

**Minutes of the F&R Committee meeting held on 9th March 2021
Virtual meeting**

MINUTES OF THE MEETING

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

In attendance Derek Sharp, Laura Kerry

Clerk Emily Baldwin

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 1 st December 2020	The minutes of the meeting of 1 st December 2020 were agreed to be a true record of the meeting.
12	a) HR Mid-year Report b) Staff development plan c) Pay proposal	<p>HR mid-year report</p> <p>L Kerry introduced the HR mid-year report. The key points identified were:</p> <ul style="list-style-type: none"> • The introduction of enhanced packages had had a positive impact on the College's success in recruiting, but there continued to be challenges in recruiting to some areas. • Sickness absence levels were significantly lower than the same period last year, in part due to home working with mental health absences continuing to fall. • Timely completion of annual appraisals had significantly improved and was currently at 93%. Governors asked about the level of overdue probationary reviews and it was agreed that this needed to be monitored carefully. • Staff turnover had reduced again to date this year. Exit interviews had been scrutinised and there were no particular new issues arising. <p>Governors asked about difficulties in staff recruitment in some areas, for example in electrical engineering. Governors noted that salary was an issue and some additional allowance had been allocated for hard to fill positions. Pay</p>

		<p>costs needed to be carefully managed and it was acknowledged that pay increases could affect pay expectations further up the scale.</p> <p>Staff development plan L Kerry introduced the training development plan, which included information on the College's priorities and development opportunities for the workforce. A particular priority in 2020/21 was e-safety and digital skills. Mandatory training relating to Health and Safety had been reviewed to ensure that compliance improved quickly. Governors asked about the poor take up of COVID training and noted it was not mandatory with the percentage low due to people needing to renew their initial training last year. Governors asked about the take up of Teacher Takeaways and noted that it comprised a menu of optional activities. Governors agreed that the statistics on CPD attendance would be included in future HR reports.</p> <p>Pay proposal L Kerry introduced the paper on National Living Wage. It was noted that the increased National Living Wage would be applied from April 2021 and would have an impact on lower pay scales in place for support staff. The College was not currently in a position to become a Foundation Living Wage employer, but it was an aspiration to apply the real living wage as soon as it was possible. The College would continue to monitor staff costs, with particular focus on those at the lower end of the pay scale. It was noted that pension costs could increase in the future. Governors asked that further analysis be carried out on the gender and ethnicity of the few members of staff who were paid below the real living wage. Governors supported the College's real living wage aspiration.</p>
AOB	Financial note	<p>It was noted that D Sharp had circulated a financial note prior to the meeting that covered an update on iMET, staff costs and ESFA update.</p> <p>D Sharp explained that the College was continuing to speak to the Combined Authority regarding arrangements for iMET. The Combined Authority were speaking to other educational providers and businesses about their interest in the building. The ongoing annual cost to the College was £50k. Governors asked whether the College could itself use the facilities. There were no current plans to do so given its poor location.</p> <p>Governors noted the letter from the FE Commissioner which had been included in the papers. Governors discussed the benchmark around staff costs as a proportion of income. They noted that the College was currently significantly above the FE Commissioner benchmark. D Sharp outlined the affect of SEND learners which had an estimated 2-3% impact on the staff ratio. Pension costs also had an impact on staff costs. Taking these into account, the College was still above benchmark. The key factor was the reduction in income, especially apprenticeship and commercial income due to COVID. D Sharp said that the aim was to focus on efficiency, such as class sizes in Huntingdon and reduction in sub-contracting. It was important that the College maintained its focus on Ofsted improvements.</p> <p>Governors agreed that the College needed to present more granular information to Corporation on staff costs, including the split between Huntingdon and Cambridge campuses and by department. The report should</p>

		<p>include analysis on how the College would bring the staff cost ratio in line with national benchmark over a set time period.</p> <p>It was agreed that it was more important that the College continued to focus on returning the College to profitability after COVID. Governors needed to have more detailed budget analysis for 2021/22 given the challenges of Covid and uncertainties that would continue in 2021/22.</p> <p>Governors noted the College had received its Tier 4 licence for international provision.</p>
10	Estates update	<p>D Sharp introduced the Estates update. He explained the developments with iBlock and the current status of the offer with [removed for confidential reasons]. Governors asked about the current level of offer and whether it included car parking. The building was currently under-used except for the gas centre.</p> <p>Governors said it was important to be clear what any proceeds would be used for. M Robertson said any proceeds would be used to increase the College's cash reserves, with the remainder used for investment in equipment to support curriculum areas.</p> <p>Governors advised that car parking could be a key asset in the future with science park development, and the College may want to consider renting car parking space rather than selling.</p> <p>It was noted that Governors had previously agreed that iBlock should only be sold if it was to do so at a premium. It was an important capital asset to the College and should only be sold if there were clear plans for the proceeds. The current offer was slightly below the College's valuation, although it was noted that there had been different valuations and there was a considerable cost involved in converting the building to offices.</p> <p>H Du Quesnay said that the building did not feel part of the College and that selling it could give the College flexibility to upgrade the Huntingdon site.</p> <p>Governors said there needed to be a clearer paper about the offer and the related valuations, as well as the cost involved in moving the gas centre. The College also needed to be clear on what any proceeds would be used for at the College. [wording removed for confidential reasons]</p> <p>Governors asked for a report on current level and usage of car parking at the College site.</p> <p><i>H Du Quesnay left the meeting.</i></p> <p>D Sharp introduced his Estates update paper, including the status of the different options in the existing Estates Strategy. Governors also noted that there was a key issue regarding capacity for construction courses at Huntingdon, and supported the College in putting forward an Application in Principle (AIP) for DfE Transformation grant funding. Governors noted that the College was required to put forward some match funding. Governors asked D Sharp to consider whether iMET could be used as offset.</p>

