



336 PRELIMINARY PROCEDURAL MATTERS

336.1 Attendance & Apologies for Absence

Members Present: Mike Carver
Warren Gordon (Chair) *(From Item 2.1.2a)*
Jo Howell
Tony Medhurst (Principal)
Nicky Stone *(From Item 2.1.1)*

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

After reporting that the Committee Chair had been unavoidably delayed, it was **RESOLVED** for Committee Member Jo Howell to Chair the meeting in his absence.

336.2 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.

336.3 Minutes & Matters Arising

336.3.1 Minutes

The Minutes of the Resources Committee Meeting held on 16 October 2017 were agreed as a correct record for signing by the Chair subject to the amendment of Minute 329 to accurately reflect the interests declared.

336.3.2 Matters Arising

College Accounts (Minute 331.1)

Further to previous discussions regarding Bank Covenants, it was reported that discussions with the credit team remained ongoing.

Land Registration of College Estates/Assets (Minute 331.2)

Responding to questioning regarding progress with the land registration of the College estates/assets members were advised that the Broxbourne estate remained unregistered with attention focused on other matters requiring more immediate action. It was confirmed however that the matter was to receive attention in the coming months.

HE Provision (Minute 324.2)

Members were advised that a letter received had not addressed concerns raised about the financial arrangements in place and that the matter would be the subject of further follow-up by Management.

337 REVIEW OF PERFORMANCE - MONITORING & UPDATE REPORTS

337.1 College

Reports were received comprising:

337.1.1 Financial Year-end 31 July 2017

Reviewing performance for the year-ended 31 July 2017, reports were reviewed comprising:

337.1.1 a Draft Financial Statements & Management Report for the year-end 31 July 2017

Nicky Stone joined the meeting and was welcomed.

In advance of reviewing the year-end financial position outlined in the Financial Statements for the year-ended 31 July 2017, and the accompanying External Audit reports, an oral update was provided advising members of late changes to the data within the Financial Statements.

It was reported that following dispatch of the papers for the meeting, communication had been received from Hertfordshire County Council providing notification of an error in the calculation in its FRS102 actuarial pension valuation. Members were advised that the nature of the change to the revised valuation had been material, requiring numerical changes throughout the Financial Statements and to the Auditor Management Report already circulated.

An overview was provided of the revised data along with a summary of the impact of the updated figures, noting that the changes made no impact on the underlying operating position. The key financial issues for the period were reviewed and members noted that:

- The Group generated a profit before other gains and losses in the year of £241,000 (2016/17 – deficit of £1,112,000), with total comprehensive income of £20,449,000 (2015/16 - £20,899,000)
- The LGPS pension scheme recorded a significant actuarial gain of £2,248 and an overall profit for the group of £2,489k.

Following review 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, outlining the external auditors review and report on the College's financial statements.

On the basis of the audit work undertaken, it was reported that it was considered that the financial statements:

- Gave a true and fair view of the state of the affairs of the College as at 31 July 2017 and of the College's income and expenditure, recognised gains and losses and cash flows for the year then ended

- Had been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education.

The EAS Management Report:

- Confirmed that all the control points raised in the 2015/16 management letter had been resolved
- Highlighted three internal control issues for the year under review and confirmed that the regularity audit had been completed and that there were no observations to make.

On that basis members were advised that an unqualified opinion was anticipated.

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

- The **APPROVAL** of the Financial Statements for the year-ended 31 July 2017.

337.1.1b ESFA Financial Health Letter

Following its review of the College Financial Plan 2017 to 2019, the ESFA Financial Health Rating Letter was presented.

After noting its calculation for the Financial Health for the College as outstanding, members were advised of the College's recommendation to instead recognise its assessment of a good rating having only made a surplus for year for the first time in a number of years.

There was review of the recommendation concurring with the conclusion that to have more than one year of surplus before making such an assessment was the more prudent approach.

The report was noted.

337.1.2 2017-18 in-Year Financial Monitoring

An overview of College performance via reports on:

337.1.2a October 2017 Management Accounts

The Management Accounts for the operating position at the end of October 2017 were received.

A surplus was reported of £244k against a profiled surplus of £655k with income £381k below budget and total expenditure is £30k over budget.

Members were advised that:

- Apprenticeship numbers were down accounting for the main reason for the shortfall in income confirming that detailed work was being carried out on the full year forecast and that management would receive an update on this in December.
- There was a higher level of students in Learner Support than was budgeted for reporting on continuing discussion with the Council on the additional funding required to support them

and noting that until agreement has been reached on the funding it had not been included in the income.

There was discussion with management of the situation regarding the additional funding payment required from the Council for students in Learner Support confirming that dialogues were continuing, acknowledging the complexities and sensitivities of the situation.

After consideration, the report was noted.

Warren Gordon joined the meeting at this point.

337.1.2b Sub-contracting: Update

The report outlined the year-to-date position and contract variances for the College's AEB and EFA subcontracting arrangements.

Considering the report, the contract variances were reviewed, noting in particular those for Crown Vocational Training, NGTC and SPS Training reflective of AEB or EFA funding capability and growth identified.

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

- **APPROVE RETROSPECTIVELY** the contract variations to bring provision in-line with the performance values for 2017/18.

337.1.3 Other Performance Monitoring Report

In-year College performance was reviewed via reports on:

337.1.3a Health & Safety 2016/17: Annual Report

The Health & Safety 2016/17 Annual Report was received.

Providing an overview of the arrangements, developments and activities for the year, the report was reviewed.

After consideration, the report was noted.

337.1.3b HR Report (Autumn Term Dec 2017)

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 and reviewed with discussion focusing on:

- Staff turnover noting in response to questioning it to be attributed in part to some modest restructuring that had taken place
- The restructured Central Apprenticeship Team
- The plans for a HRG pension scheme offers a flexible and attractive pension scheme to HRG candidates and employees from January 2018 to comply with auto enrolment.

Following review, the report was noted.

338 ANY OTHER BUSINESS & NEXT MEETING

338.1 Any Other Business

There was no other business.

338.2 Date of Next Meeting

2.00pm, Friday 16 March 2018

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

Signed:

A handwritten signature in black ink, appearing to read "W. Gordon", with a long horizontal stroke extending to the right.

Dated: 16 March 2018