



369 PRELIMINARY PROCEDURAL MATTERS

369.1 Attendance & Apologies for Absence

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

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

369.2 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.

369.3 Minutes of the Resources Committee, 27 November 2019 & Matters Arising Minutes

The Minutes of the Resources Committee Meeting held on 27 November 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 were updates on:

The Continuation of HRC Cubed Ltd (Minute 366.3)

Responding to questioning, members were advised that there was currently no further update, acknowledging those other matters currently taking priority.

Land Registration (Minute 366.3)

It was confirmed that the registration process was underway with an update to be provided at the next meeting.

370 PERFORMANCE MONITORING & UPDATE REPORTS

Group Performance: The College

Reports were presented comprising:

370.1 Financial

370.1ai Financial Report: March 2020 Management Accounts

The Management Accounts to 31 March 2020 were presented.

Members were advised of a College operating position of an £821k deficit, excluding exception items, and an overall group position of a group deficit of £676k against the plan of (£92k), representing an adverse surplus variance of £584k. The main variances were considered noting in particular:

- A shortfall in Apprenticeship delivery with a combined (16-18 and 19+) adverse income variance of £204k.
- That Adult Learner provision was down and low Fee income and Educational visits had resulted in an overall adverse income variance of £355k.
- That at £381k, Higher Education provision was currently £200k below plan.

Reviewing the position in further detail:

- It was noted that whilst income had a £561k adverse variance from budget, controlled expenditure and effective cost savings resulted in a favourable variance against plan, excluding subcontractors.
- Members were advised that in respect of funding, there was reduction in full-time 16-18 funding due to a drop in student numbers in R04, which had continued to suppress income. Responding to questioning, it was confirmed that curriculum areas continued to explore ways to address the shortfall in numbers. The imperative was recognised for the delivery of financial objectives to avoid any breaches of bank covenants and the achievement of a 'good/outstanding' financial health rating.

After observing those matters considered elsewhere on the agenda (Minute 369.1aii refers), the Management Accounts were noted.

370.1aii Financial Report: Reforecast Budget

The Reforecast Budget was presented, which included an overview of the impact of COVID-19 and different financial scenarios for review.

In the context of the COVID-19 pandemic, the difficulty was acknowledged in the production of any meaningful Forecast but those areas where some clarity had been provided were noted

Expressing hope for further clarity on the position in the coming weeks, the forecast was reviewed in more detail. Questioning included:

- The assumptions upon which the Forecast was based and the scenarios presented showing the worst and likely financial out-turn, noting the most favourable scenario, based on a September reopening and a worsened deficit position of a June 2020 reopening that would result from additional, unexpected costs.
- The main area of uncertainty, noting apprenticeships to represent the biggest risk, arising from the numbers currently furloughed with the majority unable to currently complete programmes, presenting a risk to achievement, in parallel with an absence of any new starts.

After responding to points of details, members reflected further on:

- The likelihood of a June reopening observing recent Government announcements. Members were advised that the position was to be flexible with any activity to be on a small scale initially in any event. It was noted that plans were to be reviewed by a committee to be formed with this specific purpose and that details would be provided in due course.
- The potential impact on provision in general and Apprenticeships in particular, questioning of the risk and likelihood of any breach of Bank Covenants and the extent of any liaison with the College Banks. It was confirmed that like all providers, discussions had taken place and were continuing but that the speed of change of the situation currently made it too early to predict matters beyond the short to medium term. The importance of the modelling of financial health therefore was acknowledged to be critical, noting how this now would be the focus of attention to provide a plan for budget savings and recognising the imperative for completion within the current year to ensure any associated costs would be borne in-year.

In the context of when the Committee was next scheduled to meet, there was discussion of any necessity for an additional meeting in the intervening period. After recognising the work to be done in finalising plans, it was confirmed that arrangements would be made if required.

Following review, the report was noted.

370.1b Sub-contracting Update

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 update was considered, reviewing the contractual adjustments proposed and the reasons for the changes, noted to include College direct delivery to GLA learners not aligning with the funds reserved year to date and the impact of COVID-19.

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

- The revised contract values resulting from the adjustments proposed.

370.1c 2020/21 Budget Assumptions

The 2020/21 Budget Assumptions were received.

Following the previously presented ESFA integrated financial model, which covered the current year forecast and next two years, it was noted that the planning process was continuing with the intention of presentation for discussion at the Committee's next meeting.

In the context of the COVID-19 position, the challenges were recognised in setting assumptions for next year with uncertainties for the sector and nationally continuing. It was acknowledged that whilst these would form the basis of the Financial Plan, flexibility would be required to allow a swift response to any social and economic changes.

The assumptions were reviewed:

- Noting those areas where additional costs potentially could occur and the rationale for those capital projects identified, particularly those that potentially could be prioritised to address the consequences and impact of COVID-19.
- Discussing the likelihood of any financial support. It was noted that approaches had been made to Government on behalf of the Sector. Recognising that whilst success was not guaranteed, it was important and prudent to have plans in place to allow for a swift response if necessary.
- Reflecting on the timescales for the signing-off of the Budget for the forthcoming year, recognising the need for it to be agreed and noting how it could be necessary to revisit the Budget early in the new academic year.

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

- **APPROVE** the assumptions forming the basis of the Financial Plan 2020-21- 2022/23

370.2 Business & Compliance

370.2a Human Resources Update: Staffing & the Coronavirus Job Retention Scheme

A report was received outlining proposals for the College to access the Coronavirus Job Retention Scheme (CJRS).

Members were advised that the Scheme would ensure furloughed staff received up to 80% of their usual monthly wage costs, up to £2,500 a month, plus the associated Employer National Insurance contribution and minimum automatic enrolment employer pension contribution on that wage. It was reported that DFE Guidance stated that public sector organisations where public funding continued and where there were staff supported by such funding, these should not be furloughed. It was noted however that there were some specified exceptions from which a small number of specific roles had been identified and the furlough of those staff was proposed. Responding to questioning it was confirmed that:

- By virtue of the impact on the duties they performed they could not be redeployed and were unable to work.
- Whilst further roles may be identified, the proposal currently concerned five members of staff.

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

- **APPROVE** arrangements for the furlough of staff in-line with the proposals outlined.

371 Other Business & next Meeting

371.1 Any Other Business

There was no other business.

371.2 Date of Next Meeting

Wednesday 1 July 2020

Signed:  Dated: 1 July 2020

(Warren Gordon, Committee Chair)