

**Minutes of the F&R Committee meeting held on 1<sup>st</sup> December 2020**  
**Virtual meeting**

**MINUTES OF THE MEETING**

**Present**            Tim Arthur, Chair  
                          Heather Du Quesnay  
                          Mark Robertson, Principal  
                          Martin Clapson  
                          Abigail Trencher

**In attendance**     Derek Sharp, Laura Kerry

**Apologies**            Lewis Beddow

**Clerk**                    Emily Baldwin

|          |  |  |
|----------|--|--|
| <b>1</b> | Declarations of Interest                                       | There were no declarations of interest.  |
| <b>2</b> | Apologies for absence  | There were apologies for absence from Lewis Beddow.  |
| <b>3</b> | Minutes of the meeting held on 14 <sup>th</sup> September 2020 | <p>The minutes of the meeting of 14<sup>th</sup> September 2020 were agreed to be a true record of the meeting.</p> <p>Governors noted that the action on climate change reporting had been deferred to the next meeting.</p>  |
| <b>4</b> | Review of College Financial Risks                              | <p>D Sharp introduced the Risk Register.</p> <p>The Committee discussed the new risk following the dissolution of the joint venture for iMET. Governors asked for clarification on the value of the building to determine the level of any exposure. [wording removed for confidential reasons]. Discussions over the transfer of iMET to the Combined Authority were still ongoing. The Combined Authority were looking for another provider, but it was noted that the building needed to be used for educational purposes. The Committee asked for the College's exposure to be set out in the Risk Register (including ongoing running costs). The Committee also asked for a summary on how the exposure was calculated to be circulated to the Committee.</p> <p>The Committee asked for the risk on the overdraft facility to be updated to reflect the College's regular contacts with the bank.</p> |

|   |  |  |
|---|--|--|
|   |  | <p>It was noted that Risk 1.6 needed to be amended to reflect the revised attendance targets.</p> <p>Governors discussed the extent to which the College had lost commercial and international income as a result of COVID and whether the impact had been as bad as previously thought. The College had mitigated some of the loss through ESOL provision which was less risky and the College had also secured additional funding for catch up teaching for English and Maths. These offsets would not always be available and it was agreed that the risk should continue to be highlighted.</p> <p>The Risk Register would need to be updated to take account of the College's decision on international accommodation.</p> <p>The Committee <b>noted</b> the Risk Register.</p>   |
| 5 | <p>Report on 2019/20 Financial Performance and year-end statutory accounts 2019/20</p> | <p>D Sharp introduced the report on 2019/20 financial performance and the year-end statutory accounts.</p> <p>Governors discussed Period 12 Management Accounts.</p> <p>The financial budget aim for CRC for 2019/20 was to deliver an underlying operating surplus of £169k. This was revised to an outturn forecast of £(1,321)k, before including profit on the sale of land and write-off of the iMET loan. The final outturn for the year was a loss of £(1,318)k before restructuring of £194k to give a deficit of £(1,512)k. The outturn reflected the significant financial challenges in the year as a result of the pandemic. It was noted that the College had to maintain payment to contracted suppliers under Procurement Notice 02/20 which supported key suppliers in the pandemic. This had meant that cost savings were limited. The College had used the furlough scheme in accordance with the regulations. Furlough receipt were £258k.</p> <p>Governors noted the unusual year and that the final outturn and cash balance was in line with the College's forecast.</p> <p>Governors discussed the revaluation of the College's land assets which was now required by the bank every three years. The value of College land had risen by £4m since the last valuation. There did not seem to be any impact on the valuation of the land due to the pandemic as the review had been carried out in July 2020.</p> <p>In addition, the College's Local Government Pension Scheme had been revalued which had resulted in a £9m increase in liability. This had affected the College's bottom line in Income and Expenditure. It was noted the pensions valuation was outside of the College's control, although it had the option to challenge the figure if appropriate. Governors suggested the College might consider a narrative to explain the pension revaluation in the Financial Statements.</p> <p>Governors discussed the treatment of iMET in the accounts. They suggested the College speak to PRC to ensure a consistent approach.</p> <p>Governors also suggested that the narrative around Ofsted in the Statements included reference to the Improvement Plan and the fact that the Emergency</p> |

