

**HERTFORD REGIONAL COLLEGE
MINUTES OF THE MEETING OF THE RESOURCES COMMITTEE
MONDAY 16 OCTOBER 2017**



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)

329 Declaration of Interests and Part 2 Agenda Items

Declarations of interest were received from:

- Mike Carver, as a Director of Hertvec and CK Assessment Ltd
- Warren Gardon, as a director of HRC Cubed
- 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.

330 Minutes of the Resources Committee, 23 June 2017

The Minutes of the Resources Committee Meeting held on 23 June 2017 were agreed as a correct record for signing by the Chair, subject to the amendment of:

- Minute 322.1 to read “had been arranged”
- Minute 322.4 to read “for the forthcoming meeting **of the** Audit Committee”
- Minute 323.4 to read “other College users **who** intend to”
- Minute 325.1 to read “707k”

331 Matters Arising

331.1 College Accounts (Minute 322.2)

Further to previous discussions, it was reported that with the credit team expressing reluctance to undertake amendments to reflect local arrangements, agreement regarding the finalised documentation remained the subject of discussion prior to and in preparation for completion of the accounts for the year.

331.2 Land Registration of College Estates/Assets (Minute 322.3)

Responding to questioning regarding land registration of the College estates/assets members were advised that:

- The Ware estate had been registered.
- The Broxbourne estate had not yet been registered with attention focused on other matters requiring more immediate attention. There was discussion of the implications acknowledging as a matter of good business practice that the matter required resolution and that the Estates Manager would be requested to progress the matter.

331.3 HE Provision (Minute 324.2)

Following discussion at the previous meeting regarding the concerns with its HE partnership financial arrangements members were advised that it had been decided subsequently that the college principals would raise the matters in the first instance and then would be followed up with discussions between the Corporation Chair and the Vice Chancellor if considered necessary.

331.4 Class Utilisation (Minute 325.3)

Following discussion at the previous meeting and the request for such data to be provided to inform strategic discussion of immediate and more long-term accommodation and estates requirements, members were invited to consider further the approach and the timescales within which to capture such data to provide the most accurate reflection of activity. Reviewing the extent of any merit to current discussion and decision-making in the context of associated issues it was acknowledged that such data would instead be of more value when next reviewing the accommodation strategy.

332 Review of Performance - Monitoring & Update Reports

Reports were received comprising:

332.1 College:

An overview of College performance via reports on:

332.1a Financial Performance

Reports were presented comprising:

i Draft management account Year-end 31 July 2017

The Financial report for the period to 31 July 2017 was received, noting that the final position remained subject to audit with some items outstanding requiring resolution to be the subject of discussion at the forthcoming clearance meeting.

Representing the College's financial performance for the full academic year, an operating position at the end of July 2017 was reported of a surplus of £188k against a profiled surplus of £182k with income of £6k more than budget and total expenditure £45k over budget. After noting an increase in sub-contracted provision with the need to outsource more activity and the incurring of extraordinary costs relating to restructures in-year, members were advised that the actual income & expenditure currently excluded any contributions from CK Assessment & Training Ltd and HERTVEC pending confirmation of their final audited position for the year.

Reviewing performance in more detail, consideration with management included:

- Those outstanding matters requiring discussion with the auditors, noting these related to the treatment and consolidation of accounts and contribution to the HRC Group, which once agreed required the agreement of the respective shareholders; and pension costs, which were noted to be a matter outside the control of the College.
- The overall year-end position noting that it was expected to be in-line with budget but acknowledging both the potential impact and misleading nature of pension issue, the nature of which it was recognised could vary each year, and the importance therefore of monitoring the operating performance and compliance with bank covenants.

- The likelihood of any unexpected issues arising that could affect the year-end position, noting management confidence in the position reported particularly as the auditors had completed the fieldwork with no such matters raised.

After consideration, the report was noted.

ii Sub-Contracted Provision: Update

The report outlined the year-end position for the College's AEB and EFA subcontracting arrangements and presented the arrangements proposed for 2017/18

Considering the report:

- The year-end position for 2016/17 was reviewed noting in particular the final contract variations for NGTC and Aspire to bring the year-end provision in-line with the year-end performance value.
- The proposal to issue 2017/18 contracts was reviewed acknowledging these to be in line with the values identified within the financial plan, comprising £1,004,000 for AEB and £679,131.00 for SFA. The proposal was welcomed for the contracts to be awarded using a split allocation model where an initial 50% would be issued at commencement with a further 50% issued subject to contractual performance; noting the fuller contract value had been requested in order to ensure the making of timely adjustments as necessary. Reflecting on the performance of the providers it was agreed that to review in the context of all appropriate data, it would be helpful for future reports to also include brief data on performance against quality standards, suggesting the inclusion of such data in an additional column to the table presented.

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

- **APPROVE RETROSPECTIVELY** the final contract variations to bring the year-end provision in-line with the year-end performance value for 2016/17
- **APPROVE** the arrangements proposed for 2017/18

iii Local Government Pension Scheme Valuation

The Local Government Pension Scheme Valuation for the year-ended 31 July 2017 was presented along with the assumptions underpinning the valuation.

After reporting on subsequent changes to the document and confirming that the amended version would be circulated, the assumptions were reviewed discussing in particular:

- The financial assumptions concerning the proposed salary increase rate of 2.6% agreeing that the figure was not in-line with the rate for the education sector and should be amended accordingly.
- The accuracy of the mortality rate assumptions based on the CMI 2013 model and querying whether more up to date figures were available.

Following discussion, and subject to the amendments suggested, it was **RESOLVED** to **RECOMMEND** for the Corporation to **APPROVE** the Local Government Pension Scheme Valuation assumptions as presented.

332.1b Human Resources (HR) Reports

i. HR Update

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 developments concerning the College's contract with the Broxbourne East Children's Centre Group:

- Noting report that with the contract to expire on 31 March 2018 the College had responded to an invitation for a contract extension until 30 September 2018, requesting its additional costs to be met, relating to inflationary increases and Employer Apprenticeship Levy (Approx. £30k). Members were advised that as the request had been refused it was proposed to decline acceptance of the contract extension.
- Advising members of a new vision planned for the children centres. It was reported that it was proposed for these to primarily become Family Centres, delivering universally available needs led family service from pre-birth to 19 years (25 years for young adults with SEND) that would require experience or specialism in health visiting or schools beyond the College's current remit and which would require investment in time and resources to address.

Giving consideration to the developments:

- It was agreed that the College's request for its expenses to be met as part of any contract extension had not been unreasonable, expressing disappointment at the negative response received.
- Members concurred with the conclusion that the requirements of the proposed new vision for children centres would be a major distraction from the College's core business.

Following discussion, it was **RESOLVED** to **RECOMMEND** for the Corporation to **APPROVE** the proposal for the College:

- Not to accept the invitation for an extension of the contract when it ends.
- Not to re-tender for the revised contract.

333 Committee Business: Review of Terms of Reference

The Committee's Terms of Reference were presented along with amendments proposed to ensure that they remained in line with good practice

The amendments proposed were reviewed, noting these to be minor in nature to reflect the spirit of the provisions of the Code of Good Governance for English Colleges and formalise arrangements regarding the Committee's review of its Terms of Reference

334 Any Other Business

There was no other business.

335 Date of Next Meeting

Friday 8 December 2017

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 flourish extending to the right.

Dated: 8 December 2017