Cambridge Regional College
first for training & skills

Minutes of the F&R Resources Committee meeting held on 26th November 2019
CRC, Cambridge campus

MINUTES OF THE MEETING

Present	Tim Arthur, Chair Vernice Key Mark Robertson, Principal Martin Clapson Lewis Beddow
In attendance	Derek Sharp, Laura Kerry, Heather Du Quesnay
Clerk	Emily Baldwin

Introduction		
1	Declarations of Interest	There were no declarations of interest.
2	Apologies for absence	There were apologies for absence from Abigail Trencher.
3	Minutes of the meeting held on 18th June 2019	The minutes of the meeting of 18th June 2019 were agreed to be a true record and signed by the Chair. *H Du Quesnay joined the meeting.*
Strategic items		
4	Review of College Financial Risks	D Sharp introduced the Risk Register. The main financial risks related to learner numbers, apprenticeships and international income. The risks had been reworded to be more succinct, and a reference to Brexit had been added at the request of Governors. Governors discussed whether there were any risks related to the upcoming election. It was agreed that it was too uncertain to add to the Risk Register at this stage. There were ongoing pressures on public sector pay and rise in pension costs. The Committee **noted** the Risk Register.

5	Report on 2018/19 Financial Performance and year-end statutory accounts 2018/19	D Sharp introduced the report on 2018/19 financial performance and the year-end statutory accounts. The financial budget aim for 2018/19 was to deliver an underlying operating surplus of £425k (£525k after including £100k restructuring costs). The final result subject to any final audit adjustment and before FRS102 pension adjustment was a loss of £(88)k and surplus of £70k after excluding £158k restructuring costs. The College faced financial challenges in relation to its apprenticeship delivery. Whilst recruitment numbers were at target by the end of the year, income was significantly affected both in value of the apprentice type recruited and the average value achieved due to the later timing of recruitment. Nationally, the apprenticeship market for levels 2 and 3 was particularly challenging as market focus had moved to higher and degree levels which attracted more funding. Despite concerns about summer school recruitment earlier in the year, international achieved its income target by the end of the year. Pay costs were slightly above forecast, but these were offset by lower non-pay costs. In terms of statutory accounts, the major change to the balance sheet was the valuation of the LGPS pension scheme liability which deteriorated in value by £10m. The statutory loss shown as the Comprehensive Income for the year was £(10.456)m. The pension scheme liabilities were £(25.5)m. The change arose from different assumptions used by the actuary including life expectancy, salary increases and discount rates. This was likely to have an impact on future contribution rates which could increase to 26-28%. CRC pays 24% inclusive of deficit payment but the additional element would add c£0.25m to the College's contributions. As a result of this, College Reserves were dramatically reduced with Income and Expenditure Reserve at £0.245m. Governors asked if there were any consequences if Reserves fell below zero. D Sharp said that this did not trigger any action. All banking covenants were satisfied and the College's financial health remained good. Governors asked at what deficit point would the College's financial health lose its good rating, and were advised it was around the £250k deficit mark. Cash remained similar to the previous year with a small decrease to £1.4m whilst loans reduced by £0.5m to £7m. The College results did not reflect I&E trading from iMET which became a Joint Venture during the year. As a result, iMET was not longer consolidated into the accounts but treated as an investment on the balance sheet. T Arthur advised that the remuneration wording in the accounts included reference to the fact that consideration was given to London comparator colleges. The Clerk agreed to make the change. The Committee **received** the draft Financial Statements 2018/19, noting that they would be presented to the Audit and Risk Committee on 6th December 2019 before being recommended to Corporation.

