



366 PRELIMINARY PROCEDURAL MATTERS

366.1 Attendance & Apologies for Absence

Members Present: Mike Carver
Warren Gordon (Chair)
Jo Howell *(Part 1 only)*
Tony Medhurst (Principal)
Ian Richardson

In Attendance: Andrew Clare (Deputy Principal Finance & Resources)
Jayne Chaplin (Clerk to the Corporation)
Mick Dempsey (Governor)
Karen Fleet (Director of HR&OD)

366.2 Declaration of Interests and Part 2 Agenda Items

Declarations of interest were received from:

- Mike Carver, as a Director of CK & Training Assessment Ltd and HRC Cubed Ltd
- Warren Gordon, as a Director of HRC Cubed Ltd
- Andrew Clare, as a Director of Hertvec, CK Assessment & Training Ltd and HRG Ltd
- Tony Medhurst as a Director of CK Assessment & Training Ltd and HRG Ltd
- Karen Fleet, as Director of HRG Ltd

It was **RESOLVED** for Item 2 to be taken as a Part 2 Confidential Item.

366.3 Minutes of the Resources Committee, 9 October 2019 & Matters Arising Minutes

The Minutes of the Resources Committee Meeting held on 9 October 2019 were agreed as a correct record for application of the Chair's signature.

Matters Arising

After noting those items covered elsewhere on the agenda, there was consideration of:

The Continuation of HRC Cubed Ltd (Minute 357.2)

Responding to questioning, members were advised that the matter had been chased with a response awaited. It was confirmed that in the meantime, the Company remained listed with Companies House with returns required as appropriate.

Land Registration (Minute 357.2)

Responding to questioning, it was confirmed that the College solicitors had been instructed to commence the registration process.

367 PERFORMANCE MONITORING & UPDATE REPORTS

Group Performance: The College

Reports were presented comprising:

367.1 Financial

367.1a. Year-end 31 July 2019 - Financial Statements & Management Letter

Following discussion of the draft position at the previous meeting, reports were presented confirming the audited financial position for the year-ended 31 July 2019 along with the Audit Management Report, Regularity Self-Assessment & Letter of Representation.

The year-end financial position was outlined in the Financial Statements for the year-ended 31 July 2019. The key financial issues for the period were confirmed and members noted:

- A Group position of a deficit of £196k for the year to July 2019, compared to a surplus of £348k for the year to July 2018 with movements in income and expenditure offset by the Group's share of the Hertvec operating surplus.
- The LGPS pension scheme recording an actuarial loss of £2,285k in contrast with the Surplus of £3,633k in 2018 and;
- The reduction overall in the Net Asset base of the Group to £34,842k compared with £37,064k in 2018.

Confirmed to have been reviewed by the Audit Committee, the Audit Management pack was then considered comprising the Management Report, the Letter of Audit Representation and the Regularity Audit Letter. Advising members of an unqualified audit opinion, the findings of the external auditor's review and report were summarised noting confirmation that:

- The Financial Statements gave a true and fair view of the state of the affairs of the College as at 31 July 2019.
- All control points raised in the 2017/18 Management Letter were resolved, one current issue was identified, accepted by Management, and that there were no observations following completion of the regularity audit or instances of fraud or irregularity identified.

Reflecting on and observing how the position in the Statements differed from that reported at the October 2019 meeting, there was question of the reasons for the change, noting it to be attributed to the decline in the core College income, the actuarial loss recorded for the LGPS Pension Scheme and the loss for the year incurred by CK Assessment & Training Ltd. When presenting to the Corporation, it was requested for the Financial Statements to be accompanied by a summary of the final position to provide clarification of the variances, welcoming confirmation that, this would be circulated to members in advance to for allow response to any further queries.

After consideration, and subject to review of the additional information requested, it was **RESOLVED** to **RECOMMEND** to the Corporation:

- The **APPROVAL** of the Financial Statements for the year-ended 31 July 2019.

367.1b Education & Skills Funding Agency (ESFA) – Financial Health Letter

Following its review of the College Financial Plan 2019 to 2021, the ESFA Financial Health Rating Letter was presented along with its financial dashboard.

