

Minutes of the F&R Resources Committee meeting held on 16th June 2020 8:30am

Virtual meeting

MINUTES OF THE MEETING

Present Tim Arthur, Chair

Heather Du
Quesnay

Mark Robertson

Abigail Trencher

Martin Clapson

Lewis Beddow

In attendance Derek Sharp, Laura Kerry

Clerk Emily Baldwin

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 17 th March 2020	<p>The minutes of the meeting of 17th March 2020 were agreed to be a true record.</p> <p>The Committee noted the Environment Group minutes. They asked for clarification of the terms of reference for the group. It was noted that it was an operational, rather than strategic group.</p> <p>The Principal was involved in a cross FE group on climate change which would address best practice in the sector and he confirmed he would report back to the Committee.</p>

		<p>The lockdown had enabled the College to understand the College's base level for energy usage.</p> <p>It was noted that SMT would produce an Environment Report for the Committee in the next academic year, in line with the workplan.</p> <p>Governors noted that information about bursaries had been circulated to Governors by email.</p>
Financial reporting		
4	Review of college financial risks	<p>The Committee noted that the Coronavirus pandemic was changing the risk profile of the college. A separate COVID Risk Register had been prepared which had been discussed at the Audit and Risk Committee.</p> <p>It was advised that the financial risk around bank covenants should include a mitigating action around having regular discussions with the bank. It was noted that the bank had been supportive in recalculating debt so that the bank covenant was not broken. Governors asked the level at which discussions were taking place at the bank, and were assured that it was at regional director level which was deemed appropriate.</p> <p>It was noted that the external auditors were putting more focus on 'going concern' matters.</p> <p>Committee members noted that external applications were down by about 150 applications, but that internal progression was higher although this could be due to earlier internal applications. The enrolment process had been moved online where possible.</p>
5	College Management Accounts Period 9 2019/20	<p>D Sharp introduced the College Management Accounts for Period 9.</p> <p>The year to date results at Period 9 were showing an adverse variance of £(64)k against forecast. The forecast for the year showed an overall loss for the year of £(1,542) before profit on sale of land took this to a surplus of £331k.</p> <p>Governors noted that CRC and PRC had agreed to terminate the joint venture regarding iMET. The winding down of iMET required provision against loans CRC had made to iMET which was forecast to outturn at approximately £400k by the end of the year.</p> <p>It was noted that the higher utility costs were due to a time lag on payment for utility costs versus usage.</p>

		<p>It was noted that FE Colleges were required to make a further return to the ESFA over the summer period. The College was likely to drop to a 'requires improvement' financial health. A number of colleges were experiencing serious financial problems due to the pandemic.</p> <p>It was acknowledged that the land sale had helped the College with cashflow. The College was proactively bidding for Covid-19 related funding where it was available. It was still unclear what if any support there would be for Colleges in the future. [confidential wording minuted separately]</p> <p>D Sharp confirmed that it now looked like access to the new science park would not be through the College's property, although there were opportunities for renting out car parking spaces.</p> <p><i>L Beddow joined the meeting</i></p> <p>Governors noted the bid that had been submitted for the upgrade to construction facilities at Huntingdon campus and IT facilities at both campuses.</p>
Financial Planning		
6	Three-year financial 2019-20-21/22	<p>D Sharp introduced the Financial planning and budget for 2019/20-21/22.</p> <p>There had been significant changes due to the outbreak of Covid-19 since the budget was approved in February.</p> <p>AEB income had been adjusted to reflect the reduction in the contract with the GLA which had cut the contract by 50% and was disengaging with all providers outside London. CodeNation had significantly under-delivered, particularly in London. The College needed to prepare itself for the possibility of learning not being permitted in other areas outside the region, such as Northampton. The move to online learning might affect funding for AEB in the future.</p> <p>Apprenticeships had been amended to reflect actual carry-in of apprentices currently continuing on their apprenticeship together with a predicted recruitment plan.</p> <p>International income was forecast to drop to £430k from the recent level of £2.2m</p> <p>There was an anticipated fall in bus income owing to current social distancing rules which would require buses to run at 25%</p>

		<p>capacity. The change in curriculum delivery to a mix of on-line delivery and 1-2 days in College would further reduce income. Governors noted that a proposal regarding buses was being developed at the College. The first step was to map learner journeys to the College and understand the different options available. Governors asked that the College took a strategic view on buses and other transport methods, including cycling, in line with the College's plans for blended learning. It should also talk to other colleges with similar transport issues and local agencies. It was noted that the bus contract required 4 months' notice to cease services. It was further noted that learners with EHCPs that had transport needs tended to use taxis rather than buses.</p> <p>Governors noted there was a high level of uncertainty in the budget. Unemployment levels might lead to more opportunities for online delivery for adults. The Government had also given some assurances of guaranteeing apprenticeships but it was not clear how this would happen.</p> <p>Governors noted that the budget allowed for a 2% increase in pay. Governor and management were keen to maintain the pay award, but were conscious that the College's financial situation had deteriorated since the original negotiations were held with the Unions. Regular contact was made with the unions, who had stressed the priority of job security. M Clapson said it was important to know what other colleges were doing regarding pay increases. Governors agreed that a decision on the pay award could be delayed until the position was clearer in terms of income streams and enrolments.</p> <p>H Du Quesnay asked for more information on recruitment for key posts. L Kerry confirmed that recruitment for posts was still going ahead and would update the Chair outside of the meeting.</p> <p>D Sharp introduced the cashflow forecast for 2020/21. It was noted that the College was not forecasting to use the overdraft facility although the cash position did fall to only £12k in February 2021.</p> <p>D Sharp asked for guidance on the College's submission to the ESFA. It was agreed that the budget should be adjusted to take account of anticipated savings, such as a hold on the staff pay award. D Sharp agreed to redraft the budget on that basis.</p>
7	Subcontracting 2020/21	<p>D Sharp introduced the subcontracting update.</p> <p>The majority of subcontractors were on line to deliver to target with the exception of one partnership agreement, BRC Ltd, who the College was working with under the GLA contract. Delivery</p>

