

**Minutes of the F&R Resources Committee meeting held on 18<sup>th</sup> June 2019 8:30am**  
**CRC, Cambridge campus**

**MINUTES OF THE MEETING**

**Present**                 Tim Arthur, Chair  
                                   Mark Robertson, Principal  
                                   Vernice Key  
                                   Lewis Beddow

**In attendance**       Derek Sharp, Laura Kerry

**Clerk**                     Emily Baldwin

<b>Section 1: Introduction</b>		
<b>1</b>	Declarations of Interest	There were no declarations of interest.
<b>2</b>	Apologies for absence	There were apologies for absence from Martin Clapson and Abigail Trencher. It was noted that Vernice Key would be arriving late.
<b>3</b>	Minutes of the meeting held on 26 <sup>th</sup> February 2019	<p>T Arthur asked that the minutes of the meeting of 26<sup>th</sup> February 2019 be amended to include the Committee's stipulation that the budget for 2019/2020 include provision for a staff pay award. The Clerk agreed to make the change and to ask the Chair to sign the amended minutes at a later date.</p> <p>The Committee noted that Corporation had asked for the cashflow report to be on a two year rolling basis.</p> <p>The Committee noted that the Adult Education Funding award had been less than expected, but that there was a possibility of additional funding if other providers did not deliver their full budget.</p> <p>It was confirmed that the nursery was used for work experience.</p> <p>The action on the investment strategy was postponed to the following meeting. [Wording removed for confidentiality reasons].</p>
<b>Strategic items</b>		

6	Mid-year subcontracting update	<p>D Sharp introduced the mid-year subcontracting update. Currently all 2018/19 subcontractors were broadly in line with target. The subcontractors were also performing well on quality measures. There were some minor adjustments due to under-delivery that would be offset by internal delivery.</p> <p>The changes to the AEB requirements would make subcontracting more complex in 2019/20. There would be a reduction in the value of contracts for subcontracting, particularly in the Cambridge area. Committee members asked what risks were attached to the increase in internal delivery of AEB, currently budgeted at £2m. D Sharp acknowledged that there were risks but the College had put the structures and people in place to manage the change. A number of the employability courses would be delivered out in the community.</p> <p>The Committee asked to see more information on the profile and phasing of the AEB budget across the year and for this to be circulated to members before the end of the academic year.</p> <p>The Committee asked for more clarification on the contingency section of the revised subcontracting policy, which D Sharp provided.</p> <p><i>V Key entered the meeting</i></p> <p>The Committee <b>approved</b> the subcontracting and partnership strategy and policy.</p> <p>The Committee noted that the tender process for subcontractors for 2019/2020 was ongoing and any necessary approvals would be sought electronically.</p>
4	Review of College financial risks	<p>D Sharp introduced the updated College Risk Register and drew particular attention to the financial risks.</p> <p>The main red financial risk was the impact of reduced learner numbers. There were also financial risks related to employer engagement, international and iMET.</p> <p>The international risk had been changed to red due to concern over summer school numbers. V Key asked that reference to the impact of Brexit was added to the wording of the international risk. T Arthur offered to pass on a contact that may help advise on the Russian market.</p> <p>It was also noted that the insolvency regime had been added as a new cross-cutting risk.</p> <p>The Committee <b>received</b> the report.</p>
5	Management Accounts	<p>D Sharp introduced the College Management Accounts for Period 9 2018/19.</p> <p>The Management Accounts showed an adverse variance of £(95)k against forecast driven by a shortfall in income of £(131)k offset by non-pay underspend of £52k and adverse variance in pay costs of £(16)k. However, since the Management Accounts had been produced, the forecast was showing an increased adverse variance against budget of £(120)k. The income shortfall was mainly due to issues with summer school and recruitment pressure for apprenticeships.</p>