|   |   |   |
|---|---|---|
|   |   | <p>Task and Finish Group had originally been set up to monitor Ofsted improvements.</p> <p>Governors asked about the calculation behind the exceptional costs related to COVID in the Financial Statements. D Sharp clarified that this was a calculated figure based on projected income and costs from the forecast at Period 7 in comparison to the outturn.</p> <p>Governors also discussed some minor amendments needed to Notes 10 and 18 which D Sharp agreed that he would make.</p> <p>The Chair asked that future Management Accounts included the original budget cashflow figures as well as the forecast figures.</p> <p>The Committee <b>received</b> the draft Financial Statements 2019/20, noting that they would be presented to the Audit and Risk Committee before being recommended to Corporation.</p>  |
| 6 | Report on 2020/21 financial performance and Period 3 Management Accounts                        | <p>D Sharp introduced the Period 3 Management Accounts.</p> <p>Income was currently £44k ahead of the budgeted position. The Adult Education Budget was ahead of budget due to one of the subcontractors delivering ahead of profile. Bus income was also higher than the budgeted position, as there had not been as stringent the social distancing requirements on College transport that had been anticipated. Other areas such as international, commercial and fees were running in line with target at present with the exception of catering income as the College was running a limited catering service. Discussions were being held with the catering company as an ongoing service was required even though fewer students were attending college in person. Apprenticeships were also noted to be a high risk which reflected the national picture and especially if further lockdown occurred.</p> <p>Pay costs were ahead of budget, driven by higher than anticipated agency costs. Non pay costs were ahead of budget mainly due to catering costs.</p> <p>Governors asked for clarity on employer fees, and it was noted that these represented employers' contribution to apprenticeships as well as full-cost recovery courses. Governors asked why employer fees was behind budget, and it was noted that there had been some over-budgeting in this area that had been corrected in the latest forecasts.</p> <p>The Committee <b>noted</b> the report.</p> |
| 7 | Three-year financial forecast 2020-2022 including budget cash flow for 2020/21 to November 2021 | <p>D Sharp introduced the Financial forecast 2020-2022.</p> <p>The forecast had been changed in light of revised funding allocations and the continuing impact of the pandemic.</p> <p>Changes included:</p> <ul style="list-style-type: none"> <li>ESFA 16-18 income increased by £500k as a result of additional tuition catch-up funding</li> </ul>  |

|   |                                       |  |
|---|---------------------------------------|--|
|   |                                       | <ul style="list-style-type: none"> <li>• Adult Education Budget increased due to additional funding received from the GLA in their final allocation and also innovation funding which the College intends bid for from CPCA</li> <li>• Capital grants revised based on latest spend profiles.</li> <li>• Increase in staff pay costs</li> <li>• Additional non-pay costs for subcontractor costs</li> <li>• Reforecasting of depreciation</li> </ul> <p>The overall position after reforecasting was a similar overall deficit position as budget (£248(k)).</p> <p>Governors asked about how private providers were faring, and noted it was a mixed picture due to the volatility of the apprenticeship market and with some providers able to continue with online provision successfully. It was unclear whether there would be any changes in national policy, although there may be more cooperation at a regional level.</p> <p>D Sharp confirmed that he had looked at sensitivities in the financial forecast, The College would not need to use its overdraft facility even under the worst case scenario identified. The College remained in a healthy position in terms of cashflow, and remained within the minimum 12 days' cash reserves during its lowest period.</p> <p>The Committee asked for their thanks be conveyed to the Finance Team for all their additional efforts in particularly challenging circumstances</p> <p>The Committee <b>noted</b> the updated financial forecast.</p> |
| 8 | Human Resources Annual Report 2019/20 | <p>L Kerry introduced the Annual Human Resources Report 2019/20.</p> <p>The key points identified within the report were:</p> <ul style="list-style-type: none"> <li>• There were no major restructures during the year; the limited restructures for English and Maths and apprenticeships had been managed effectively</li> <li>• There was an increase in complaints against staff during the year. The majority were addressed informally but a comparable number to the previous year were actioned through the disciplinary process.</li> <li>• Safeguarding allegations against staff were effectively managed between the Designated Safeguarding Lead and HR, with referrals to the Local Authority Designated Officer and the Police where appropriate.</li> <li>• Disciplinary, Capability Procedures were effective in delivering required improvements in performance and conduct or moving staff on from the organisation.</li> <li>• Sickness absence levels reduced from 4.5% in 18/19 to 3.5% in 19/20. The reduction correlated with the period of lockdown where staff were working from home, but had also stabilised since lockdown had finished. There was a similar split between long-term and short-term absences to the previous year.</li> </ul>  |

