

The meeting was updated on the numbers of staff who were self-isolating for the following reasons: having tested positive for Covid (7 at HC and 11 at UC); with Covid-19 symptoms (3 at HC and 6 at UC); without symptoms (4 at HC and 28 at UC). IA highlighted that during the first 3 months of the year just under 8% of the college's established staff have had a period of self-isolation. Governors were assured that after a period of self-isolation staff could only return to work after being assessed as safe to do so by HR. Data from the weekly HR 'work status' survey showed that 93% of staff were working on site for at least some part of the week. A Working from Home Policy had been launched recently with additional guidelines for staff. The College had also increased the amount that the College would contribute to staff eye tests and glasses from £40 to £80. The Staff Behaviour Policy had also been amended to add a Covid Annex; 1 member of staff was currently subject to the disciplinary process after persistent non-compliance with Covid guidelines. IA also informed the meeting that he met with Trade Union representatives on a weekly basis to talk through relevant staffing issues in relation to Covid. Staff morale was low and Covid was taking a toll on everyone; having a death in service of a valued long-standing member of staff had affected people. Governors sought, and were given, confirmation that the College had an Employee Assistance Service. This was accessed online and was regularly highlighted to staff in the monthly HR Newsletter issued to all staff. **Governors asked that a future HR report should include the data on use of the Employee Assistance Service.**

The Chair sought an update on student behaviour since the return in September. The meeting noted that there was an SLT duty rota to walk the corridors and ensure compliance with the Covid guidelines. AMi confirmed that any learners flouting the Covid guidelines was recorded and then after 3 incidences they were put out of College for a day. DDS confirmed that there had been far fewer disciplinary issues with students in the year-to-date as they were all relieved to be back in college and did not want to be put out. PC confirmed the zero-tolerance approach to non-compliance from staff and learners as this was putting others at risk. The Resources Committee governors supported this tough approach.

Staff Focus Group Feedback: The meeting noted the summary feedback from the Staff Focus Group that had been held on 3 November via MS Teams; 19 lecturing staff from across both colleges had attended. The range of topics covered, were as follows: Time management and barriers to fulfilling the job role; Communications; Learner impact/ culture & ethos; 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; Wellbeing, College values. The meeting took the detailed report outlining staff feedback as read. The meeting considered the summary which highlighted that Lecturers were positive about the following:

- Time Management – A dedicated day for administrative work would support staff to focus on completion of routine tasks.
- Communication - Staff feel well informed at this difficult a time and that the college was doing its best.
- Teaching & Learning Hour -The digital team was viewed as being helpful with Google suite viewed as an excellent resource.
- Maths and English - Lecturers recognised the importance of English & Maths for learners progress, with the suggestion that early introduction as part of the induction process of E&M tutors would help to build rapport and reduce disconnect with students.
- Quality of Teaching and learning - Teachers had a good understanding of proprieties for Teaching and learning and shared good practice ideas. Ofsted Inspection and getting outstanding was seen as very important.
- Student attendance & punctuality – Staff felt there was good communication between teaching staff and attendance coordinators aimed at improving attendance & punctuality.
- IT Resources – The consensus was that the IT staff work hard and were helpful and supportive.
- People Management - Staff expressed the view that they had very strong relationships within the whole school and work well as teams.
- Wellbeing - Staff are embracing the challenges of Covid 19.

# MINUTES

- College Values – Staff had a good understanding of the College values.

Additional Comments - Staff were grateful for the opportunity to take part in the focus group. Staff the meeting had been useful I felt that the College was listening to their views.

Areas identified for attention/improvement by lecturers:

- Time management – Issues were raised about management of class sizes given Covid 19 safety requirements. Staff felt time could be saved by reducing the duplication of student information required for different processes.
- T&L hour sessions - staff wanted more time to implement new systems.
- Lesson Observation - Lecturers asked for a review of external observations to reduce stress and overcrowding in classrooms. They also suggested a review of the requirement for staff to produce a 'teacher pack' given that Ofsted does not require the 'pack'.
- Career development – staff felt there was limited opportunities to progress.
- IT Resources – There were some classrooms that lacked IT resources in proper working order.
- Wellbeing - staff felt that morale was low because of the challenges of Covid 19.

