

**Minutes of the F&R Resources Committee meeting held on 26th February 2019 8:30am
 CRC, Cambridge campus**

MINUTES OF THE MEETING

Present Tim Arthur, Chair
 Mark Robertson, Principal
 Martin Clapson
 Vernice Key
 Abigail Trencher
 Lewis Beddow

In attendance Derek Sharp, Laura Kerry

Clerk Emily Baldwin

Section 1: Introduction

1	Declarations of Interest	There were no declarations of interest.
2	Apologies for absence	There were no apologies for absence.
3	Minutes of the meeting held on 27 th November 2018	The minutes of the meeting of 27 th November 2018 were agreed to be a true record and signed by the Chair.

Strategic items

4	Review of College financial risks	<p>D Sharp introduced the updated College Risk Register and drew particular attention to the financial risks. There was a financial risk in reduced apprenticeships numbers, which reflected a national trend. It was noted that there was a risk around iMET which was on target for the level of new apprentices, but as some of these had started later than planned, it had affected income levels.</p> <p><i>M Clapson entered the meeting.</i></p> <p>There had been quality issues with apprenticeships, mainly due to legacy issues with subcontractors, which had an impact on sales. The College had introduced three start points in the year, but this had not always been achieved where there were capacity issues.</p>
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		<p>T Arthur asked for clarification on which apprenticeship courses had ceased. He also questioned whether the College was giving sufficient attention to resolving the issues around our apprenticeships offering especially in light of repeated and ongoing issues.</p> <p>The Principal outlined the areas where courses had been stopped due to quality issues which the ESFA were satisfied with. Outcomes were improving, but overall achievement rates was just below the minimum standard due to the continuing impact of Decorus. Governors asked about progression routes from assessors to lecturers, and the Principal said that assessors were being supported to become lecturers where appropriate. The Principal assured Governors that more resources were now being focused on apprenticeships, and drew attention to the apprenticeship action plan that was considered by both the Commercial Strategy and Learning and Quality Committees. He acknowledged the need for more resources on the delivery side. SMT were considering use of an interim consultant who had a background in engineering and construction to address this gap.</p> <p>The Committee received the report.</p>
5	<p>Report on CRC 2017/18 financial performance and year-end statutory accounts 2017/18</p>	<p>D Sharp introduced the College Management Accounts for Period 6 2018/19.</p> <p>It was noted that the budget for 2018/19 was tight. The target was for a net surplus of £526k (excluding iMET). The year to date results were showing an adverse variance of £30k against forecast. The shortfall was in part due to a fall in apprenticeship recruitment of 8% against target, particularly in the high value areas of engineering. The College had secured additional funding through the Form the Future City Deal for an apprenticeship hub.</p> <p>Year to date pay was slightly above forecast, but non pay was currently running under budget.</p> <p>There was likely to be pressure from the unions on pay in 2019/20. Although pressure was being made nationally on increasing funding for the FE sector, this was unlikely to have any impact until April 2020. It was unclear yet whether there would be additional funding for pensions particularly key in light of the likely increased funding requirements. D Sharp confirmed that a staff bonus was not assumed in the budget.</p> <p>It was noted that it would be favourable for the sale of the land in Huntingdon to be processed in this academic year, but there were legal and planning delays which may make this difficult.</p> <p>The Committee noted the international target and the concern raised in the Commercial Strategy around the risks associated with international income. It was noted that the forecast in the central budget reflected these risks. D Sharp also clarified the difference between the department targets, and the central budget, as the latter took into account lagged funding.</p> <p>D Sharp agreed to report back to the Committee by email on the discrepancy in cash flow figure in the budget on the balance sheet, and the figure in the cash flow and to distribute the Period 6 narrative.</p>

		Committee members <u>received</u> the College's Management Accounts.
6	Mid-year subcontracting update	<p>D Sharp introduced the mid-year subcontracting update.</p> <p>He explained that whilst the College was pursuing a strategy to deliver more of the AEB classroom funding internally, it remained necessary to subcontract in 2018/19 due to gaps in capacity. The College was no longer subcontracting new starts for apprenticeships.</p> <p>Most of the College's AEB subcontractors were performing to contract. A confidential item was taken which was minuted separately.</p> <p>In order to give flexibility in the delivery of contracts, he asked for approval for additional contract values as follows:</p> <p>Intech - £20,000 Go Train - £230,000 The Skills Network - £250,000 (requires Corporation approval)</p> <p>The Committee noted that it was a particular large increase for Go Train and asked for assurance on their capacity to deliver. D Sharp assured Committee members that he was confident that Go Train were well placed to deliver such an increase.</p> <p>The Committee <u>approved</u> the increase in contract value for Intech and Go Train, and agreed <u>to recommend</u> to Corporation an increase in the contract value for Skills Network, if required.</p> <p><i>V Key entered the meeting</i></p>
7	Financial planning and budget 2019/20	<p>D Sharp introduced the financial planning paper. The paper provided an initial update to the budget for 2019/20.</p> <p>He explained that one of the issues in the future would be the adult education budget which would be significantly devolved to different combined authorities, all with different approaches and funding rates. There was a move by the combined authorities to limit the number of subcontractors and to deliver locally. The College had been encouraged to tender for funding with Cambridgeshire with the value informally indicated at £1m. This was in addition to existing allocations in the local area. The College's approach was therefore to focus on Cambridge and Peterborough. The College had assessed its capacity to deliver and aimed to work with a trusted provider in areas where there were gaps. Only 20% of provision could be delivered by a sub-contractor for non-grant funded activity, although there was a possibility of using a subcontractor to deliver grant funded activities. Given the drive to decrease the number of providers, Governors encouraged the College to look at the possibility of takeover of an existing provider if it addressed a gap in capacity at the College.</p> <p>D Sharp confirmed that the budget did not assume any pay awards or uplifts. The impact of pensions was potentially considerable, and there was no clarity over whether it would be funded centrally. An assumption had been made that it would be funded centrally in 2019/20 but not thereafter. Governors asked that the budget be amended to include a staff pay award.</p>