		<p>In addition, the Local Authority was finalising its payment profile for High Need Students and had unexpectedly reduced its grant funding to the College by c£250k by reclaiming funds for students who left the College without completing their course. In response to a question, D Sharp confirmed that this had not been the case in previous years. The College was appealing the decision but did not expect full recovery of the adjustment.</p> <p>In the event the appeal was unsuccessful, the College was forecast to make a loss at the end of the financial year. It was unlikely that any proceeds from the Huntingdon land sale would come through in this financial year.</p> <p>T Arthur expressed disappointment about the predicted loss which had not been forecast early. Committee members discussed whether the College had been open about the issues and reacted sufficiently quickly to them.</p> <p>It was understandable not to expect the Local Authority to change their practice on funding at this stage in this year. The issues with visas and Chinese recruitment only became apparent recently as they were associated with the summer school. The College had been on essential spend for several months in order to control non-pay costs.</p> <p>T Arthur stressed the need for the College to focus on apprenticeships which remained an issue. In particular, the College needed to drive up the high-value apprenticeships. The income targets for international were challenging, and the College should not be reliant on international income as it was not core business.</p> <p>It was noted that the College had been placed in special measures by the ESFA due to a new requirement concerning cash days. The new requirement had not been communicated to colleges before implementation and had written to the college when cash days had fallen short of their target. They would not take account of the College's revolving credit facility. The issue would be discussed at the next ESFA meeting but cash flow had improved such that we were now compliant.</p> <p>Huntingdon campus continued to make a financial loss, although there were encouraging signs in applications. The campus needed expanded space for construction apprentices and it was planned to rent a warehouse.</p> <p>It was noted that the cash flow variance in the forecast figures, related to the income projected for the sale of the land at Huntingdon which had been delayed. It was suggested that the cash flow forecast cover a three-year period.</p> <p>Committee members <b>received</b> the College's Management Accounts.</p>
6	Financial forecast 2018-19 to 2020-21	<p>D Sharp introduced the financial forecast 2018-19 to 2020-21. The paper included an update to the budget for 2019/20.</p> <p>The three-year financial forecast was required by the ESFA on 31<sup>st</sup> July 2019.</p> <p>The plan had been updated since the original forecast at merger. Overall surplus was reduced from £500k to the now predicted level of £169k inclusive of</p>

		<p>a 1% pay award at a cost of £232k. There had been a fall in the number of students which had an impact on the following year. The Adult Education Budget was also down by £100k.</p> <p>Funding for traineeships was not reflected as it was currently new business and the numbers were not yet clear. No growth had been assumed for students with high needs.</p> <p>The Digital Academy was progressing and would be partly located in J Block. The other growth area in apprenticeships was construction.</p> <p>It was noted that there were potential growth opportunities in the International market, particularly in China, as well as new markets such as South America and Korea. However, new markets required appropriate lead time. The College was looking at online courses for the international market.</p> <p>The Committee noted that the FE Commissioner advised that the surplus should ideally be a 2-3% return of revenue.</p> <p>The Committee also discussed sponsorship opportunities and noted the recent agreements with Addenbrookes and Code Nation.</p> <p>The Committee discussed whether it was appropriate to approve the budget for 2019/20 and the three-year financial forecast. Based on the current year's change in outturn and the fact that the budget was tight, the Committee asked for more detailed information before making a decision. In particular, more detail was needed on discretionary spend. It was important to ensure the College was being sufficiently responsive to changing circumstances. It would also be useful to have a more detailed profile of depreciation.</p> <p>D Sharp agreed to provide a more detailed financial forecast for the July Corporation meeting.</p>
8	Estates strategy	<p>D Sharp introduced the Estates Strategy Update.</p> <p>The land at Huntingdon campus was now being marketed following the sealing of the S106 agreement.</p> <p>[Wording removed for confidentiality reasons]</p> <p>Fusion Ltd were undertaking an audit on space requirements based on the College's curriculum over the summer period. .</p> <p>Governors <b>noted</b> the update.</p>
11	Human Resources Report – HR KPIs	<p><i>L Kerry joined the meeting.</i></p> <p>L Kerry introduced the Human Resources Report. The key points identified within her report included:</p> <ul style="list-style-type: none"> <li>• Recruitment continued to be challenging, but there had been some recent positive movement on hard to fill positions.</li> <li>• The College had secured funding for new teacher training from September.</li> </ul>