IA assured the meeting that action in relation to the areas of improvement identified above was being taken and would be monitored at Senior Leadership Team to ensure appropriate action was being taken in response to staff feedback. Governors were pleased to note the speed of the management response e.g. the DP Curriculum had responded immediately to the suggestion that formal lesson observations were too much in the current Covid-19 environment and changes were put in place to ease unnecessary pressure. Concerns had also been expressed about the bubble system for English and Maths delivery so changes were put in place. Governors agreed that this clearly demonstrated the value of the Staff Focus Group process.

***The Human Resources Report was RECEIVED.***

***[The HR Director left the meeting.]***

## 8. HCUC Management Accounts to 31<sup>st</sup> October 2020

An historical cost surplus for the period ending 31<sup>st</sup> October 2020 of £3,272,000 compared to a budgeted surplus of £2,098,000 giving a favourable variance of £1,174,000. The significant variances were highlighted as follows:

- Education Income of £13,614,000 compared to budget of £13,804,000, (adverse variance of £190,000). Within this major variances were noted as: a positive variance of £50,000 in agency Other Funding against a budget of £764,000 due to increased 16-18 Bursary income (this was balanced by increased expenditure against this line); £23,000 adverse variance for Tuition Fees Home; a large adverse variance of £300,000 in HEFCE Funding (Fees) due to enrolment numbers being below target in Engineering ME, Engineering TI and Computing; and a positive variance of £50,000 against the £3,000 budget for Other Funding which was in relation to the HMRC Coronavirus Job Retention Scheme grant for furloughed staff. Governors sought confirmation on whether the HE Fees line would be recovered before year-end but this was unlikely although VP confirmed that the income was in line with the level achieved in the prior year (even though it was below budget).
- Employer Services income of £1,116,000 an adverse variance of £56,000. The meeting discussed the various short-courses and the negative impact of the pandemic on short course income in ENGTI and the Business schools. The Chair asked whether SLT had looked at whether there was downturn in Engineering locally as HE enrolment in this area was also below target. The CEO (DDS) assured the meeting that the Colleges general core engineering delivery remained strong. PC confirmed that the biggest effect of the pandemic was at HE and higher apprenticeship levels whilst core delivery at lower levels remained strong. However, the negative impact of Covid-19 on Heathrow was affecting many smaller employers in their supply chain. SLT were hopeful that short-course income could be recovered later in the academic year.

# MINUTES

- Employee costs of £7,752,000 compared to budget of £9,060,000, (favourable variance of £1,308,000 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 £248,000 against the budget of £4,226,000. This was noted as mainly being due to timing issues with 19+ Learner Discretionary Support Fund expenditure earlier than anticipated. Depreciation was £128,000 positive variance against the budget of £1,210,000 due to timing of capital expenditure in the prior year – especially IT equipment.
- Balance Sheet remained strong with a cash balance of £26,747,000. This was against a budget of £24,628,000 due to the funding from the ESFA and the GLA being front-loaded as well as higher accruals and Other Creditors. Fixed Assets were £364,000 ahead of forecast due to the timing of capital projects.
- All ratios were healthy: cash days in hand at 170.8 (forecast of 157.2); current ratio at 1.77 (forecast 2.43); and reserves/ income at 141% (forecast 138%).

***The Management Accounts for the first quarter to 31<sup>st</sup> October 2020 were RECEIVED.***

## 9. Capital/ Property Update

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

The meeting considered the Capital Update Report and key current projects were noted as follows:

***The Skills for London Capital Fund Stage 2:*** The meeting was reminded that the construction work on the Armstrong Building had been split into 3 phases in order to progress on a timely basis and minimise disruption to teaching and learning. The meeting noted that there had been a partial handover on 22 August 2020 to enable students to use the new entrance. All landscaping, new pedestrian routes, reception, student services and canteen were now completed with minor works still to be finished. The meeting noted that the old canteen was currently being converted.

