CAMBRIDGE REGIONAL COLLEGE
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Minutes of the joint F&R Committee meeting held on 8th March 2022
Cambridge campus

MINUTES OF THE MEETING

Present	Tim Arthur, Chair Mark Robertson, Principal Heather Du Quesnay Abigail Trencher Martin Clapson Jane Mallabone
In attendance	Stephen Jones, Laura Kerry
Clerk	Emily Baldwin

1	Declarations of Interest Apologies for absence	There were no declarations of interest. There were no apologies for absence.
2	Minutes of the F&R Committee meeting held on 22nd November 2021 and joint Chairs/F&R meeting on 13th Jan 2022	There were no declarations of interest. T Arthur reminded the Committee of the outstanding action to have international business as an appendix to the Management Accounts. It was noted that COVID costs included lost opportunity costs as well as direct costs. This was in line with the definition in the year end accounts. It was noted that the Committee would be given the opportunity to reassess the Transformational fund bid if the College was successful in its bid. It was unlikely that the College would be able to reduce its match funding. The Gas centre was in the process of being moved to D block due to the imminent sale of iBlock. There remained the option to have an additional Gas Centre in Huntingdon, subject to expansion plans.
	Sub-contracting note	The Committee noted the sub-contractor update note. H Du Quesnay asked why the College had changed sub-contracting levels during the year. This was due to a decision to cease the partnership arrangement in Northampton. Governors noted that the curriculum delivered by sub-contractors was aligned with the intent of the College's curriculum and where possible, delivery was in the regions close to our area. Governors noted the requirement to reduce the level of sub-contracting in 2021/22 due to the ESFA threshold (25%) Governors were supportive of this approach.

		The level of sub-contracting and internal delivery in the adult education budget needed to be clear when setting the budget; trends of the last 3 years should be included in the analysis.
3	Students Union and Social Club Accounts 2020/21	S Jones presented the Students' Union and Sports and Social Club accounts. He explained that the Students' Union accounts were separate to the College accounts. He also clarified the expenditure on equipment in the accounts. The Sports and Social Club was for staff members. The Committee recommended the Students' Union and Sports and Social Club accounts for approval.
4	Review of College risks	S Jones introduced the new Risk Register and drew attention to the financial risks. The register was in the process of being streamlined to enable more focus on key corporate issues. Governors discussed the financial risks of the college. They suggested consideration should be given to moving the risk on apprenticeship income into the more general risk on income streams. There was a particular risk around accurate forecasting as identified by the FE Commissioner. Governors discussed the College's contribution levels and high staffing costs. While a 50% course contribution level was the sector benchmark, this was higher than many CRC courses. Governors noted that while staffing costs were high in comparison to income, staff reported being stretched and had not had a pay award in a number of years. M Robertson said that the College needed to consider whether it needed to bring more focus to its curriculum offer. The Committee discussed whether it would be useful to use a consultant to help understand the College's financial position. After some discussion, Governors agreed that they were assured by the Deputy Principal's strategic approach to financial planning and no consultant was necessary. However, the Deputy Principal should be supported to make sure he had sufficient capacity to focus on budget setting and building the College's financial resilience which might mean support for more operational areas of his role. Governors also discussed apprenticeships, and the need to focus on those which were most aligned with local needs which also generated higher returns. The College should also approach the local authority about the level of funding for SEND learners. Other areas to review included bus subsidies. A Trencher said that the College needed to make sure it had a portfolio of activity which included some low-risk, lower margin activity alongside more high-risk activity which might generate higher returns. J Mallabone suggested some changes in wording to the proposed risks ('below plan' or 'lower' recruitment, and to include a definition of liquid resources)

