

**Minutes of the F&R Resources Committee meeting held on 27th November 2018 8:30am
 CRC, Cambridge campus**

MINUTES OF THE MEETING

Present Tim Arthur, Chair
 Vernice Key
 Mark Robertson, Principal
 Martin Clapson
 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. Lewis Beddow, newly appointed Staff Governor, was welcomed to the meeting.
3	Minutes of the meeting held on 19 th June 2018	The minutes of the meeting of 19 th June 2018 were agreed to be a true record and signed by the Chair. D Sharp gave an update on the College's estates strategy. A confidential item was taken which is minuted separately. <i>V Key joined the meeting.</i>
Strategic items		
4	Review of College financial risks	D Sharp introduced the updated College Risk Register and drew particular attention to the financial risks. The main financial risks were to do with enrolment numbers. The financial risk around the merger had moved from amber to red. T Arthur advised that the risks around the removal of apprenticeship delivery (risk 2.5) needed to be cross-referenced in financial risk 4.2.

		The Committee received the report.
5	Report on CRC 2017/18 financial performance and year-end statutory accounts 2017/18	<p>D Sharp introduced the College Management Accounts for Period 12 2017/18, together with the draft Financial Statements for 2017/18.</p> <p>The financial aim for CRC for 2017/18 had been to deliver an underlying operating surplus of £752k (£152k after including £600k restructuring costs). There were significant financial challenges in the year, particularly in relation to the apprenticeship delivery following the failure of the sub-contractor Decorus and a national slow take-up of apprenticeships after the introduction of the levy. The College had originally planned to deliver less than the full allocation for Adult Education Budget, however it had delivered the full allocation to offset this income loss. In addition, considerable non-pay and pay cost savings were delivered throughout the year to also counteract the impact. However, redundancy costs exceeded target by £63k.</p> <p>The final result before FRS102 pension adjustments and redundancy was a surplus of £758k which was marginally in excess of target of £752k. After taking into account increased restructuring costs, the College achieved a surplus of £95k, against an original budget of £152k.</p> <p>Committee members agreed that this was a very good result, given the College's history and that this was the first year of merger.</p> <p>In terms of staff costs, these were still higher than target at 67% of income, although below the sector average of 68%. This was slightly higher than budget as there were still some additional staff in post at the start of the financial year. The issue of the discrepancy between salaries in further education and in secondary schools had been raised with the Huntingdon MP who promised to raise it at Westminster.</p> <p>Pension contributions were likely to rise over the next few years. At CRC the costs were likely to rise by 5% which equated to c£200k additional contributions required for the teachers' pension fund.</p> <p>Financial health had improved significantly for the College, achieving a "good" rating against planned "satisfactory" which was ahead of plan.</p> <p>D Sharp explained that iMET was funded by loans which would be shared with Peterborough Regional College (PRC).</p> <p>In terms of cash flow, there had been a funding clawback of £7m by the ESFA which had been managed by the College.</p> <p>Committee members received the College's Management Accounts for Period 12, and recommended the Financial Statements to Corporation subject to final adjustments and the approval of the Audit and Risk Committee.</p>
6	Human Resources Report – HR KPIs	<p><i>L Kerry joined the meeting.</i></p> <p>L Kerry introduced the Annual Human Resources Report. Key points of her report included:</p>

- Successful negotiation and introduction of harmonised contracts so that all staff in the same jobs were on equal terms and conditions, apart from a handful of cases in Huntingdon which were still going through appeal. Governors commended L Kerry and her team on an exceptionally smooth process.
- No trade union disputes in place with the College as a result of successful negotiations; relationships with the unions were good.
- Robust processes in place for managing organisational restructures. The management restructure had been wide reaching but other restructures after merger were relatively minor
- Disciplinary and capability procedures were effective in delivering required improvements in performance and conduct or moving staff on from the organisation. There was now closer links between Quality and HR processes.
- Sickness absence levels were lower than the national average at 2.5%.
- Stress and mental ill-health continued to be a significant contributor to staff absence; this was a priority to reduce in 2018/19 with several new initiatives in place, such as mental health first aid training and wellbeing days.
- Staff Turnover had been reduced from 22.5% in 16/17 to 16.9% in 17/18 and was now below sector average (17.4%). Improved staff satisfaction was identified in the annual staff survey.
- Recruitment continued to be challenging with more hard to fill positions. New partnership arrangements had been put in place to explore different recruitment channels. The recent Investors in People Gold Award would be helpful in recruitment. Governors congratulated the College on achieving Gold status, recognising that only a handful of Colleges had this achievement. Market allowances have been used in order to secure appointments of good applicants for teaching roles that were particularly hard to fill.
- The College had introduced new training for Aspiring Managers, which had been well received.
- The College had secured a national FE Marketing Award for its work on We Are CRC values. Governors congratulated the marketing and management team for the award, which was particularly pleasing to receive in the year after merger.
- Mandatory training was now all available on one platform for all staff. Governors asked what sanctions were in place for staff members that did not complete the training. L Kerry confirmed that it would be a disciplinary offence, but in most cases staff members did complete the training once they had received reminders.
- Safeguarding practices in HR were strong and compliant with guidelines for Safer Recruitment in Education.

