



339 PRELIMINARY PROCEDURAL MATTERS

339.1 Attendance & Apologies for Absence

Members Present: Mike Carver *(From Item 2.1.2a)*
Warren Gordon (Chair)
Jo Howell
Tony Medhurst (Principal) *(From Item 2.1.2a)*
Nicky Stone

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

339.2 Declaration of Interests and Part 2, Confidential Agenda Items

Declarations of interest were received from:

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

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

339.3 Minutes & Matters Arising

Minutes

The Minutes of the last meeting were agreed as a correct and approval was provided for the application of the Chair's signature.

Matters Arising

College Accounts (Minute 336.3.2)

Further to previous discussions regarding Bank Covenants, it was reported that discussions with the credit team had remained ongoing and that confirmation of the final position was awaited.

Land Registration of College Estates/Assets (Minute 336.3.3)

Questioning progress with the land registration of the College estates/assets, it was confirmed however that action to resolve the situation was to be undertaken imminently.

HE Provision (Minute 336.3.4)

After advising members that the matter was being revisited and the College awaiting receipt of details of the outcome of the review, it was confirmed that there would be an update at the next meeting.

340 2017/18 IN-YEAR PERFORMANCE MONITORING & UPDATE REPORTS

340.1 College

Reports were received comprising:

340.1a January 2018 Management Accounts

The Management Accounts for the operating position at the end of January 2018 were received.

A surplus was confirmed of £356k against a profiled surplus of £739k, reporting:

- Income was lower than budget and total expenditure over budget attributed to sub-contracted provision lower than budget with contracts still to be awarded; and extraordinary costs relating to restructuring costs incurred in-year.
- On the completion of the sale of Amwell House.

Confirmation was welcomed of the completion of the sale of Amwell House, commending the Deputy Principal Finance & Resources for bringing the matter to a swift conclusion. The position then was reviewed further with points of detail answered and clarification provided as necessary. Discussion with Management included:

- Focus on the College financial performance, questioning:
 - i. The impact on income resulting from the position with the higher level of students in Learner Support, with the funds not being recognised in the overall Income until agreement was reached and expressing concern that payment by the Council remained outstanding. Responding to further question of the present situation, members acknowledged that dialogues were ongoing but emphasis was placed on the need to have plans in place for securing the income.
 - ii. The outturn forecast and in particular the lower than expected position reported agreeing that a deficit position was not acceptable and stressing the need to avoid breach of Bank Covenants. Clarification was requested about the action to ensure that the operating surplus would be brought back in-line with the budget for the year. Detail was provided of the measures taken and planned, noting that this included deferral of a decision regarding the College pay award for the year with recommendation to be presented at the next meeting. Acknowledging that action taken over successive years limited the further options available, the need was recognised for further potential action to avoid any impact on quality. It was requested for the options available to be presented for review at the Committee's next meeting along with a separate breakdown of income to allow members to assess more easily those income areas where the greatest movement was occurring.
- The Group position acknowledging that collectively the Group would deliver the overall objectives for the year but reinforcing the need for the respective entities within the Group to contribute to its overall financial position.

After consideration, the report was noted.

Mike Carver joined the meeting at this point.

340.1b Sub-contracting: Update

An update was provided on the sub-contractors used by the College for the delivery of study programmes, Apprenticeships and Adult Skills, along with proposals for revised contract values.

The revised contract values were presented advising members where changes were reflective of growth opportunities identified or adjustment or reduction due to under performance against agreed profile. The updated information then was reviewed, points of detail were answered and clarification provided as necessary with more detailed discussion including:

- Questioning whether the use of sub-contractors should be reviewed, noting confirmation that such review was ongoing with further reports to be presented for consideration as appropriate.
- Noting the 16-18 and 19+ Apprenticeship contract values, updated to reflect new contract values for non-levy starts from 1st Jan 2018 only.

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

- **APPROVE** the revised contract values for sub-contracted provision for 2017/18.

340.1c 2018/19 Preparations: Budget Assumptions

A report was received summarising the 2018/19 Budget Assumptions to ensure the achievement of a balanced budget to generate a College surplus for reinvestment into existing and new facilities.

In preparation for Board consideration and approval of the 3-year financial plan for the group in July 2018 assumptions were presented comprising income, where known, pay and non-pay and Capital and Project costs. Points of detail were answered and clarification provided as necessary.

There was review of the individual and collective assumptions for the overall group position and with focus on the College financial plan, there was question of:

- The extent to which advantage had been taken of the Apprenticeship Levy acknowledging the challenges presented notwithstanding government emphasis.
- The provision for a pay award in each year acknowledging the importance of making such an award particularly when less than the present standard of living. There was recognition however of the limit on options presented by static learner number and revenue opportunities.

Following review, it was **RESOLVED** to **RECOMMEND** for the Corporation to:

- **APPROVE** the 2018/19 Budget Assumptions.

340.1d College Financial Regulations

A report was received reporting on the outcome of the review of the College Financial Regulations to ensure these remained in-line with the Financial Memorandum between the

Funding Body and the College, which set out the terms and conditions on which grant funding was made.

The changes were summarised, noting these were mainly to reflect changes in titles, the re-wording of text or revisions to payment limits.

Following review, it was **RESOLVED** to **RECOMMEND** for the Corporation to:

- **APPROVE** the revised Financial Regulations.

Tony Medhurst joined the meeting at this point

340.1e Insolvency Regime

A report was presented updating members on the implications of the new insolvency regime implemented for further education and sixth form colleges through the Technical and Further Education Act 2017.

Members were advised that the Act would apply existing insolvency procedures to FE colleges and introduce a special administration regime to protect learner provision. Points of detail were answered and clarification provided as necessary.

There was discussion of the implications, acknowledging the intent behind the regime but expressing some concern about potential impact on future governor recruitment.

The report was noted.

341 Other Performance Monitoring Report

In-year College performance was reviewed via reports on:

341.1 HR Report (Spring Term March 2018)

The HR Report was presented updating members on HR activity and organisational developments both within the College and within its subsidiary companies.

The report was summarised with review focusing on the College response to the statutory requirement to publish calculations annually showing from 30 March 2018 the pay gap between male and female employees, noting:

- Report of a Mean Gender Pay Gap of 14.23%; a Median Gender Pay Gap of 12.17%; a Mean Bonus Pay Gap of 34.64%; and a Median Bonus Pay Gap of 16.67%
- The reasons attributed to the difference including a 70% female employment population; the majority of women occupying lower paid business support roles with some predominantly term time only; more women in part-time positions; and the tendency for areas of skill shortage such as Engineering, Electrical, Construction to attract more men and pay more as a market supplement

Points of detail were answered and clarification provided as necessary noting the position was not seen as a cause for concern by Management. There was review with Management responding to questioning:

- Of College performance nationally confirming it to be broadly in-line with Sector colleges.
- Of action being taken, advising particularly how it was proposed:
 - i. To attract women into more traditionally male-dominated roles. It was requested for further information to be provided to facilitate understanding of harder to fill roles to better understand where challenges lie.
 - ii To ensure that women within Support roles would have progression opportunities confirming that plans included progression through talent management and on-going personal development

Following review, the report was noted.

342 ANY OTHER BUSINESS & NEXT MEETING

342.1 Any Other Business

There was no other business.

342.2 Date of Next Meeting

Friday 22 June 2018

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

Signed:



Dated: 22 June 2018