



### 348 PRELIMINARY PROCEDURAL MATTERS

#### 348.1 Attendance & Apologies for Absence

**Members Present:** Warren Gordon (Chair)  
Tony Medhurst (Principal)  
Jo Howell  
Mike Carver

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

**Apologies:** Nicky Stone

#### 348.2 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.

#### 348.3 Minutes of the Resources Committee, 26 June 2018 & Matters Arising

##### Minutes

The Minutes of the Resources Committee Meeting held on 26 June 2018 were agreed as a correct record for application of the Chair's signature.

##### Matters Arising

After noting those items presented elsewhere on the agenda (Minute 349 refers), there was consideration of Matters Arising:

##### Land Registration of College Estates/Assets (Minute 343.3)

Questioning progress with the land registration of the College estates/assets, it was confirmed that there would be report at the May 2019 meeting of the action taken to resolve the situation.

##### HE Provision (Minute 343.3)

Members were advised of developments with the University of Hertfordshire Consortium following discussion of the consortium fee throughout 2017/18. Confirmation was received of a fee reduction from £75k to £50k for 2018/19. Noting this to be for one year only however, there was report that the focus of forthcoming meetings would be the renegotiation of the terms of the consortium membership with a view to a reduction of fees to reflect current market conditions and not those originally negotiated. It was agreed that members would be kept updated on progress as discussions continued.

### **Format of Management Accounts (Minute 343.3)**

It was confirmed that the revised format of Management Accounts would appear with effect from the October 2018 Financial Report.

## **349 2017/18 IN-YEAR PERFORMANCE MONITORING & UPDATE REPORTS**

### **349.1 College**

Reports were received comprising:

#### **349.1a Financial**

##### **i Year-end 31 July 2018: Draft Accounts**

Reports were presented providing an overview of the draft financial position for the year-ended 31 July 2018 along with the FRS102 Report, showing recognition of the local government pension's scheme movement and balances in the financial statement for the year.

After advising that the Auditors had completed the detailed review on-site with outstanding queries to be agreed, there was report of an operating position for the College at the end of the academic year of a deficit of £278k against a profiled surplus of £254k; and a Group operating position of a surplus of approximately £4065K.

With income £522k lower than budget and total expenditure £9k over budget, there was review of the College year-end position, noting:

- Extraordinary costs of £79k relating to restructuring costs incurred during the year.
- The High Needs element and learners above allocation and the additional numbers part-funded by the local authority.
- Actual income and expenditure included a gift aid donation from its subsidiary, CK Assessment and Training Limited with its management accounts for 2018 showing a profit of approximately £74k against a budgeted figure of 175k
- The outturn forecast including £739k return on HERTVEC.

Following response to points of clarification, there was particular discussion with Management of:

- Matters for potential discussion with the auditors noted to include a correction of Fixed Assets error from 2016/17, which members were advised would have no impact on the bottom line; and a funding adjustment to reflect the revised position for Apprenticeships for both the College and CK Assessment & Training Ltd.
- Sub-contracted provision seeking further clarification of the changed position, members were advised of the negative impact on the College's direct funding following the decision of long-standing provider, Buttercups, to take on a direct contract and therefore no new starts, noted to have been wholly unforeseen and contrary to expectations.
- The impact of the Levy on both Adult and 16-18 Apprenticeship numbers noting the decline for the College of 10% and 27% respectively and a slowing down of the number of adult apprenticeship students across the country and 16-18 apprenticeship numbers in particular down over 50%. After confirming the work ongoing to increase numbers for future years, members reflected on factors potentially influencing employer reticence in engaging with apprenticeships, suggesting it to be potentially a matter for further discussion by the Board at a future meeting.

- The Local Government Pension Scheme Valuation seeking clarification regarding assumptions underpinning the movement and balances in the financial statements. Observing the report detail to have been inadvertently omitted it was confirmed that the report in its entirety would be circulated. In contrast with the previous year, the reduction in the overall pension's liability from £6.84million to £4.05million was acknowledged. Representing an improvement of £2.79million, confirmation was sought that the figures as presented were correct after the last-minute changes experienced during 2017/18, noting that the College had not been advised otherwise.

After consideration, the report was noted.

## **ii Local Government Pension Scheme Valuation**

**See Minute 349.1ai**

## **iii Year to date 2018/19: Enrolment Update**

An oral report was received updating members on enrolment to date.

Confirming 16-18 numbers to be below target and reporting on the potential impact on funding for the following year resulting from the lagged nature of the Funding Methodology, it was noted that Management had commenced reviewing the anticipated impact both in-year and for 2019/20.

After acknowledging the picture did not yet represent the definitive position, members were advised that Management would report further in due course on the corrective action to be taken.

Following discussion, the update was noted.

## **iv Sub-Contracting**

Following discussion at the last meeting of sub-contracted provision and agreement regarding potential variations to reflect changes during June and July 2018 to ensure achievement of College funding allocations, reports were received:

- Providing an update on 2017/18 and revised contract variations.
- Outlining proposed arrangements for 2018/19, confirming all providers to have completed the annual due diligence review and meeting the College subcontracting procedure.
- Presenting the Supply Chain/Subcontractor Fees & Charges Policy 2018/19, acknowledged to have been circulated to members previously by email and presented for formal approval.

There was review of:

- The status of the College AEB / EFA and Apprenticeship subcontracting at the close of the 2017/18 funding year. The position as reported was noted with response to points of clarification provided and it was agreed to review and amend as appropriate the position reported for Herts Fire & Rescue Service AEB contract values.

- The proposed sub-contractor contract values for 2018/19, which members were advised were in alignment with the Financial Plan and would support the College in meeting its contract allocations with the ESFA for 2018/19.

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

- The revised and final contract values for sub-contracted provision for 2017/18.
- The proposed contract allocations and values for 2018/19 in-line with the College Financial Plan for sub-contracted provision and providers.
- The Supply Chain / Sub-contractor Fees & Charges Policy 2018/2019

#### **349.1b Human Resources: HR Update**

The HR Update Report was presented.

After summarising activity to date, review with management included:

- The HR KPIs discussing the 9.67% increase in staff turnover against benchmark. Reporting that 6% related to TUPE transfers when the Children's Centre staff moved to another provider, 1.2% related to redundancy and a further 2.67% related to dealing with staff performances and conduct in the workplace, it was acknowledged that taking these factors into account, the College was 2% below benchmark.
- The results of the Support Services User Survey, welcoming the overall positive feedback and noting confirmation that those service departments where a decline in user feedback was highlighted were expected to make the necessary improvements

There was response to points of clarification, following which the report was noted.

### **350 Other Business & next Meeting**

#### **350.1 Any Other Business**

There was no other business.

#### **350.2 Date of Next Meeting**

Friday 30 November 2018

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

Signed:



Dated: 30 November 2018

Chair