***Institute of Technology:*** SW confirmed that the fifteenth drawdown had taken place on 7th November 2020; the year-to-date grant funding drawn down was now £8,382,266. The car park was now complete with the exception of the parking management system. The second phase for the new building was now complete and the third phase - a refit of existing accommodation - was also complete. The list of specialist equipment required for the IoT for 2020/21 – at a cost of circa £500,000 - had now been ordered after approval by DfE, the furniture and IT equipment had been delivered and the higher spec IT equipment was expected to arrive soon.

***House at Harrow Weald:*** The meeting noted that an offer of £505,000 had been accepted for the house at Harrow on the Hill. GDFRP was currently progressing the sale with solicitors. This had been further complicated by the buyer seeking legal approval of conversion to a block of flats. SW confirmed that the historical charge held on the house had now been released.

***GLA Small Equipment and Project Application:*** Governors were reminded of the work undertaken to create a gas workshop in the disused training kitchen next to the new Construction Centre (Newton Building). This would allow the College to meet the requirements of the new gas and plumbing curriculum which would replace the existing plumbing framework and level 3 plumbing qualifications. The major work had been completed during October half-term 2020; there was no ongoing disruption to current students.

***ESFA Further Education Capital Allocation (FECA):*** SW confirmed that HCUC had submitted the FECA return on 15th October expressing interest to spend the full £2.058m (not £1.058m as stated in the report) including the College's contribution of 25%. Details of spend had now been work through and the GDFRP was currently responding to some queries from the FECA Capital Team. The meeting noted that a list of works would be brought to the Resources Committee and Corporation once finalised. SW reminded the meeting that the deadline for completion of this work was 31 March 2021.

# MINUTES



GLA Tackling Digital Exclusion: The meeting noted that the College was finalising the eligibility process of learners who qualified to receive IT equipment under this GLA scheme. Orders for laptops had been placed in anticipation of the list being finalised.

***The Property Update Report was RECEIVED.***

## ITEMS FOR INFORMATION

### 10. Higher Education Annual Report for Resources Committee

The meeting was reminded that as a provider of Higher Education (HE), HCUC was required to meet the Office for Students (OfS) continuing conditions for registration. In order to evidence compliance with condition C 'Protecting the interests of all students', it had been agreed by SLT that an annual report would be presented to Resources Committee.

The meeting noted this new report which covered the following areas:

- Publication and review of the Student Protection Plan
- Publication and review of Terms and Conditions
- Review of policies and procedures relating to the provision of information.
- Any engagement with OfS regarding consumer protection law
- Engagement with the Office of the Independent Adjudicator for Higher Education (OIA)

Student protection Plan: The meeting noted that the Student Protection Plan (SPP) for 2019/20 was sent to the OfS by the deadline required and published on both Uxbridge and Harrow College websites. The plan had been reviewed and the proposed plan for 2020/21 was noted by the meeting. Guidance from OfS was expected in Autumn 2020 but had not yet been published – the plan would be reviewed in the light of the new guidance when it was received. Governors were assured that the SPP was implemented following lockdown, and obligations had been met. Students were contacted by their tutors regarding changes to their programmes, then centrally by HCUC asking for their consent to the changes, the College also informed HE students how to raise concerns, their alternative options and support available.

Terms and Conditions: The HE Terms and Conditions for 2020/21 were published on both the Uxbridge and Harrow College websites. Terms and conditions had been reviewed and the proposed wording for 2021/22 was reviewed by the meeting. In addition, in July 2020 all HE applicants were written to informing them that during 2020/21 programmes might be delivered remotely – in part or in full – with contact details for advice and guidance, information on how to raise concerns, alternative options and support available plus a reminder of their right to cancel their application.

