

Minutes of the F&R Committee meeting held on 21st June 2021
Virtual meeting

MINUTES OF THE MEETING

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

In attendance Martin Doel, Derek Sharp, Laura Kerry, Michelle Dowse

Clerk Emily Baldwin

1	Declarations of Interest	There were no declarations of interest.
2	Apologies for absence	There were apologies for absence from Lewis Beddow. Martin Doel, Chair of the Commercial Strategy Committee was welcomed to the meeting along with Michelle Dowse to provide additional commentary on the budget.
3	Minutes of the meeting held on 9 th March and 20 th April 2021	<p>The minutes of the meeting of 9th March and 20th April 2021 were agreed to be a true record of the meeting.</p> <p>L Kerry confirmed that she had undertaken an analysis of the gender and ethnicity of the few members of staff who were paid below the real living wage, and that these were predominantly white, male and British.</p>
4	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 the following changes to the Risk Register:</p> <ul style="list-style-type: none"> - Inclusion of potential sale of iBlock building as mitigating factor in Risk 4.1, as this would have a positive effect on the College's financial health <p>Governors asked whether the lack of pay rises was negatively affecting staff retention. It was recognised that while this was a constant risk, all colleges were in a similar situation and it was being monitored closely by the College.</p> <p>Governors asked about the pace of the agreement on the disposal of iMET and expressed concern that it was taking longer than anticipated. The Principal updated the Committee on negotiations with the Combined Authority and the process that they were required to go through to contact third parties.</p>

		<p>Governors confirmed that the residual risk was the annual running costs for the building, but it was noted that the legal agreement had not yet been signed with the Combined Authority and therefore the College still had a technical exposure on the full cost, even though the likelihood of this was very low.</p> <p>The Chair asked that the KPIs that related to the FE Commissioner be highlighted on the KPI sheet in the future.</p> <p>Governors noted the staff costs ratio and that it would be modelled in order to take the affect of EHCP learners into account. It was noted that the mean staff costs ratio across the sector was 70% which was higher than the FE Commissioner benchmark.</p>
5	College Management Accounts Period 9	<p>D Sharp introduced the Period 9 Management Accounts.</p> <p>The year to date results for Period 9 were showing a deficit of £1.38m before restructuring costs. This was £80k adverse to the forecast position for that point. The budget for the year has been re-evaluated and updated to the latest forecast position; the outturn for the year was forecast to be a loss of £555k. The College had spoken to the bank who were supportive about allowing a one-off exception to the bank covenants due to COVID.</p> <p>There were a number of sensitivities in the Management Accounts. It was unlikely that international income would recover over the summer period due to COVID. There also remained risks around apprenticeships and bus income.</p> <p>Pay was running in line with forecast but the overall forecast for the year had seen an increase against budget. Governors asked for clarification on this, and D Sharp explained that it was mainly to do with catch up funding of £.5m which needed to be fully spent. The funding was tightly monitored and was used to provide small groups for catch-up purposes.</p> <p>Non-pay was currently £25k above the revised forecast, mainly due to the timing of repairs against forecast. A detailed analysis of costs had identified potential savings which have decreased the outturn by £700k. Cross college savings were partially offset by catering costs which were being incurred by the College. Governors noted that the contract for next year had been renegotiated and the College was moving to a position where it incurred nil costs. As a consequence, the threshold for sharing profits was higher. Governors noted that this meant that the risk to the College of incurring catering costs next year had been lowered in the event of future lockdowns.</p> <p>The College financial health calculation showed that the College was currently sitting marginally below the “good” category and remained in “requires improvement”. The Committee welcomed the new and comprehensive note on Financial Health which would be included as part of future management accounts.</p> <p>The Committee noted the report.</p>
6	Financial Forecast 2020-21 to 2022/23	<p>D Sharp introduced the Financial Forecast 2020/21 to 2022/23.</p> <p>D Sharp took Governors through the budget for 2020/21 by line. In terms of ESFA 16-19 income, it was noted that applications were higher in comparison</p>

