FAREHAM COLLEGE

# **FINANCE AND RESOURCES COMMITTEE**

7th March 2018

# **M I N U T E S**

 Present: Mr N Duncan

 Mr P Grimwood

 Mr M Hoban

 Mr R Kew (Chair)

 Mr M Mansergh

Ms K Woods

 In attendance: Mrs E Baxter (Director of Finance & Funding)

Mrs J Eayrs (Clerk to the Corporation)

Mrs A Hinton (Executive Director HR)

Mr A Kaye (Deputy Principal)

**01/18 Declaration of Interests**

 Members of the Committee were reminded of the need to declare any personal or financial interest in any item of business to be discussed during the meeting. There were no interests declared.

**02/18 Apologies for absence**

 Apologies for absence were received and accepted from Ms Janagal.

**03/18 Minutes of the meeting held on the 21st November 2017**

 The minutes of the meeting held on the 21st November 2017 were agreed as a true and accurate record and were signed by the Chair.

**04/18 Correspondence**

At this stage, Mr Grimwood, declared an interest in relation to the sale of the land earmarked for the CETC 2 project.

(i) **Notice of Chair’s Action: Request to bypass the Financial Regulations** – Members of the Committee had received copies of correspondence between the Principal and Chair regarding Chair’s Action and a request to bypass the College’s Financial Regulations to support the College to engage the professional expertise required to complete an urgent aspect of the CETC Capital build programme. The Principal outlined the position for members and advised the Committee that it had only recently become apparent that the College would need to vacate the temporary CETC site currently being occupied whilst waiting for the permanent site to be vacated by the existing tenant. As a result, this meant that, in order to secure a destination plot for CETC and fulfil the requirements of the LEP grant, the College would need to significantly speed up the purchase of the land and application for planning permission. The Principal outlined the proposal which had been received from Peter Marsh Consulting Ltd for the project management of the whole CETC 2 build which exceeded the threshold for management authorisation at £114k, and, in accordance with the Financial Regulations would require Corporation approval. Members were aware that the next full Board meeting was not until 28th March 2018 which would result in a significant delay in the process which could jeopardise the entire project going forward. Given the exceptionally tight time deadlines associated with the LEP funding and the financial necessity to meet the stakeholders’ needs, the Chair authorised the bypass of the Financial Regulations to appoint Peter Marsh Consulting for the project management of the whole CETC 2 build up to the value of £114k. This was endorsed by the F&R Committee and members noted that the Chair’s action would be reported to the full Board for ratification at its meeting on the 28th March 2018.

(ii) **Redefinition of EBITDA: Email from Santander** – Members of the Committee received a copy of an email from Martin Phillips, Director of Education, Santander Banking, in connection with the latest definition of EBITDA as expressed within the ESFA College Financial Planning Handbook June 2017. Mrs Baxter outlined the financial model being proposed which related to sector-specific EBITDA and which had been agreed with the bank as outlined in the correspondence with Santander. Mrs Baxter confirmed that the Bank’s solicitors were currently working on a side letter that would revise the covenant requirements.

**05/18 Risk Management**

 Members of the Committee received a Risk Management report which outlined the top most current and assessed risks facing the College which were the responsibility of the Committee to monitor and review.

 The Principal spoke to the paper and highlighted the fact that there were currently 42 risks on the whole risk register. He reminded members of the ‘exception reporting’ approach and drew their attention to those risks which had ‘worsened’ since the last risk management update in November 2017 as follows:

* **Risk 2: Poor outcomes leading to loss of reputation and reduction in student recruitment** – Members noted that a decline in adult retention could result in lower than planned adult achievement and apprenticeship achievement was also forecast to be lower than targeted;
* **Risk 3**: **Poor FT and PT recruitment leads to decline in funding** – Members noted that student applications for 2018/2019 were stable despite a significant demographic decline which was causing some challenges in recruiting full-time 16 year olds. The Principal confirmed the position was being monitored closely;
* **Risk 8: Lack of capacity within curriculum middle-management team** – The Principal reported that all curriculum managers at the BRC campus had been further supported by the addition of two Curriculum Area Leads (CALs) which were lower middle management posts. However, members were advised that it was proving very difficult to appoint Heads of Construction including Sport and Uniformed Services and CETC. The Principal stated that he may need to review the position to offer an alternative management structure;
* **Risk 12**: **Failure to recruit sufficient apprentices to meet the growth plan in the budget** – The Principal confirmed that the mitigation was not working to address this risk and the College was unlikely to meet the growth budget target. The Principal emphasised the fact that it was the target in terms of income that would not be met on the number of learners but due to the fact they had been recruited later in the year the corresponding income was lower. Members noted that the position continued to be monitored closely. There was a brief discussion about options going forward, how to manage income issues and the cost base, how to be more efficient and what could be done in terms of rationalisation;
* **Risk 24**: **Property – new build and refurbishment leads to poor perception of C Building increasing demand for investment in existing building** – The Principal outlined the current position regarding the C Building roof which had blown off during the Christmas closure. Members noted that it was proposed to submit a request to the Solent LEP for capital support for a more substantial replacement roof;
* **Risk 41**: **CETC project** – The Principal confirmed that the CETC site was now established albeit there had been a number of initial concerns. He went on to say that finances were very tight but the project was being well supported by the Employer Group;
* **Risk 42**: **BAE Systems Dockyard Craft Apprenticeships** – The Principal confirmed that the finances for this project were critical and he confirmed that it would be loss making in the first year. He also advised members that there had been an indication that BAE make take the contract back now that the centre was up and running. Governors sought clarification on the contractual implications, reversed TUPE and PR related issues.