|   |                                   |   |
|---|-----------------------------------|---|
|   |                                   | <ul style="list-style-type: none"> <li>• Absences due to mental ill-health were high but lower when compared to the previous year. Mental health support was a key focus for the HR team throughout the year. Governors asked whether home working had an impact on mental wellbeing. It was confirmed that the College’s management of home working, and supporting staff who were vulnerable was very important. Managers had been instrumental in supporting their staff in difficult circumstances.</li> <li>• Staff Turnover decreased in year to 17.7%. Career progression and personal circumstances were the top reasons given for staff leaving. Governors asked whether there was further breakdown of ‘other’ in the statistics. It was noted that this was captured in the verbal feedback.</li> <li>• Recruitment continued to be challenging with more hard to fill positions this year. A Recruitment specialist was now in place in the HR team and was improving the College’s online visibility. It was suggested that the College looked at the Cambridge network as a potential recruitment gateway.</li> <li>• 37% of staff had received a pay increase as a result of incremental progression. Governors agreed that this was useful information, particularly as the College had not been in a position to award an all-staff pay award in 2019/20.</li> <li>• Safeguarding practices in HR were strong and had been reviewed to ensure compliance with guidelines for Safer Recruitment in Education.</li> </ul> <p>Governors asked whether any teaching staff had refused to work due to concerns about COVID. This had not been the case, but the College had worked hard to ensure the College was as safe as possible and had prioritised staff welfare. The Unions had been supportive with the College’s approach and had been part of the College’s internal COVID operation groups and contributed to the risk assessments for reopening.</p> <p>The College’s all-staff webinars had been well received. The Corporation Chair had participated in several of the webinars. SMT were attending team meetings to get feedback from smaller groups. Learning observations had continued, but were being held in a supportive way to help teachers with online teaching.</p> <p>L Kerry reported on settlement agreements, and agreed to add to the report the agreement [wording removed for confidentiality reasons] which had previously been reported to Corporation.</p> <p>Governors asked for a wider strategy on CPD for staff to be taken to a future Corporation meeting.</p> <p>The Committee asked for their thanks be conveyed to the HR Team for their particular focus on staff wellbeing in particularly challenging circumstances.</p> <p>The Committee <b>noted</b> the report.</p> |
| 9 | Estates update: Huntingdon campus | D Sharp introduced the latest update to the Huntingdon Campus Refurbishment Project. The project was continuing positively and was on track. The College would be going to tender in the next couple of weeks for the building work. He   |

|    |   |   |
|----|---|---|
|    | refurbishment project and international accommodation | <p>showed the Committee how the College was looking to enhance the exterior look of the site. D Sharp confirmed that there would be capacity to expand further if more construction and engineering capacity was needed. He confirmed that the March timescale remained tight.</p> <p>D Sharp updated the Committee on the discussions with Allia re I Block which were still ongoing. CRC's valuation represented the worth of the building to CRC.</p> <p>D Sharp updated the Committee on the Student accommodation proposal. He drew attention to the modelling work which had been carried out on different assumptions regarding occupancy. The Committee noted that the market had changed significantly due to COVID and the loss of the College's international Tier4 licence. There were now significant risks with proceeding with the accommodation and SMT were no longer confident about reaching occupancy levels to breakeven. On that basis, the Committee agreed with the proposal not to continue with the proposal.</p> |
| 10 | Annual Procurement Report                             | <p>D Sharp introduced the Annual Procurement Report 2019/20.</p> <p>Savings were calculated based on the length of the contract created during 2019.20 and included cost avoidance savings such as the HR &amp; Payroll contract. It also includes one off savings such as the purchase of a new mini bus. The total achieved was £156,276.</p> <p>Governors asked about the HR system which was high value. D Sharp confirmed that alternatives had been investigated, but it was a common system in the FE sector and would be costly to change.</p> <p>The Committee <b>received</b> the report.</p>   |
| 11 | Annual Health and safety report                       | <p>D Sharp introduced the Health and Safety Annual Report 2019/20.</p> <p>Governors noted that there had been no 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)</p> <p>The Committee asked for their thanks to be passed to J Moody who was retiring. The Committee wished to acknowledge the important contribution he had made to health and safety at the College, including the improvements he had overseen at Huntingdon campus after the merger. They also acknowledged the important role he had made as Staff Governor.</p> <p>The Committee asked that the new Health and Safety Officer reported to the Committee on the timescales for the priorities identified in the report.</p> <p>The Committee <b>recommended</b> the Annual Health and Safety Report and Policy to Corporation for approval.</p>  |
| 12 | College Insurance levels 2020/21                      | <p>Governors noted the College Insurance levels 2020/21. They noted that it had been difficult to secure reasonably priced insurance cover for the iMET building as it was empty.</p> <p>The Committee <b>received</b> the report.</p>  |

|           |   |  |
|-----------|---|--|
| <b>13</b> | Any other business                        | <p>Governors noted the FE Commissioner visit that would take place in January 2021.</p> <p>The Committee noted that the Audit and Risk Committee would be looking at the Financial Controls audit which had been given adequate assurance.</p> <p>The Chair asked for a longer-term student transport strategy for a future meeting.</p> <p>The Committee asked for their thanks to be passed to the Finance team for their particularly hard work in a very challenging year.</p> |
| <b>14</b> | 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.