	<p>and Budget 2021/22</p>	<p>to the same position as last year. Although the College was expecting to recruit more students, it had taken a prudent view in the budget.</p> <p>There was a forecast reduction in the income for adult classroom provision due to the cessation of the GLA contract. There remained a risk in the CPCA contract due to the effects of the pandemic.</p> <p>Apprenticeship income was lower than the previous year due to the fall in carry-on apprenticeship numbers. New starts were forecast to be at the same level as 2019/20. Income from HE was forecast to remain stable. Governors questioned whether the target was sufficiently prudent. They noted that this needed to be carefully monitored but any further reduction in the forecast income would require more staff savings which could affect the quality of delivery. Governors stressed the importance of making sure the College was improving its quality and delivery of apprenticeships to meet demand. They noted the improvements that had been made in the area, but that this continued to be an area of focus for the College. The College's market share was mixed, and demand was higher for areas where the College's capacity was less strong. However, employer satisfaction had risen substantially. M Doel confirmed that a drop in apprenticeships was being seen at a national level. The prudent approach to 16-18 recruitment was a balance to the uncertainty around apprenticeships.</p> <p>The target for international income had been lowered following a discussion with the Chair of the Commercial Strategy Committee who had advised a more prudent approach due to the risk of ongoing travel restrictions. This was supported by the F&R Committee. However, Governors noted that it still represented a considerable increase on international income for 2020/21 on the current year. M Dowse outlined the assumptions behind the new target and how a risk assessment for each country had been carried out. She assured that it was a prudent and achievable target. Governors asked whether the pro-rata reduction in international costs was reasonable. M Dowse said this was the case due to the limited fixed costs associated with the College's international business and the flexibility to move staff to other areas if required.</p> <p>Income from the local authority was likely to be higher due to the increase in EHCP learners.</p> <p>Governors noted that commercial income was forecast to return to pre-pandemic levels. The Committee queried the assumptions behind this. M Dowse explained that it was expected that income from restaurants and the beauty salon would return to pre-pandemic levels due to the level of demand the College was currently seeing. There was more uncertainty about the sports centre. Demand for car parking was also forecast to be high.</p> <p>Governors noted the focus on staff costs. SMT had undertaken an extensive review of staff costs by department. The result was a reduction in staff costs as a proportion of income to 69%. This did not take account of the impact of EHCP learners.</p> <p>In non-pay costs, there was a reduced level of sub-contracting, and more direct delivery in the form of online delivery. It was noted that the ESFA would be expecting a reduction in sub-contracting in the future. Governors asked about the College's approach to online learning which would be covered in more</p>
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		<p>detail at Corporation. It was noted that the number of learners and forecast income was rising substantially. The College needed to be clear about the quality of the courses it offered and the intent and industry relevance of its programmes. M Robertson assured Governors on the quality processes in place and the link to national priorities. Most of the courses were in the healthcare sector. The College would continue to scrutinise the courses carefully. The College was only marketing courses in the CPCA area, and if there was demand from outside the area, students would be informed that they may want to consider local providers.</p> <p>Governors also noted the cash flow forecast; cash days were expected to increase to 39 as a minimum. The College was forecasting financial health to move to good. The College would need to increase its surplus in order to reach outstanding.</p> <p>Governors noted that there were several risks in the budget, and asked for these to be clearly outlined in a table with an indication of when and how the risks would be monitored over the year. They also said that the College should have a contingency plan for reducing pay costs further if it was required as the budget was monitored through the year. It was essential that the College delivered a surplus in 2021/22.</p> <p>The Committee recommended the budget 2021/22 and three year forecast to Corporation.</p>
7	Subcontracting 2021/22	<p>D Sharp presented the sub-contracting report.</p> <p>They noted the review of sub-contractor performance for 2020/21. One contractor had not achieved its target due to the closure of centres arising from the pandemic. There had been some issues with quality of another sub-contractor which had been investigated and monitored closely by the College.</p> <p>The College was forecasting that it would deliver over 90% of its AEB funding which was above the minimum threshold.</p> <p>The College was undertaking a review of sub-contracting for 2021/22 and tender amounts would be emailed to the F&R Committee. The College had noted the ESFA's position on reducing the level of sub-contracting to 10% over a number of years. Governors asked for the rationale for this, and it was due to the ESFA's position that sub-contracting should be niche and complementary. This reflected the College's position in aiming to reduce its sub-contracted provision over time.</p> <p>Governors noted the updated Sub-contracting and Partnership Strategy. They recommended that a change be made to the Strategy to reflect Corporation's role in ensuring the Sub-contracting strategy took account of other strategies.</p> <p>Governors approved the Sub-contracting and Partnership Strategy (with a change) and the Supply Chain Fees and Charges Policy 2021/22.</p>
9	HR report Agile working policy	<p>L Kerry introduced the termly HR report. She outlined the key points as follows:</p>