		<ul style="list-style-type: none"> <li>• As requested by Governors, more information had been provided to the Committee on sickness absence levels. Absence were higher than last year, with a higher number on long term sick. The process was well managed and the College had succeeded in getting a number of staff members back to work. Absence levels were higher at lower level jobs and dispersed across the College.</li> <li>• Mental ill-health was a concern, and the College had implemented a wellbeing strategy. The issue was regularly discussed with the unions.</li> <li>• Workload was cited as an issue in team meetings. The Committee recommended that the College consider investment in systems to help automate some administrative tasks.</li> <li>• There had been two allegations of bullying which had not been upheld.</li> <li>• Staff voice was active with a number of fora for staff to make their views known.</li> </ul> <p>Governors asked about staff efficiency and whether there was a meeting culture. It was noted there was mixed practice across the College but that it had not been raised systematically as an issue. The Principal had involved more staff in capital bidding and the SAR process which inevitably resulted in more meetings, but staff involvement in these processes was to be encouraged.</p> <p>Governors asked whether staff members identified where they were leaving the College for. A number of staff members were moving to HE where pay was better in some cases. It was suggested this option was added to the exit interview questionnaire.</p> <p>The Committee <b><u>received</u></b> the report.</p> <p><i>L Kerry left the meeting.</i></p>
10	Health and safety update	<p>D Sharp introduced the Health and Safety update.</p> <p>There had been two RIDDOR reportable incidents in the 2018/19 academic year.</p> <p>Progress against the health and safety action plan was noted. A new action plan would be drawn up in September 2019. Care would be taken to ensure all items were health and safety issues, rather than capital investment priorities. The risk ratings would also be reassessed.</p> <p>It was noted that a number of items on the action plan were scheduled to be completed over the summer period.</p> <p>The Committee <b><u>received</u></b> the report.</p>
11	Banking overdraft	<p>D Sharp introduced the paper on banking facilities.</p> <p>The Committee <b><u>agreed</u></b> the replacement of the existing revolving credit facility with an overdraft facility of similar value.</p>

12	Committee workplan	<p>The Clerk introduced the workplan for 2019/20. The Committee agreed it should include an energy/environment report. It was suggested that students were involved in the project.</p> <p>The Committee asked for cash flow to be stipulated as part of management reports.</p> <p>The Committee <b>agreed</b> the workplan with the amendments above.</p>
13	Terms of Reference	<p>The Committee agreed the amended Terms of Reference to include reference to health and safety reporting and HR policies.</p> <p>The Clerk agreed to include a further amendment the Terms of Reference to state that the Committee reviews financial risks.</p> <p>On that basis, the Committee <b>recommended</b> the Terms of Reference to Corporation for approval.</p>
14	Any other business	<p>The Principal updated the Committee on the status of the outstanding legal agreements with PRC regarding iMET. It was agreed that completion would be pursued vigorously.</p>
15	Committee self-assessment	<p>Committee members noted that it had been a long but useful meeting. It was noted that an additional F&amp;R Committee meeting would be scheduled in 2019/2020 if members felt it was necessary.</p>

## Summary of Actions

Actions from Committee meeting 27 <sup>th</sup> November 2018				
9	Management Accounts	Committee members asked for the College's investment strategy, including IT infrastructure, to be brought to a future F&R Committee meeting.	D Sharp	Nov 2019
Actions from Committee meeting 18 <sup>th</sup> June 2019				
3	Mid-year subcontracting update	The Committee asked to see more information on the profile and phasing of the AEB budget across the year and for this to be circulated to members before the end of the academic year.	D Sharp	July 2019
4	Review of College Financial Risks	V Key asked that reference to the impact of Brexit was added to the wording of the international risk. T Arthur offered to pass on a contact that may help advise on the Russian market.	D Sharp T Arthur	July 2019 Sep 2019
7	Financial forecast	D Sharp agreed to provide a more detailed financial forecast for the July Corporation meeting.	D Sharp	July 2019
13	Terms of Reference	On that basis, the Committee recommended the Terms of Reference to Corporation for approval.	Clerk	July 2019

There was no other business and the meeting ended at 11:15am.

Signed

Chair