 **Members of the Committee reviewed and noted the contents of the paper and the mitigation in place to reduce the risks identified.**

**06/18 Management Accounts at 31st January 2018**

 Members of the Committee received a confidential paper on the Management Accounts at 31st January 2018. Due to the confidential nature of the contents of the paper and the related discussions, this item is recorded as a separate confidential minute for Governors only.

**07/18 Outline Budget Strategy for 2018/2019 and 2019/2020**

Members of the Committee received a confidential paper on the Outline Budget Strategy for 2018/2019 and 2019/2020. Due to the confidential nature of the contents of the paper and the related discussions, this item is recorded as a separate confidential minute for Governors only.

**08/18 2017/2018 Fees Policy and Guidance**

 Members of the Committee received the 2018/2020 Fees Policy and Guidance for consideration and review. The purpose of the policy was to provide a framework within which the College’s fee setting, fee refund and overdue fee processes were devised and operated. The Policy also set a framework for ensuring that comprehensive guidance and information regarding fees was available and accessible to prospective and existing learners, staff and Governors.

 Mrs Baxter spoke to the paper and outlined the main changes for the Committee’s consideration.

**Members of the Committee agreed to recommend the 2018-2020 Fees Policy and Guidance for formal approval by the full Corporation at its meeting on the 28th March 2018.**

**09/18 Termly Health and Safety Report – Spring Term 2018**

Members of the Committee received the Termly Report of the Health and Safety Operational Group.

Members reviewed the contents of the paper and noted that the Operational Group had last met on the 24th January 2018. Members noted the key issues which had been discussed at this meeting as follows:

* The Health and Safety Policy had been reviewed in June 2017 and had been amended in September 2017 to include CETC;
* The Health and Safety Manual was reviewed in July 2017;
* Members noted there were currently 5 first aiders at BRC and 4 at CEMAST. In addition, all Estate Operatives had been first aid trained and 2 members of staff from CETC had completed the 3 day FAW. Members noted that a one day EFAW training had taken place on the 3rd November 2017 which had been for 8 candidates who work within more vulnerable areas;
* Members noted that fire alarm testing continued on a Wednesday morning at both CEMAST and the BR Campus. It was noted that a full service of the alarm system had been completed in December 2017 at BRC and at CEMAST and Gosport Salon in February 2018. Members were advised that a few problems had been experienced with the alarm system recently, due to its age, which were being addressed and all testing and drills were up-to-date;
* Members reviewed and noted the annual cycle of Risk Assessment Review dates;
* Members noted that there had been 4 accident report forms completed and 1 near miss reported which related to the adverse weather damage to C Building roof;
* Property Inspections for the 2017/2018 academic year were well underway with the following areas completed to date: E Block, B Block, D Block, F Block and the Gym;
* Members noted that Evac Chair Training had been carried out on site with priority being given to Student Support Staff and individuals that require a Personal Emergency Evacuation Plan;
* Members were advised that CETC had been subject to an employer’s H&S Audit on 11th December 2017. A copy of the report had been provided to members for information. Members were advised that all recommendations which had arisen as part of the Audit had been addressed;
* The Principal provided members with an update on the C Building roof. He confirmed that the tender process had now been completed for the roof repair and the contract had been awarded to HiTec Roof Systems who were well known to the College. Members were advised that the internal repairs were yet to be tendered and could not begin until the external repairs had been completed;
* Members noted that a Lockdown Procedure rehearsal was due to be scheduled for both BRC and CEMAST sites with the date ‘to be confirmed’.

**Members of the Committee reviewed and noted the contents of the report.**

*At this point Neil McQueen Head of Technical Services joined the meeting to present the IT Strategy Update and provided members with a GDPR progress update presentation. The slides used are an Appendix to these minutes.*

**10/18 IT Strategy Update February 2018**

 Members of the Committee received a paper on the IT Strategy Update: February 2018. Mr McQueen spoke to the paper and provided members with an update on the three different priorities which had been split for each year of the Strategy, namely:

* **Year 1. Stabilisation** – Members reviewed and noted the Year One strategy goals which had been achieved and which included:
- Team restructure;
- Software upgrades;
- System infrastructure analysis;
- Re-alignment of multi-site infrastructure and the DRP being redesigned;
- Computer replacement.
* **Year 2**: **Standardisation** – Members noted the Year Two Strategy goals which included:
- Replacement of College printing solution
- Data and security compliance;
- Wireless upgrade;
- Disaster recover redesign;
- Computer replacement.
* **Year 3**: **Growth and Advancement** – Members noted the Year Three Strategy goals which included:
- Update 50% of server operating systems;
- Replacement of College audio/visual equipment;
- Software upgrades;
- Computer replacements;
- Security enhancements.

Members were reminded that, in addition to the projects detailed in the IT Strategy, there would also be a requirement to allocate time to the new CETC build.

  **Members of the Committee reviewed and noted the IT Strategy Update and the progress achieved to date.**

**11/18 Performance Review of the Deputy Principal 2016/2017**

*Mrs Baxter, Director of Finance & Funding withdrew from the meeting for this item.*

Members of the Committee received a strictly confidential report on the Performance Review of the Deputy Principal 2016/2017. Due to the strictly confidential nature of the contents of the paper and the related discussions, this item is recorded as a separate strictly confidential minute for Governors who are not Staff and Student only.

**12/18 Senior Postholder Correspondence**

 Members of the Committee received a strictly confidential email from the Executive Director HR. Due to the strictly confidential nature of the contents of the correspondence and the related discussions, this item is recorded as a separate strictly confidential minute for Governors who are not Staff and Student only.

**13/18 Date of next meeting**

It was noted that, in accordance with the Corporation Calendar approved in June 2017, the next meeting of the Finance and Resources Committee was scheduled for **Wednesday 6th June 2018** **at 5.30 pm.**