		<p>L Kerry also highlighted future plans and developments.</p> <ul style="list-style-type: none"> • Further roll-out of the Workforce Development Strategy • Review of the pay strategy, in particular to address rewarding good performance for staff on spot salaries. The Principal confirmed that they were also looking at issues of pay at the lower end of the pay scale and to see if there was any correlation with staff turnover. • L Kerry confirmed that there were no single issues that had emerged from exit interviews. • Development of a strategy for increasing the use of the apprenticeship levy at the College with development opportunities for current staff. • Modern Slavery Act – compliance with requirements for the organisation. It was noted this was being taken to the Audit and Risk Committee. <p>L Kerry was asked if appraisal targets had been met. L Kerry said that the timely completion of appraisals had not been met, in part due to changes in management. Although appraisals would all be completed, more time was required for completion. L Kerry was encouraged to look into including the completion of appraisals as part of performance management which could also be linked to pay increments.</p> <p>The Committee received the report.</p> <p><i>L Kerry left the meeting.</i></p>
7	Annual procurement report 2017/18	<p>D Sharp introduced the Annual Procurement Report.</p> <p>Governors asked about the new cleaning contract, and whether there had been improvements in service levels. Although it was early in the year, the College felt that there had been improvements in the quality of the service.</p> <p>Governors asked what controls were in place for use of the GPC card. D Sharp outlined a range of measures and gave assurance that use of the card was well controlled.</p> <p>The Committee received the report.</p>
8	Annual health and safety report 2017/18	<p>D Sharp introduced the Health and Safety Annual Report.</p> <ul style="list-style-type: none"> • The number of incidents during 2017/18 at the Cambridge campus was 148 which was a slightly lower level to 2016/17. • There were no known major breaches of health and safety policy and no RIDDOR reportable incidents. • The College had implemented a new approach, with all staff having responsibility for health and safety and the central team acting as auditors and monitoring officers. • The College has undertaken an annual Health and Safety Inspection for both campuses and the resulting action plans were attached. On advice of the Committee, these were RAG rated. It was agreed that these actions plans would be reported at each F&R Committee meeting.

		<ul style="list-style-type: none"> The action plans showed that there were still some red risks related to the nursery. It was noted that these mainly related to the condition of the building, and did not warrant closure of the nursery. A confidential item was taken which is minuted separately <p>Governors said that J Moody should be congratulated for the progress he had made at Huntingdon campus. It was confirmed that management were looking at succession planning in the health and safety area.</p> <p>The Committee recommended the Annual Health and Safety Report to Corporation, including the Health and Safety Policy which was unchanged.</p>
9	College Management Accounts Period 3	<p>D Sharp introduced the College Management Accounts for Period 3.</p> <p>He reported an adverse variance of £63k against budget, which was mainly due to a shortfall in income. In particular, apprenticeship recruitment was below target, although this was expected to rise throughout the year. Student enrolments were likely to be slightly below target due to some students leaving the College.</p> <p>D Sharp was asked about the region's demographics. The Principal stated that the number of 16-18 year olds would be level next year in Cambridge, and down slightly in Huntingdon. After that, it was forecast to increase.</p> <p>Cash flow remained fine. The College's revolving credit facility had not been used. The College was reviewing options for moving to an overdraft facilities in the future which would be brought to a future F&R Committee.</p> <p>D Sharp underlined the need to invest in IT for students. This could lead to an unintended consequence of affecting the depreciation charge set for IT infrastructure. Committee members noted this consequence and agreed it should not affect investment decisions, provided the College retained its good health rating.</p> <p>Committee members asked for the College's investment strategy, including IT infrastructure, to be brought to a future F&R Committee meeting.</p> <p>The Committee received the report.</p>
10	iMET lease and loan agreement	<p>D Sharp introduced the report on iMET, including arrangements for lease and loan agreements.</p> <p>He explained that CRC had been funding iMET, but on completion of the joint venture, PRC would undertake to fulfil half the funding. This would be in the form of loans from both colleges.</p> <p>The loan amount was in accordance with the budget at £155k per College. The College was awaiting an adjusted business plan from iMET so it was possible that this may alter slightly. The College had received advice that it was required to charge iMET a market rent as the College was a charity. This would be accrued and would be repaid when profit was distributed.</p>

		<p>It was confirmed that the joint venture had been structured so that CRC could not be forced out of iMET, and it would always retain full ownership of the building.</p> <p>Committee members approved the loan agreement and agreed to give the Chair of F&R Committee delegated authority to amend the agreed amount by £20k following receipt of an approved financial plan from the iMET Board.</p> <p>It was further advised that the loan agreement be amended to include a clause to specify that both Colleges needed to sign an equivalent loan agreement.</p>
Other business		
11	Any other business	A confidential item on proposals for a Pay Award was taken and minuted separately.
12	Self-assessment of Governors' Performance	The Committee felt that it had been a positive meeting

Summary of Actions

Actions from Committee meeting 27 th November 2018				
4	Review of College financial risks	T Arthur advised that the risks around the removal of apprenticeship delivery (risk 2.5) needed to be cross-referenced in financial risk 4.2.	D Sharp	Dec 2018
8	CRC Health and Safety Annual Report	A confidential item was taken which is minuted separately. The Committee recommended the Annual Health and Safety Report to Corporation, including the Health and Safety Policy which was unchanged.	D Sharp D Sharp	June 2019 Dec 2018
9	Management Accounts	Cash flow remained fine. The College's revolving credit facility had not been used. The College was reviewing options for moving to an overdraft facilities in the future which would be brought to a future F&R Committee. Committee members asked for the College's investment strategy, including IT infrastructure, to be brought to a future F&R Committee meeting.	D Sharp D Sharp	June 2019 June 2019
10	iMET loan agreement	It was further advised that the loan agreement be amended to include a clause to specify that both Colleges needed to sign an equivalent loan agreement.	D Sharp	Dec 2018

There was no other business and the meeting ended at 10:30am.

Signed

Chair