FAREHAM COLLEGE

# **FINANCE AND RESOURCES COMMITTEE**

6th March 2019

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

 Present: Ms K Allen

Mr N Duncan

 Mr P Grimwood

 Mr M Hoban

 Mr M Mansergh

 In attendance: Mrs J Eayrs (Clerk to the Corporation)

Mrs A Hinton (AP P&OD)

Mr A Kaye (Deputy Principal)

Mr M Lewis (AP FF&R)

**01/19 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. No interests were declared.

**02/19 Apologies for absence**

 Apologies for absence were received and accepted from Mr Kew and Ms Woods. Mr Grimwood chaired the meeting in the absence of Mr Kew.

**03/19 Minutes of the meeting held on the 23rd November 2018**

 The minutes of the meeting held on the 23rd November 2018 were agreed as a true and accurate record and were signed by the Chair. There were no matters arising from them which were not covered elsewhere on the agenda.

**04/19 Strictly Confidential Minutes of the meeting held on the 23rd November 2018**

 The strictly confidential minutes of the meeting held on the 23rd November 2018 were agreed as a true and accurate record and were signed by the Chair. There were no matters arising from them.

**05/19 Correspondence**

(i) **Aon Pension Briefing Note** - Members of the Committee reviewed and noted a briefing note from Aon which outlined the process which Aon would follow in assessing employer risk for employers in the Hampshire Pension Fund as part of the 2019 valuation. A schedule had also been provided which summarised the results of a financial risk analysis which had been undertaken for the Administering Authority as part of its review of the funding strategy for the Employer’s liabilities in the Hampshire Pension Fund. Mr Lewis explained that the purpose of the analysis was to consider the Employer’s ongoing and exit liabilities in the Fund in the context of the operating position and the balance sheet position. Members noted that the College had been reviewed as ‘Medium Risk’ which was the same risk category assessed in 2016.

**06/19 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.

 Mr Lewis, AP (FF&R) spoke to the paper and drew members’ attention to those risks which had ‘worsened’ since the last risk management update in November 2018 and to the new risks added as follows:

* **Risk 2: Poor outcomes leading to loss of reputation and reduction in student recruitment** – Members were reminded that outcomes in 2017/2018 had been lower than the previous year for 16-18 year olds (although still above national rates) and apprentices but had improved for adults. Mr Lewis highlighted the fact that the risk was associated with the apprenticeships which were below the ESFA minimum standards. Members were advised that a position paper in response to the apprenticeship minimum standards had been submitted to the ESFA. The ESFA had been satisfied and had acknowledged the position paper as a thorough response which provided a robust action plan for improvement. Members were also reminded of the new Business Plus Strategic Framework which had been presented at the February 2019 Governors’ training session by the newly appointed Managing Director for Business Plus who had, since appointment, restructured the operational aspects of the department with a focus on quality improvement;
* **Risk 6**: **Underinvestment in physical resources and assets leads to deterioration in the quality of teaching and learning and the competitiveness of the organisation** – Members noted that the College capital programme allocated a significant capital allowance each year to support the curriculum areas. Mr Lewis highlighted the fact that the risk was in 2019/2020 when a significant proportion of the capital allocation would be used for CETC 2. He advised members that the College cash-flow would be monitored and kept up-to-date prior to the capital allocation approval in the summer term. Any surplus cash would be available to off-set the shortfall. In addition, it was noted that any in-year additional funding would assist with money available from the Maths Centre of Excellence (COE) and T Level implementation funding (CDF);
* **New risk 8**: **T Level Preparation is undeveloped** – Members had received an update on the T Level implementation at the Governors’ training session in February 2019. Members noted that, since that update, the College had launched its T Level marketing strategy with time bound actions to ensure the messaging that T Levels were a credible alternative to A Levels was clear and communicated effectively to all stakeholders. In addition, members were advised that the industry placement target for CDF was an in-year challenge. An external employer engagement company had been recruited to support new employer placements to meet the current academic year’s target and support the increased CDF target for 2019/2020;
* **Risk 12**: **Serious IT security failure causing security breach: Cyber Security** – Members were advised that an internal audit undertaken by Mazars in 2017/2018 had confirmed ‘Limited Assurance’ in cyber security. The Principal added that the College had recently been bombarded with a significant number of ‘hacking’ attempts, all of which had been thwarted. The Principal provided a number of examples of the failed ‘hacking’ attempts. Members were assured that the recommendations which had arisen from the internal audit review would have been 100% completed by the time the ‘follow-up’ review was undertaken at the end of April 2019;
* **Risk 15**: **Lack of capacity within curriculum middle-management team** – Members were advised that the large majority of the curriculum management team were stable and capable. However, it was noted that recent turnover at CEMAST and a newly presented management capability issue had created heightened risk at the Centre. The Principal assured members that the Senior Management Team had been rota’d to the Centre each day to ensure a senior manager was always on site. In addition, it was noted that Lesley Roberts, would be the Senior Manager responsible for the Centre and she would be based there full-time going forward;
* **New risk 25**: **Non-compliance and adherence to the College’s Health and Safety Policy and Procedures** – Members were advised that recent incidents had raised serious concerns about the College’s management and attitude to ensuring compliance with its Health and Safety Policy and procedures. Members acknowledged that this issue would be considered and discussed under a separate item later on the agenda;
* **New risk 40**: **Civil Engineering Training Centre (CETC) project strains finances** – Members noted that finances related to this project remained extremely tight but were well supported by the Employer Group (SCEEG) members. The £400k for groundworks for the CETC new build were being undertaken by the SCEEG members with Blanchard Wells as the lead contractor. Members noted that a five-year repayment plan for current SCEEG members who were contributing to the groundworks for the new CETC Centre was in progress.