4	Students Union and Sports and Social Club Accounts 2019/20	The Committee noted the Students Union and Sports and Social Club accounts 2019/20 and recommended them to Corporation for approval.
5	Review of College Financial Risks	<p>D Sharp introduced the Risk Register. Governors discussed the financial and HR risks included in the Register. The Committee recommended a number of changes to the Risk Register:</p> <ul style="list-style-type: none"> - The inclusion of running costs of £50,000 for iMET - The College's quarterly meetings with the bank as a mitigating action - Reference to the expiry date for the overdraft facility - New risk around the benchmarks included in the FE Commissioner letter <p>D Sharp agreed to make the changes to the Risk Register.</p>
6	College management accounts Period 6	<p>D Sharp introduced the Period 6 Management Accounts.</p> <p>The year to date results for P6 were showing a deficit of £640k before restructuring costs. This was £86k adverse to the forecast position for this point. A large proportion of the difference was due to apprenticeship income which the College had expected to be refunded from the ESFA, but which the ESFA had confirmed would not be refunded. Apprenticeship income continued to be lower than forecast due to COVID.</p> <p>Governors discussed the College's cashflow position. They asked about the sensitivities presented and how these affected the College's cashflow position. D Sharp confirmed that the cashflow was sufficient to absorb the different sensitivities. He also confirmed that the College would not need to make use of the overdraft facility under the current forecast.</p> <p>In terms of the College's Apprenticeship contracts, the College was currently not exceeding any of the contracts so there was no current financial exposure.</p> <p>The Committee noted the report.</p>
7	Mid-year subcontracting update	<p>D Sharp presented the mid-year subcontracting update. All but one sub-contractors were delivering to target at the current time.</p> <p>The College's partnership regarding the Digital Academy was ending, and the GLA AEB value would not be achieved. The Committee agreed to recommend to Corporation the transfer of the shortfall on delivery to the College's other partner BRC Ltd with a value of £100k. This would bring the total of the BRC Ltd contract to £593k under all delivery.</p>
8	Financial planning and budget 2021/22	<p>D Sharp gave an update on the draft budget position for 2021/22. A finalised budget would be presented to the next F&R Committee taking into account curriculum planning and grant allocations. The current budget position was a profitable budget and Governors stressed that this needed to be maintained.</p> <p>D Sharp said that the ESFA had confirmed that the overdraft facility could be taken into account in calculating the number of cash days.</p>

9	Student fees strategy & regulations 2021/22	<p>D Sharp introduced the Student Fees Strategy and Regulations for 2021/22.</p> <p>The Committee noted there remained flexibility on international fees, depending on the evolving position with COVID. Any final amendments and updates were delegated to the Principal for approval.</p> <p>The Committee <u>recommended approval</u> of the Fees Strategy 2021/22 to Corporation.</p>
11	Health and safety report	<p>D Sharp introduced the Health and Safety update.</p> <p>Governors noted that there had been one RIDDOR reportable incident during the course of the year which had been reported and was being investigated internally.</p> <p>The Committee asked that the next report included updated target dates for work that had been delayed due to COVID.</p>
13	Environmental report	<p>D Sharp introduced the Environment report, which included information on the FE Roadmap.</p> <p>The College would be publishing energy and carbon reporting data on the College website in line with current good practice.</p> <p>The College would also be developing an Environmental Strategy. The first step for such a strategy was the establishment of an Environmental Committee with clear terms of reference. It was envisaged that this Committee would be chaired by the Principal. The Committee would include student and staff representation; consideration would be given to a Governor joining the Committee. It was expected that the Committee would be fully operational by September 2021 to coincide with the new student intake.</p>
14	Financial Regulations update	<p>The Committee noted the changes that had been made to the Financial Regulations in accordance with internal audit recommendations. In particular, only one quotation would now be required for tenders under £2500. The Committee asked how this was documented, and it was confirmed that this would be captured on the College's financial record.</p> <p>The Committee recommended to Corporation the changes to the Financial Regulations.</p>
15	LGPS Discretionary Policy	<p>L Kerry presented the Discretions Policy as required by the Local Government Pension Scheme (LGPS). This required Corporation review every three years. It was not proposed to make any amendments to the discretions currently in place.</p>
16	Any other business	<p>There was no other business</p>
17	Self-assessment of Governors' Performance	<p>The Committee felt that it had been a positive meeting. They noted that some of the papers had been sent out late, but this was understandable in the current circumstances.</p>