Members were advised that its financial record confirmed the financial health for the College as "Good" for 2018/19 and for 2019/20. There was review both of the ratios used to assess financial health and the benchmark data comparing performance against other colleges.

The report was noted.

367.2 Current Year Financial Monitoring

367.2a October 2019 Management Accounts

The Management Accounts for October 2019 were presented.

Members were advised of a College operating position of £75k, excluding exception items and an overall Group position of a surplus of £75k against the plan of £168k, resulting in an adverse surplus variance of £93k. The main variances were reviewed noting in particular:

- The shortfall in Apprenticeship delivery with a combined adverse income variance of £74k lower than plan but it was noted that there were 74 enrolments to process.
- That enrolments on Higher Education provision were also significantly down on target.
- The reduction in full-time 16-18 funding due to a drop in student numbers, confirming that individual Curriculum areas were exploring ways to address the shortfall.

After advising members that the position was reflective of the situation in the Sector, the position was reviewed further. In the context of previous discussions:

- Of student numbers, members were advised that growth was not as anticipated overall but that there had been increases in priority areas. It was noted that the Quality, Curriculum and Business Planning Committee was also reviewing performance compared with the student number predictions. Observing the impact of local competition, there was questioning of the College approach to the retention and progression of students.
- Regarding the overall implications for 2019/20, the action already taken and the timescales within which the College needed to respond, it was confirmed that the modelling was being undertaken of the impact of the shortfall in numbers, future funding allocation and the financial implications along with options to address the position, which would be presented to the Board in January/February 2020. Reassurance was provided of very tight controls on pay and in the consideration of vacancies in the meantime.

The Management Accounts were noted.

367.2b Sub-contracting Update

Accompanied by the Subcontracting Fees and Charges Policy 2019/20, a report was presented updating members on the College Apprenticeship, AEB and Programmes of Study subcontracting activity and the contractual allocations and current performance in 2019/20.

The report was considered:

- Reviewing the contract values, noting these to remain in-line with those previously reported; and the updated Subcontracting Fees and Charges Policy for 2019/20.
- Noting that following review of the College Office for Students Registration for its Higher Education subcontracted activity, the need was required to complete a “reportable event” process. Following completion of further due diligence, there was consideration of the rationale and proposed arrangements for sub-contracted activity with a single HE partner to commence January 2020, reviewing the proposed allocation and activity.

After discussion, it was **RESOLVED** to **RECOMMEND** for the Corporation to **APPROVE**:

- The Subcontracting Fees and Charges Policy 2019/20.

- In principle, the proposed arrangements for sub-contracted HE activity.

367.3 Business & Compliance

Other College performance was reviewed via reports on:

367.3a Health & Safety

The Health & Safety 2018/19 Annual Report was received.

Providing an overview of the arrangements, developments and activities for the year, the report was reviewed. There was particular discussion of the accident statistics and clarification was provided regarding the one accident was reported to the HSE under the RIDDOR Regulations.

After consideration, the report was noted

367.3b Human Resources: HR Update

The HR Update Report was presented.

After summarising activity to date, review with management included:

- Performance against KPIs discussing the Sickness Trigger compliance, running below benchmark, noting the management action being taken; and questioning why Appraisal/Performance Development Review compliance was behind target, noting action being taken to ensure more timely completion.
- In respect of the changes proposed to the Lecturer annualised teaching hours, the negotiations with UCU, which it was confirmed remained ongoing with no impact on service delivery.
- Progress following and in response to the findings of the last Staff Survey noting employee engagement activity via team meetings feedback from which would feed into the delivery of the people section within the Strategic Plan.

Following review, the report was noted.

368 Other Business & next Meeting

368.1 Any Other Business

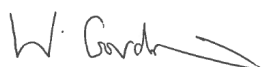
There was no other business.

368.2 Date of Next Meeting

Wednesday 18 March 2020

The Meeting moved to the Part 2 Confidential agenda at this point.

Signed:



Dated: 15 May 2020

Warren Gordon, Committee Chair