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

**07/19 Management Accounts at 31st January 2019**

 Members of the Committee received a confidential paper on the Management Accounts at 31st January 2019. Due to the commercially sensitive and confidential nature of the contents of the paper and the related discussions, this item is recorded as a separate confidential minute for Governors only.

**08/19 Contribution Report by Department – January 2019**

 Members of the Committee received and noted the Contribution Report by Department. Mr Lewis spoke to the report and advised members that the contribution report was an internal document which had been compiled to support the management accounts and it was submitted to the SMT. He went on to explain that the forecast position was reported by curriculum area and the sum of the contributions by curriculum areas covered the support costs of the College with an excess of £37k as a surplus. Mr Lewis concluded by saying that the Contribution Reports were in early stages of production and several areas required review before they could be used on a commercial basis. However, it was felt that it provided a good indication of how the College was operating financially between curriculum areas and support areas.

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

**09/19 Outline Budget Strategy for 2019/2020 and 2020/2021**

Members of the Committee received a confidential paper on the Outline Budget Strategy for 2019/2020 and 2020/2021. 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.

**10/19 Termly Health and Safety Report – Feburary 2019**

Members of the Committee received the Termly Health and Safety Report at February 2019. Members reviewed the contents of the paper and noted the following:

* The Health and Safety Policy had been signed by the Principal and distributed on 12th June 2018;
* Part 2 of the Policy had been reviewed in August 2018;
* Part 3 of the Policy had been reviewed in August 2018;
* Members reviewed and noted the specific functions of the H&S Operational Group, its reporting lines and the membership;
* Southern Fire Alarms had completed a full service at the Bishopsfield Road Campus (BRC) and CEMAST in January 2019. Members noted that the faults which had been identified as part of that service had now been rectified;
* Fire extinguisher inspection had been completed in July 2018 by Interserve;
* Members noted that a risk assessment review was due to be undertaken which would bring them all under Directors of Faculty. This would allow improved access for Directors with procedural assistance available from the Health and Safety Manager. Members noted that the completion date for the review was the 5th April 2019;
* Members noted that, since September 2018, there had been 14 accident report forms completed and 5 near misses reported. Members reviewed and noted the 3 incidents which had been reported to the HSE and which included:
- A member of staff broke their arm from stumbling over a chair which was being moved;
- A member of staff slipping in the staff lounge and cutting her ear which required stitches;
- A member of staff suffered a deep cut to the ball of their thumb which required stitches when lowering the Genie AWP lift;
* Routine property inspections had been carried out in the following areas:
- F Building (Commercial);
- A Building (Art and Fashion);
- B Building (Construction);
- A Building (Maths and English);
- D Building (Early Years);
* Training modules continued to be issued for new starters. Members noted the mandatory modules included:
- Fire safety;
- Manual handling;
- Display screen equipment use;
* Members noted that the Bodet system for announcing a Lockdown at CEMAST had been installed and initial sounder testing undertaken. An additional sounder was yet to be installed for the MUGA/smoking area which would then complete the programme ready for a full lockdown exercise;
* The Principal advised members of a serious incident which had occurred at CEMAST on the 5th February 2019 which had resulted in an investigation by an external consultant being commissioned which, although still ongoing, was unearthing a significant number of issues and concerns regarding a lack of systematic and effective monitoring of health and safety in the College. The Principal went on to say that the incident was significant and, although there had been no injuries, the potential for injury had been real and the potential implications for the College could have been serious if someone had been injured. He felt that this demonstrated a culture in the College of things being done without the necessary risk assessments being put in place. He went on to say that recent incidents had raised serious concerns about the College’s management and attitude to ensuring compliance with its Health and Safety Policy and Procedures due to the following:
- PAT testing had fallen behind required levels of compliance;
- Numbers of ‘near misses’ were lower than would be expected of an FE College;
- Repairs were not being completed in a timely fashion;
- Documentation was not timely in its completion.