Provision of Information: HCUC had ensured that accurate course information was published in November 2019 to enable applicants to make informed decisions about applications for 2020/21 entry. However, the fees policy for 2020/21 was not agreed until March 2020, and then had to be amended to match information already provided to applicants. In future the full fees policy and not just the course fees for the following academic year would be approved ready for publication in November each year. During lockdown HCUC communicated well with students, HE programme leaders were highly commended for their efforts in explaining the changes to courses and supporting learners to achieve remotely or through delayed assessments where required.

Engagement with OfS: The meeting noted that the OfS had not requested any information from HCUC regarding consumer protection during 2019/20. In addition, there have been no events requiring reporting to the OfS in 2019/20.

Office of the Independent Adjudicator for Higher Education (OIA): The meeting noted that HCUC subscribed to the OIA. Information about the OIA and how students could access it was contained in the HCUC complaints policy, HE induction presentation and HE course handbooks. The HE Terms and

# MINUTES

Conditions (published on Uxbridge and Harrow College websites) also contained information about the OIA. In 2019/20 there were no complaints made to the OIA about HE provision at HCUC.

The meeting considered all the evidence presented and concluded that they could take full assurance that HCUC had been compliant with HE consumer protection law during 2019/20.

## **The meeting:**

- i) RECEIVED the annual report providing assurance for Governors on HCUC compliance with HE Consumer Protection Law, and**
- ii) AGREED that Resources Committee had been given assurance that HCUC was compliant during 2019/20.**

## **11. To receive the Resources Committee Risk Register update**

The meeting noted the combined Resources Committee section of the HCUC Risk Register which had only had on minor change since the last meeting of the Resources Committee. The red risks aligned to the Corporate Goals and changed risk scores 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 at 12 'red'.)
- 1.13 College SAR and/ or Ofsted rating falls below 'outstanding'. (Risk score at 12 'red').
- 3.07 International income fails to meet targets. (Risk score raised from 8 'green' to 10 'amber'). A combination of Brexit and Covid had further impacted on international students travelling to the UK but the income target had been revised post-Covid.
- 3.10 Pension contribution increases significantly (Risk score reduced from 8 to 6 still 'green'). The meeting was reminded that the DfE grant for the increased TPS contributions had now been confirmed until July 2022.
- 3.11 Underachievement of funding targets (Risk score still at 15 'red'). The meeting was assured that this was still being monitored on a weekly basis by SLT.
- 3.12 Failure to secure and respond to large levy paying employers to deliver apprenticeships could impact on income. (Remains at a 'red' risk score of 15.) The ongoing Covid-19 pandemic was heightening this risk and the threat of impact on income.
- 3.20 WBL non levy 16-18 apprenticeship targets not met. (Remains high risk with a 'red' risk score of 15.) The ongoing Covid-19 pandemic was also heightening this risk as many apprentices were experiencing a break-in learning due to furlough or redundancy.
- 5.11 Compliance with GDPR and other data related regulation (Risk score raised further from 12 to 15 still 'red'). SW informed the meeting that the Exec Director Corporate Services (AM) was taking advice from the Information Commissioners Office (ICO) on best practice in relation to GDPR legislation. AM confirmed that the biggest issue currently identified across HCUC was ensuring that staff deleted data in line with GDPR timelines. There was a tendency for the College to hold too much data but this was being addressed through ongoing GDPR staff training. SW reminded the meeting that a final date for the GDPR internal audit at HCUC was yet to be confirmed but it would take place within the 2020/21 Internal Audit Plan.
- 5.12 The College loses IT capability and/ or data following a cyber-attack. (Risk score remains at 12 'red').
- 5.13 Operational impact due to Covid-19 (Risk score still at 12 'red'). As previously discussed, all Public Health England guidance was being followed and the SLT were closely monitoring any impact on current or planned income.

# MINUTES



## ***IoT Risk Register***

The meeting also noted a separate Risk Register for the West London Institute of Technology (IoT), opened at the Uxbridge Campus in September 2020. SW reminded the meeting that this Risk Register format was in a format specified by the Department for Education and was used by them as a monitoring tool as well as internally by HCUC. There were now 2 'red' risks shown in relation to: insufficient learner numbers due to the impact of Covid-19 on the IoT launch and marketing; possible change in government policy on apprenticeship funding (moving away from SMEs to levy funding).