6	Human Resources Annual Report 2018/19	*L Kerry joined the meeting.* L Kerry introduced the Annual Human Resources Report 2018/19. The key points identified within the report were: • Disciplinary, Capability Procedures were effective in delivering required improvements in performance and conduct or moving staff on from the organisation. • Sickness absence levels were up from 2.5% in 17/18 to 4.5%. The increase was caused by a large increase in the number of staff on long term absences and absences due to mental ill-health and stress. Governors discussed the sickness absence and noted that it equated to c10% of the workforce. They noted the increased focus by management on staff wellbeing and the new working group looking at workload. They asked whether the stress was always driven by College work, and noted that the majority of stress originated from outside of the workplace. Governors also noted the high staff satisfaction rating from the latest survey. They discussed the fact that the intense focus on performance was difficult for some staff members. They asked whether the sickness absences were clustered in certain areas. They noted that there were some problem areas in certain departments, particularly those that had to work under increased stress over the last year, such as English and Maths. • Governors discussed the learning support area in more depth. They noted the relatively high sickness levels in the area and the fact that there was a predominance of part-time flexible working. They also acknowledged many staff members were working effectively in what could be a high stressful area and where there had been significant growth. Committee members noted the current pilot to devolve the learning support staff into departments. The pilot would be assessed to see if it could be rolled out more widely. Mentoring and support arrangements have been introduced where appropriate. Governors advised that care be taken over the timetabling of learning support managers to ensure even workloads. • Staff turnover has increased slightly from 16.9% in 17/18 to 18.1%, just below average for the sector. There had been no unexpected issues arising from exit interviews. • Recruitment continued to be challenging with more hard to fill positions over the year. Market allowances had been used in order to secure appointments of good applicants for teaching roles that were hard to fill, but this needed to be managed well for equal pay reasons. Governors asked if the College considered part-time secondments. They also advised that marketing targeted non-teachers and how the College would support those moving into teaching from industry. They also advised making use of the alumni network and to consider making more use of LinkedIn for recruitment purposes. • Governors discussed whether the College should consider a staff bonus for introductions. Any such bonus would need to be justified on the grounds of saving recruitment costs.

		• Completion of mandatory training was good. Governors noted that completion of safeguarding training was rated as amber in the report. This was in part due to timing of when a staff member's training was due. They advised that the rating criteria be amended to allow staff members 30 days to complete the training after it was due. • Safeguarding practices in HR were strong and had been reviewed to ensure compliance with guidelines for Safer Recruitment in Education.
14	Confidential item	A confidential item was taken which is minuted separately.
7	Estates strategy	D Sharp introduced the Estates Strategy, which had a particular focus on opportunities for the Huntingdon campus. The College had been working with consultant Fusion to develop options for Huntingdon within the overall context of College strategy. The College had been subject to a DfE visit which was part of a national investigation to inform potential capital investment. Buildings had been categorised into 4 categories from outstanding to inadequate and any deemed poor or inadequate would potentially have the opportunity for upgrading. The study identified the Huntingdon Campus main block plus portacabins as being "poor" which may at a point in time result in eligibility for funding. Discussions with the Combined Authority had indicated that some capital funding may be immediately available and the College had been encouraged to submit a bid for refurbishment/building work. These discussions had also identified that potential capital for any new build or major refurbishment would not be available until the next tranche of Local Growth Funding was received in a number of years, which would mean any relocation would not occur until at least 2023/2024. It was also indicated that any current bid for refurbishment monies would not preclude a bid for new build/refurbishment funding should that be an option the College wished to pursue. It was noted that there were currently insufficient workshop space for brickwork, carpentry and motor vehicle at the Huntingdon campus. Governors recommended an assessment was made of spare capacity at Huntingdon and whether there were any opportunities to sell or refocus the use of the space. It was also important to look at trends in student enrolments. [Confidential wording minuted separately] The Committee recommended to Corporation that the College proceed with making a bid to the Combined Authority for minimal refurbishment and addressing of immediate space issues for construction and motor vehicle at the Huntingdon campus (estimated cost £1m). Governors would continue to consider options for wider scale refurbishment or relocation at a future Corporation meeting.