- There continued to be challenges in recruiting to some areas although the introduction of enhanced packages had had a positive impact in some areas
- The Kickstart Scheme had not been successful to date in engaging any additional staff. This appeared not to be college related as other local companies were also having recruitment issues.
- There had been a number of internal promotions, but these were not into management positions this year.
- Sickness absence levels remained significantly lower than the same period last year, currently at 2.4%. Working from home had enabled many staff to continue to work, particularly where minor illnesses previously resulted in absences. The return to working on campus saw a small increase in absence levels but overall absence remained low.
- Absences due to mental ill-health have continued a declining trend. Work-related stress absence has increased by 12% on the previous year, caused by a small number of long-term absences, rather than an indication of an overall trend
- Completion of annual appraisals, which had been a priority for the Committee, had significantly improved to 98% for the current year. Actions were in place to meet the recommendations set out in the recent internal audit, with a focus on improvements to quality of appraisals.
- Staff turnover had reduced again to date this year to 9.5%; Governors asked for more information on the sector benchmark and noted that it was higher in the FE sector than in secondary schools
- Staff development statistics for mandatory training were included. More information on staff take-up of professional development would be included in the HR annual report.

Governors discussed the proposed Agile Working Policy which had been introduced in order to give staff the option of working from home up to two days a week, where it was appropriate and was agreed with their line manager. It was noted that while many staff had seen the benefits of home working, it was important that this was not at the expense of the culture and values of the College. The College Management Group had been consulted and there had been a wide range of views expressed.

Governors felt that it was appropriate to introduce such a policy, and reflected how working practices had changed over the last 15 months. The policy was complementary to the College's flexible working policy. The latter was appropriate for staff that wanted a more permanent change to their terms and conditions. A Trencher suggested that more emphasis was given to the manager's right to request a staff member to attend College if necessary for business reasons. H Du Quesnay said that the College needed to monitor the Policy carefully to make sure that it did not have a negative impact on the College's vibrant and lively environment as an educational institution.

Governors discussed whether it should have a fixed review point, but after some discussion, agreed that this was not necessary but ongoing monitoring was essential so the Policy could be adapted if required.

The Committee **recommended** the Policy to Corporation.

8	Estates Strategy	<p>D Sharp introduced the amended Estates Strategy. It had been updated to take account of changes in the College's approach to estates since the merger.</p> <p>This included new priorities agreed at the May Corporation meeting. Governors welcomed the new Strategy, but asked that the priorities be re-ordered to reflect the College's most current priorities. They also suggested that indicative cost figures be included where possible.</p> <p>iBlock discussions were continuing and heads of terms had been agreed. The sale was progressing well, with surveys all completed. The sale was subject to planning permission which might not be secured until end of the year.</p> <p>The Committee <u>noted and supported</u> the College's application to the Post-16 Capacity Fund which comprised two separate bids for Huntingdon campus (£862k) to convert motor vehicle space to additional construction facilities and for Cambridge campus (£1.013m) to install a mezzanine floor for additional construction facilities. Both bids were in line with the College's Curriculum Strategy. Match funding was at 20%.</p> <p>The Committee <u>recommended</u> the Estates Strategy to Corporation for approval (with changes), noting that further work on costs would be included in the future.</p>
10	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. The tutor had now returned to work. The incident had now been reviewed with HSE who were satisfied with the College's policies and procedures in place.</p> <p>The Committee noted that many of the items were close to completion as they were due to be completed over the summer period. They recommended that the report included the date for the next asbestos survey.</p> <p>The Committee <u>recommended</u> the Policy to Corporation for approval.</p> <p>They asked that the Health and Safety Officer be invited to the next appropriate meeting.</p>
11	Work plan	<p>The Clerk introduced the Committee's Work Plan. All items on the workplan for 2020/21 had been covered and additional items had been introduced over the course of the year. A new addition to the Work Plan for 2021/22 was the inclusion of an Environmental Strategy in the autumn term.</p> <p>The Committee approved the Work Plan for 2021/22</p>
12	Terms of Reference	<p>The Committee reviewed the Committee's Terms of Reference.</p> <p>They recommended the Terms of Reference to Corporation with no changes</p>
13	Any other business	<p>There was no other business</p>

14	Self-assessment of Governors' Performance	The Committee felt that it had been a positive meeting. They welcomed the common style in the strategies and policies
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