		<p>D Sharp confirmed that there was now a charge for buses at Huntingdon which had previously been free. It was difficult to determine if this had had an impact on recruitment. It was noted that buses were subsidised running from Huntingdon to Peterborough.</p> <p>A confidential item was taken which was minuted separately.</p> <p>T Arthur asked for future financial planning reports to include an indicative cash flow.</p> <p>The Committee <u>received</u> the report.</p>
8	Student fees strategy and regulations	<p>D Sharp introduced the Fees Strategy and Policy for 2019/20.</p> <p>D Sharp confirmed that the bus service was subsidised.</p> <p>Governors asked about the extent of bad debts. There was minimal exposure to this as most students took out loans or payment plans. Few fees were unpaid.</p> <p>The Committee <u>recommended</u> the Student Fees Strategy and Policy 2019/20 to Corporation for approval.</p>
9	Estates strategy	<p>D Sharp introduced the Estates Strategy Update.</p> <p>Governors discussed use of I block. The College was considering making use of the building itself, rather than letting it a third party. This was dependent on student numbers and curriculum planning.</p> <p>Governors discussed student accommodation. The College needed to determine the level of lease value that the College would commit to. The key driver was occupancy levels which needed to be at least 75% to break even. Committee members questioned how realistic this was. It was noted that ARU had been extremely helpful in understanding running costs and other issues. They reported near to 100% occupancy rates. Governors advised that the College undertake more assessment on likely student demand outside of summer schools, and to give consideration to use of an external company to manage the building. The College should continue to negotiate on the contract and to look at getting break clauses in any contract.</p> <p>Governors went on to discuss the Deakin Centre. They noted that the lease ended in 2030. Currently CRC did not have any students on the site and Addenbrookes were keen to take over the lease. It would be useful to discuss this with Addenbrookes as part of an ongoing relationship with them over apprenticeships and sponsorship.</p> <p>Governors <u>noted</u> the update.</p>
10	Health and safety update	<p>D Sharp introduced the Health and Safety update.</p> <p>There had been one RIDDOR reportable incident in the 2018/19 academic year. It was not expected that the Health and Safety Executive would take any further action as it was an isolated incident. T Arthur asked if there had been any disciplinary action as a result of the incident. It was noted that it had not been seen as necessary in this instance.</p>

		<p>The Committee asked that future reports included mitigating actions where a risk had changed its RAG rating if the action had not been completed.</p> <p>The Committee received the report.</p>
11	Human Resources Report – HR KPIs	<p><i>L Kerry joined the meeting.</i></p> <p>L Kerry introduced the mid-year Human Resources Report. Key points of her report included:</p> <ul style="list-style-type: none"> • Recruitment continued to be challenging with more hard to fill positions. She welcomed the advice to use case studies in recruitment campaigns. • The use of the apprenticeship levy at the College was increasing. • Annual appraisal completions were now at 87%, although still below target. The paperwork would be issued earlier in the following year. Governors asked for clarification of the target going forward, and she confirmed this was 95%. • Sickness absence rates had increased. She was satisfied the College was robust in managing long-term absence. Governors asked if this increase reflected unreasonable pressure being placed on staff and whether it was more prevalent in certain areas. L Kerry confirmed that there were higher absences at the lower level of pay scale, and that she was investigating certain areas to see if there were any issues. • Staff turnover was lower which indicated there was not a widespread issue with morale. • The Committee confirmed its support for the College paying the living wage, rather than minimum wage. <p><i>A Trencher left the meeting</i></p> <p>L Kerry introduced the College disciplinary/grievance procedures which were approved by the Committee every three years.</p> <p>The Committee agreed the procedures with the following additions to the Senior Postholder procedures –</p> <ul style="list-style-type: none"> • Removal of the stage 1, verbal warning, in line with the amended procedures for other staff. • Provision for Corporation to identify Governors to undertake parts of the process, and to have power to use third parties where appropriate to inform any investigation • Inclusion of standard wording to support staff who are suspended <p>A confidential item was taken which was minuted separately.</p> <p>The Committee received the report.</p>
13	Confidential item	<p>A confidential item was taken which was minuted separately.</p>

14	Any other business	<p>D Sharp introduced the Student Union and Social Club Accounts 2017/18. It was noted that the Student Union had contributed funds for furniture for their social areas.</p> <p>The Committee recommended the Student Union and Social Club Accounts to Corporation for approval.</p> <p><i>M Clapson left the meeting.</i></p>
15	Committee self-assessment	<p>Committee members noted that it had been a long but useful meeting.</p> <p>The Clerk agreed to contact Committee members for guidance on meeting timing and length.</p>

There was no other business and the meeting ended at 11:30am.

Signed

Chair