

**Minutes of the F&R Committee meeting held on 14th June 2022
Cambridge campus**

MINUTES OF THE MEETING

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

In attendance Stephen Jones, 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 F&R Committee meeting held on 12 th May 2022 and matters arising	The Committee agreed that the minutes were an accurate record of the meeting on 12 th May 2022.
4	Review of college financial risks	<p>S Jones introduced the updated Risk Register and explained the key changes to the risks relevant to the Finance & Resources Committee.</p> <p>The Committee noted the new action concerning the loan covenant. They discussed the risk around the vacant post of Head of MIS and noted that this would be filled by an interim in the short-term. Governors encouraged S Jones to continue with the search for a permanent position in the meantime.</p> <p>The Committee noted that the sale of iMET was ongoing.</p> <p>The Committee advised that provision be taken for iMET and for the ESFA audit in the current year.</p> <p>Governors suggested the following changes:</p> <ul style="list-style-type: none"> - R2212 - incorporate FE Commissioner visit - R2214 – mark net risk as green

5	Period 9 Management Accounts	<p>S Jones introduced the Period 9 Management Accounts.</p> <p>The College generated a year to date deficit of £1,569k. The revised forecast now estimated a forecast deficit of £1,559k. Cash balances remained strong and stood at £4,194k at the end of April which represented 45 cash days in hand.</p> <p>The Committee noted the position with the Adult Education Budget which had not performed to target. They also noted the historic debt from a sub-contractor which may have to be written off due to insolvency. They advised providing for this in the current year.</p> <p>It was noted that agency costs were particularly high due to the current high staff turnover.</p> <p>Governors questioned the need for an overdraft facility given the College's cash position. It was agreed that the College would continue with the overdraft facility given its modest cost.</p> <p>The Committee asked that a commentary be added to the bridge analysis in future reports.</p>
6	Financial benchmarks/KPI dashboard	<p>S Jones presented the ESFA KPI dashboard. It was noted that some of the information was now out-of-date. In particular, the College was expecting to have a 'Requires Improvement' financial health grade, rising to 'Good' the following year.</p> <p>Governors noted the focus on EBITDA rather than operating profit.</p> <p>Governors discussed the potential impact of T-levels on the College's income streams. The removal of some Btecs could raise financial and student satisfaction risks. It was noted that this could be an additional risk on the Risk Register and had also been raised by the L&Q Committee.</p>
7	<p>Draft budget 2022/23</p> <p>Three-year financial forecast 2021/22 – 2023/24 including cashflow forecast to 2023</p>	<p>S Jones introduced the draft budget 2022/23 and three-year financial forecast.</p> <p>T Arthur said the level of detail in the budget was greatly improved on the previous year, and reflected the considerable work of the management and finance team. He asked that S Jones passed on our thanks to the team.</p> <p>It was noted that the current budget forecast a surplus of £250k. While there was still risk in the budget, this was considerably lessened compared to the previous year. It was noted that the College was awaiting a decision from the ESFA on the threshold for subcontracting for adult education. The budget had assumed that the threshold would not be raised.</p> <p>The Committee discussed the risks around international income. They noted there had been considerable interest in the summer school. A group of Norwegian students had confirmed for the autumn term and this was a large part of the projected income. Given the margin on international, the risk to the budget was around £140k if there was minimal summer school activity.</p>

		<p>The Committee discussed the cost improvement plan which was an integral part of the budget. It was noted that some savings had already been identified, for example the reduction in teaching hours for English/Maths, and two management positions that were currently vacant and would not be filled. The Committee agreed that a high-level plan for how the savings would be achieved was needed as part of the budget approval process for Corporation. The plan should include a specific note on the English/Maths changes.</p> <p>It was noted the budget included provision for a staff pay increase from the 1st August which was supported by the Committee subject to affordability.</p> <p>Governors noted the potential bus changes and asked about the impact on students being able to get to college. They noted the different options for affected students to get to the campuses. They asked for more information on how many students might be affected by the cessation of the shuttle bus route between the campuses. It was noted that the College was approaching the Combined Authority about potentially contributing to loss-making routes.</p> <p>Governors asked for more clarity on 'other costs'. It was noted that accommodation referred to accommodation for international students. Learner recruitment fees referred to agencies used to engage apprentices and adults. These were productive and more cost effective than internal marketing.</p> <p>Governors discussed the surplus target. They advised that £200k be marked as contingency, leaving £50k as the surplus target.</p> <p>The Committee recommended the budget to Corporation with the following amendments:</p> <ul style="list-style-type: none"> - Change to the surplus target to £50k, with £200k identified as contingency - Additional information on the cost improvement plan, including a note on the changes to English/Maths delivery - Details of the cash flow forecast to be shared with the Chair
8	Sub-contracting 2022/23	<p>S Jones introduced the Sub-contracting Report. The report gave an overview of the performance of the subcontractors in the current year and set out proposals for the following year. This included a growth case which was subject to ESFA approval.</p> <p>The College needed to be clear on the use of sub-contractors in its curriculum strategy.</p> <p>The Committee approved</p> <ul style="list-style-type: none"> - the proposals for sub-contracting in 2022-23 (including with and without approval of a growth case), noting that the growth case would also require Corporation approval - the Subcontracting and Partnership Strategy and Supply Chain Fees Policies for 2022/23
9	Pay Strategy	<i>L Kerry joined the meeting.</i>

		<p>L Kerry presented the updated Pay Strategy. The main change was the inclusion of reference to market forces allowances.</p> <p>Governors noted the increasing challenges around pay, and the high staff turnover.</p> <p>Governors advised that the wording 'or similar job' be added to the section on market allowances. It was agreed that the Strategy gave sufficient flexibility to the College to help with staff recruitment and retention.</p> <p>The Committee recommended the Pay Strategy to Corporation subject to the agreed change to the wording.</p> <p><i>L Kerry left the meeting.</i></p>
10	<p>Health and safety policy</p> <p>Health and safety update</p>	<p>S Jones introduced the health and safety update and policy. There had been minor updates to the Policy.</p> <p>Governors discussed the health and safety incident which involving a student and staff member. The Principal confirmed that such behaviour was not acceptable and the College contacted the police when it was appropriate to do so. Students with a history of violence were not accepted to the College. In this case, the staff member was well supported by the College's HR department.</p> <p>The Committee recommended the Health and Safety policy to Corporation.</p>
11	Terms of Reference	<p>The Clerk presented the Committee's Terms of Reference. Changes had been made to reflect that HR issues would now be covered by the People and Governance Committee.</p> <p>The Committee recommended the Terms of Reference to Corporation with the following changes:</p> <ul style="list-style-type: none"> - Include statement that a Staff Governor could be a member of the Committee if appropriate - Remove reference to 'human resources' in co-opted committee member description
12	Committee work plan	<p>The Clerk presented the new Work Plan for 2022/23. There would be an additional meeting in May which would focus on the budget.</p> <p>The Committee agreed the Work plan with the addition FE Commission update at the November meeting.</p>
13	Committee self-assessment	<p>The Committee agreed it had been a useful meeting. It had been beneficial to have an additional meeting in May.</p> <p>The Committee asked for their thanks to be passed to the Finance team for all their work on the budget.</p>