The Principal confirmed that he would be resuming the role of Chair of the Health and Safety Operational Group and an action plan had been developed to address the concerns which had been raised as part of the External Consultant investigation. Members had been provided with a copy of the Health and Safety Investigation Report at agenda item 7(vii) for their information.

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

**11/19 Annual Review of IT Strategy**

 Members of the Committee received a paper on the IT Strategy Update: February 2019. The Principal spoke to the paper and reminded members that the current IT Strategy had been developed three years ago and had been compiled in line with the Strategic Plan as part of a rolling three-year plan. Members reviewed and noted the strategy goals outlined for year 3 and the goals which would have been achieved by the end of the Plan.

 Mr Lewis reminded members that the outcome of an IT internal audit review in 2017/2018 had not been favourable but the recommendations made would be reviewed by the new Internal Audit Service provider as part of their ‘follow-up’ process.

 The Principal concluded by saying that the end of the academic year would bring the current strategy to a close and, as a result, a new strategy was currently being developed for the next three-year phase which would be presented to the Committee for consideration in due course.

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

**12/19 Annual Review of Fees Policy 2019/2020**

 Members of the Committee received the 2019/2020 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.

 Mr Lewis spoke to the paper and outlined the main changes for the Committee’s consideration.

**Members of the Committee agreed to recommend the 2019-2020 Fees Policy and Guidance for formal approval by the full Corporation at its meeting on the 27th March 2019.**

**13/19 ESFA Indicators for Potential Fraud**

 Members of the Committee received a paper on the ESFA Indicators for Potential Fraud which provided a generic checklist and/or risk factors associated with potential fraud for education providers. Members were advised that the factors had been categorised into areas; personal motives, organisational motives, weaknesses in internal controls, transactional indicators, possible methods, record keeping. The AP (FF&R) stated that the list was not exhaustive but it was a helpful checklist where concerns arose.

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

**14/19 AoC Governors’ Council: The College’s Senior Staff Remuneration Code**

 Members of the Committee received a paper on the AoC Senior Staff Remuneration Code. The Clerk to the Corporation spoke to the paper and advised members that, in May 2018, the AoC Governor Council had established a working group to produce the College’s Senior Staff Remuneration Code (Remuneration Code) and related guidance to support colleges in good governance practice. She went on to say that three other factors had influenced Governor Council thinking:

1. To ensure colleges remained at the forefront of good governance nationally;
2. In response to the new Office for Students (OfS) regulatory requirements and, in part,
3. As a response to the political and media interest in senior staff pay and to respond to high-profile examples of questioning trustee, governor and other boards oversight.

Members were advised that the Remuneration Code aligned with and was equivalent to the Committee of University Chairs (CUC) Remuneration Code and this supported colleges in meeting the requirements for registration with OfS, ESFA reporting requirements and ensuring efficient and consistent practice across educational sectors.

The Clerk confirmed that the introduction of the Remuneration Code was an amendment and addition to the AoC Code and it had been produced and was recommended to the sector by the AoC Governor Council.

**Members of the Committee reviewed and considered the Remuneration Code and agreed to recommend it for formal approval by the full Corporation at its meeting on the 27th March 2019.**

**15/19 Date of next meeting**

It was noted that, in accordance with the Corporation Calendar approved in June 2018, the next meeting of the Finance and Resources Committee was scheduled for **Wednesday 5th June 2019** **at 5.30 pm.**

**Post minute note:** The 5th June 2019 meeting was subsequently changed to Tuesday 18th June 2019 at 5.30pm.