The Chair sought an update on any Covid-19 impact on the IoT partners and PC confirmed that all IoT partners were still committed to the IoT. All IoT partners had been negatively impacted by Covid but current information suggested that Heathrow had been massively impacted which could affect the engineering offer at the IoT. Current data from the West London Alliance estimated that the impact of Covid-19 on Heathrow (including all the employers in their supply chain) would only be reversed in 2023 when it was forecast to be back to 2019 level of operation. PC highlighted the new IoT Website and the Blue Skies Conference held during the previous week with 300 employees in attendance via Zoom. The West London Alliance had facilitated discussions around the drive to make West London a regeneration area post-Covid. There would be a focus on Digital, Green Skills, Engineering and Construction.

***The HCUC Resources Committee Risk Register and the IoT Risk Register were RECEIVED.***

## **12. To confirm and agree the dates and times for the meetings in 2020/21**

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

- Tuesday 16 March 2021 at 10.00am
- Wednesday 23 June 2021 at 10.00am

## **13. Any Other business**

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

Signed .....

Date .....

# MINUTES

**Directorate: Governance**

**Part 2 Confidential Minutes  
PRIVILEGED & CONFIDENTIAL – FOIA EXEMPT**

**Minutes of: Resources Committee** (with Audit Committee in attendance)

**Date: 25 November 2020 Time: 11.15**

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

**Present:**

Nasim Khan (NK)	Governor (Chair)
Tracey Critchley (TC)	Governor
Ketan Sheth (KS)	Governor
Alasdair MacLeod (AM)	Governor ( <i>Member of HCUC Resources Committee</i> )
Steve Owen (SO)	Governor ( <i>Member of HCUC Resources Committee</i> )
Simon Boulcott (SB)	Governor ( <i>Member of HCUC Resources Committee</i> )

**In attendance:**

Darrell DeSouza (DDS)	Group Principal & CEO
Andy Miller (AMi)	Exec Director Corporate Services
Vikash Patel (VP)	Head of Finance
Tracy Reeve (TR)	Clerk to the Corporation
Shane Woodhatch (SW)	Group Director Finance & Resource Planning
Pat Carvalho (PC)	Principal Harrow & Deputy CEO

**6J. Matters arising from the confidential minutes of the meeting held on 16 September 2020**

There were no matters arising.

**7J. Update on cyber breach incident**

The CEO/ Principal (DDS) updated the meeting on the cyber breach incident that had taken place in August 2020 and the effort that had gone into retrieving all the affected College systems. Governors were reminded of the Twitter activity that was spotted by College staff during September which led to the specialist cyber-breach project team identifying a site in New Zealand (accessed via the dark web) which had posted some of the stolen HCUC data. The College had gained a court injunction in New Zealand and the data was taken down after being available for 5 days on the 'dark web'. DDS confirmed that the forensic team had not found any evidence that the data had been downloaded by anyone during the 5-day period. Governors were given assurance that the Executive Director Corporate Services was working with the Information Commissioners Office to ensure that any affected individuals were notified according to the correct protocols. Those affected included current and ex-staff as well as people that had applied for apprenticeships through HCUC. Letters had been sent out to all those affected with a Frequently Asked Questions (FAQ) brief to answer peoples queries and a zoom call set up to answer any additional questions; this was undertaken week commencing 19 October 2020 for current staff and earlier in November for ex-staff and Apprentices. DDS assured the meeting that a specialist company Experian had been commissioned to deal with individual cases and any ongoing questions. The Chair of Resources sought confirmation on whether any of those affected had started 'action' against the College because of the data breach; DDS confirmed that there had been no notification of any claims to date.

The Chair commended the comprehensive update which gave Governors clear assurance that this matter was dealt with effectively. DDS highlighted the ongoing value of the specialist project team which had provided input on forensic, legal and communications action needed after this incident.

***The comprehensive update on the action taken post cyber-breach was NOTED and RECEIVED.***