		<p>had stopped as the College was unable to deliver in London affecting the contract value.</p> <p>The partner Codenation had also not delivered to contract as it had not undertaken any delivery in London and only delivered c£20k against a planned target of £373k. Additional contract value had been given to No4 group and Skills Network and the College was likely to deliver 80% of contract. It was noted that the Commercial Strategy Committee was looking at the performance of Codenation in more detail.</p> <p>For 2020/21, the College was targeting a £1m increase in internal delivery for AEB. Governors asked who would be scrutinizing the increase in internal delivery, and M Robertson confirmed that it would be SMT. The external sub-contracting contract for 2020/21 was planned at £1.6m. The College has been conducting a subcontractor refresh for due diligence purposes and would be undertaking the Invitation to Tender over the following few weeks. F&R Committee approval would be asked for by email.</p> <p>Governors discussed the subcontractor policy which had been updated in line with ESFA and audit requirements. It also included reference to the guiding principles in the draft curriculum strategy that was being presented to Corporation in June. Governors asked for greater reference to the curriculum strategy in the document and a clearer statement on curriculum intent. The Supply Chains Policy has only seen minor changes with updates to reflect new dates. Governors asked why the health and safety review check had been removed. D Sharp said he would report back to the Committee.</p> <p>Subject to the amendments above, the Committee agreed to recommend the Subcontractor Policy and Supply Chains Policy to Corporation.</p>
8	Bad debt	<p>D Sharp introduced the report on the College's bad debt position.</p> <p>The Committee noted the current debt position of the College and provisions currently held against the balances. It noted the write off of old balances under financial regulations thresholds. It further approved the proposed write off of the Urban Futures Ltd balance of £15,344.</p>
Resource planning		
9	Estates update	Committee members noted the Estates update.

		<p>They noted the plans to develop construction facilities at Huntingdon, subject to the outcome of the funding bid. It was noted that construction was seen as a national driver and there was demand for more construction courses. If the bid was approved, the aim was for the build to be completed by April 2021.</p> <p>The Committee <u>received</u> the report.</p>
10	HR Summer Term update	<p>L Kerry introduced the HR KPIs report.</p> <p>Recruitment had continued under lockdown but on a reduced basis. There was an increase in the number of posts that needed to be re-advertised. Improvements have been made to the College's social media profile for recruitment.</p> <p>Lessons were being learnt from current home working for flexible working in the future. The sickness rate had reduced significantly during lockdown.</p> <p>Managers had been proactive in managing staff's mental health by regular meetings. This continued to be an area to monitor.</p> <p>Appraisal completion rates continued to be an issue. The process was being rolled out for the following year with greater scrutiny on accountability.</p> <p>Staff turnover was consistent with last year. The College had good feedback from staff on how well they had been supported during lockdown. Staff would be asked to complete an online survey.</p> <p>Governors <u>received</u> the report.</p>
11	Health and safety update	<p>D Sharp introduced the Health and Safety update.</p> <p>Committee members noted that the health and safety issues around the nursery were no longer applicable.</p> <p>The College Fire Risk Assessment had been updated to take account of the COVID-19 situation with regard to changes to the annual familiarisation fire drill. The Fire Liaison Officers were informed of the changes and subsequent control measures the College had put in place to mitigate the normal fire drill at both campuses.</p> <p>It was noted that health and safety issues were covered in the separate COVID policy.</p> <p>The Committee <u>received</u> the report.</p>

12	Pay Policy	<p>L Kerry introduced the Pay Policy which was due for review every 2 years.</p> <p>The Pay Policy has been updated as follows:-</p> <ul style="list-style-type: none"> • To ensure that the principles were consistent with the Senior Postholders Remuneration Policy approved by Corporation in December 2019; • To include the procedure for applying cost of living pay awards in line with contracts of employment; • To include the procedure for pay awards and discretionary bonuses to staff of spot salaries. This policy was approved by F&R in 2019. <p>It was noted that annual increments within a pay banding was common practice in the FE sector, although it was noted that this was generally not common practice in other sectors. If a staff member was at their top of the pay banding, there was limited scope for movement unless the job was re-evaluated.</p> <p>Governors noted that they had asked for aggregated information on incremental pay increases. L Kerry agreed to provide this information for the next meeting.</p>
13	Committee work plan 2020/21	<p>The Clerk introduced the workplan for 2020/21.</p> <p>T Arthur asked that cashflow forecasting be added as a standing item to the workplan.</p>
14	Terms of Reference	<p>The Clerk introduced the Terms of Reference. T Arthur agreed to talk to the Chair of Commercial Strategy Committee and the Chair of Corporation outside the meeting regarding setting targets for commercial income.</p> <p>Subject to the discussion above, the Terms of Reference were approved.</p>
16	Committee self-assessment	<p>Governors agreed it had been a productive meeting</p>
17	Any other business	<p>There was no other business.</p>

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

Emily Baldwin

Head of Governance

Minutes approved at Finance and Resources Committee 14th September 2020