8	Annual Procurement Report	D Sharp introduced the Annual Procurement Report 2018/19. It was noted that savings were calculated based on the length of the contract created during 2018/19 and the income as a result of procurement influenced income for the same period. The total achieved for 2018/19 was £254,510, of which £120,000 was savings and the £134,510 was income from contracts. Governors asked whether, given the current financial constraints, it was appropriate to reintroduce essential spend measures. D Sharp said that this was being considered from January 2020. Governors asked for assurance on the use of the GPC card. D Sharp explained the controls that were in place. The Committee **received** the report.
9	Health and safety report	D Sharp introduced the Health and Safety Annual Report 2018/19. Governors noted that there had been two RIDDOR reportable incidents during the course of the year. The number of health and incidents over the course of the year was at a similar level to the previous year (140 incidents) Much of health and safety improvement work had focused on the Huntingdon campus, including improvements made to fire detection measures and the removal of asbestos. The Fire Officer was pleased with progress made at the campus. Governors asked for the health and safety report to be clear that the nursery adhered to current regulations and was safe. [Confidential wording minuted separately] Governors noted that succession planning was in place for the health and safety team. The Committee **recommended** the Annual Health and Safety Report and Policy to Corporation for approval.
10	Report on 2019/20 Financial Performance	D Sharp introduced the Report on Financial performance 2019/20. Management Accounts at P3 were showing an adverse variance of £(214)k against budget driven by a shortfall in income. This was in part due to the timing and processing of apprenticeship provision. The Digital Academy was starting to gather pace. Committee members noted that apprenticeship delivery remained uncertain and stressed the importance of improving forecasting in this area. The College was forecasting to achieve its full Adult Education Budget across all contracts for the year. There has been a delay in delivering the new employability provision due to a delay in recruiting some staff. However, a number of subcontractors had delivered their contract value early which had offset this shortfall. Staff costs were running behind budget as a result of vacancies.

		Cash balances were running behind budget as a result of the delay in concluding the contract for the sale of land at Huntingdon originally scheduled for October. The College was aiming to achieve the budget surplus for the year and an updated forecast position was being prepared. Enrolments for the year for 16-18 were up at 3,155 FT enrolments (against a target of 2,929). iMET made a loss of £295k in 2018/19 which was around £50k in excess of forecast. The latest forecast for 2019/20 was £266k against a budgeted loss of £100k. Due to the change in the financial position, the iMET board had asked for a revised financial forecast with commentary which was awaiting approval. Committee members noted that there were a number of challenges in terms of iMET projections. iMET needed to have more students in order to feel busy. The Clerk was advised to speak to M Doel about making contact with the iMET Chair about PRC's contribution to the loss for 2019/20. The Committee **received** the report.
11	ESFA early intervention and cashflow	D Sharp reminded Committee members that the College was put into early intervention by the ESFA as a result of its cash days falling below a threshold of 30 days. The ESFA had written to the College to say it would be lifted out of intervention subject to certain conditions as it was now taking into account the College's overdraft facility. The facility gave the College the equivalent of 15 cash days. An updated cashflow was presented to the Committee. The sale of the land at Huntingdon was crucial to the College's cashflow forecast. D Sharp would formally write to the ESFA in response to their letter.
Other business		
12	OfS regulatory letter	D Sharp explained to the Committee that the Office for Students (OfS) had written a letter to the College regarding late payment for the 2019 OfS registration fee and fees to the Designated Quality Body. They asked that the Corporation discuss the reasons around the late payment. It was noted that the College had received a letter from the OfS on 28 June indicating that the mandatory HE fees to OfS had been introduced for 19/20 which were due 1 August. The fees raised were altered from the previous year in that all students were to be included which showed a significant increase on previous year and resulted in an overspend vs budget. However, the Purchase Order was raised awaiting invoice based on the revised figure. The College had missed that the letter stated that it was the notification of the fees and as such no invoice was received. A letter was received 11 August which was a chasing letter stating that the fees were overdue. A same day payment on 12 August was made for the full amount. Governors were assured that now it was known that no invoice would be sent, payment to the OfS would be made on the back of the notification in the future. Governors were also assured that some 95% of payments were made on time.

		The Committee noted that the Committee's consideration of the OfS letter would be communicated to Corporation at its December meeting.
13	Insurance levels	Governors noted the current insurance levels. They also noted that insurance figures for iMET were now separate from the College's policy. The Committee **received** the report.
15	Self-assessment of Governors' Performance	The Committee felt that it had been a positive meeting

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

Signed

Chair