5	Period 6 Management Accounts	S Jones introduced the Period 6 Management Accounts. The Accounts included a bridge analysis which Committee members felt was useful. It was noted that the AEB growth case had been approved. The Committee discussed the incorrect assumption over the level of SEND funding that had been included in the Period 5 Management Accounts. This assumption had been corrected in the Period 6 Management Accounts but meant that the forecast deficit had significantly increased. The Committee underlined the importance of accurate forecasts checked by senior management before being reported to Governors. J Mallabone asked for clarification on the profile of income and costs over the course of the year. It was noted that there were higher levels of expenditure in the first half of the year. Revenue was recorded when cash was received. The College was moving towards more sophisticated budget profiling. There was more certainty in the budget in the second half of the year. The main uncertainty was the income from AEB learners. It was noted that the FE Commissioner team had advised including an alternative cashflow with the capital receipt from iBlock excluded. They also advised that the cashflow forecast should include actual cash amounts to supplement the existing graph. S Jones would make appropriate changes. The Committee **approved** use of the College's overdraft facility in the event of a delay in the receipt of funds from the sale of iBlock.
6	Capital expenditure plan 2021/22	S Jones introduced the capital expenditure plan for 2021/22. The plan updated members on the capital plan for the current year which had been updated to take account of receipts from iBlock. The IT capital requests had been reduced. Capital expenditure for 2022/23 would be scrutinised as part of the budget setting process. Governors asked for clarification of the plans for the gas centre. It was noted that there were still an option to install gas at Huntingdon, subject to expansion plans. Governors asked for funding sources to be put underneath the capital items in future reports. Future reports should also show links to the College's curriculum strategy. The Committee **recommended** to Corporation the capital budget for 2021/22 of £982k.
7	Financial planning and budget 2022/23 overview	S Jones introduced the paper on financial planning for 2022/23. The funding allocation from the ESFA had recently arrived, indicating a £2m increase in 16-19 funding for the year, excluding small group tuition. The additional funding came with an obligation to provide a further 40 hours of study programme activity. In some areas the College was already delivering

		this level of hours and would need to justify not increasing hours in those cases. The proposed budget included a 1% pay award, plus contractual increments. It also included assumptions about the level of staffing numbers. Governors asked about the level of pension costs, and S Jones clarified the different pension schemes in place. S Jones was asked if he was going to put any contingency in the budget. He confirmed that the central unallocated capital budget could be used as contingency. The budget also needed to be lower risk. It was agreed that a draft of the budget would be discussed with the Chair of F&R prior to the next committee meeting. The need to return to profitability based on a robust budget was reiterated.
8	Student fees strategy & regulations 2022/23	S Jones presented the student fees strategy and regulations 2022/23. The document had been simplified to remove details of guidance and rules that could be changed and replaced with references to the source documents. It was suggested that a specific link to the ESFA was included. References to the EEA had also been removed since students in that category now resided in the Non-UK category. This meant for former EU students, international fees had risen substantially and it was suggested that this be brought to the attention of the Commercial Committee. HE Fees were always determined a long way in advance of the following academic year and therefore these were included within the document for information rather than approval. The Committee recommended the Fees Strategy and Regulations to Corporation for approval.
9	Health and safety update	S Jones introduced the health and safety report. There had been one RIDDOR reportable incident and an accident investigation had been carried out. Governors asked for more information on College risk assessments. S Jones confirmed that he would be looking to improve the quality and consistency of risk assessments. The Clerk agreed to circulate the final health and safety audit report to the Committee.

10	HR mid-year report	L Kerry introduced the HR mid-year report. Key points of the report included: • Recruitment difficulties seen at the start of the academic year were reducing and application numbers were on the increase, although there remained some hard to recruit areas especially in electrical and learner support. This was an issue at a national level as raised by the AoC. The College was working with employers to find a joint solution. • Pay was becoming an issue with staff with a growing divide between pay of FE lecturers and school teachers. • Sickness absences had increased to pre-Covid levels. 18% of sickness absences were Covid-related. Agile working has enabled many staff to continue to work if self-isolating. • Absences due to mental ill-health was the highest contributing factor for staff sickness. Governors asked if this was higher than before the pandemic. L Kerry confirmed it was broadly back to pre-pandemic levels and was concentrated in particular areas. • Timely completion of annual appraisals had significantly improved. • Staff turnover had increased on the previous two years. Governors asked what the optimum level of turnover was. L Kerry confirmed it was around 15% so current turnover levels were slightly higher than target • The College were successful in being awarded Investors in People Gold Level status. Governors asked about the consequences of staff recruitment issues on students. L Kerry confirmed that the College made use of agency staff so that classroom provision had not been affected. In some areas, apprenticeship start dates had been delayed and there were some managers covering classes.
11	Any other business	There was no other business.