

## MINUTES

### FINANCE & RESOURCES COMMITTEE

5PM. THURSDAY 29<sup>TH</sup> JUNE 2017

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<b>Present:</b>	Julie Barton	External Governor
	Chris Dodwell	External Governor
	John Sidney	External governor
	Andrew Wren	Principal & Chief Executive
<b>In Attendance:</b>	John Smith	Deputy Principal F&R
	June Fielding	Financial Controller
	Megan Hughes	Head of Human Resources
	Karen Johnson	Acting Clerk

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#### APOLOGIES FOR ABSENCE

F/17/28 Apologies were received from Trish Kidd (Chair), in the absence of the Chair, John Sidney, External Governor, chaired the meeting.

#### DECLARATION OF INTERESTS

F/17/29 Governors were reminded of the requirement to declare their interests in any agenda items. For any such declaration Governors would not be eligible to speak or to vote on the matters under discussion.

#### EQUALITY & DIVERSITY

F/17/30 Governors were reminded of the College's commitment to equality and diversity and inclusion, and the need to consider these issues along with health and safety in all Committee business.

#### MINUTES

F/17/31 **Resolved** the minutes of the meeting held on **31<sup>st</sup> March 2017** be **approved** as a correct record and signed by the Chair.

#### MATTERS ARISING/ACTIONS

F/17/32 There were no actions arising from the previous meeting.  
The update from the HR Manager on Gender Pay Gap was deferred to the next meeting.

**Action: Clerk to note for the agenda**

#### MANAGEMENT ACCOUNTS

F/17/33 The DP F&R presented the Management Accounts to the end of May 2017 and highlighted the following items:

- Income just under £15m against budget of £14.6M
- Expenditure £336k ahead of where we would like to be, however, here is a surplus of £55k with an end year forecast of £79k.

The DP F&R drew the Committee's attention to the following points:

- Variances in the accounts are within Adult Funding – this is due to a variety of reasons, including recruitment and retention being lower than expected:
  - Learner loan funding is higher than expected
  - HEFCE/HE fees - out of line with original plans but overall learner numbers are on track
  - Income is higher than expected due to increased learner numbers across funding streams and contracts, the Committee queried the differences in income dependent upon learner age and were informed that this is due to the different funding levels the College receives from funding bodies. In addition, BAE Systems apprentices from the March intake will be in College over much of the Summer period which also attracts an appropriate level of income which is in addition to that originally forecast
  - Each element of the income stream was outlined with an overview of any difference between income and target and the reasons behind these. Staffing spend is lower than target and this is due to a prudent approach to recruiting and replacing staff
  - Franchising costs increased in year due to the use of external providers to assist with recruitment of additional learner numbers , as a balance this brings in additional income due to increased learner numbers in the appropriate funding streams
  - Depreciation costs are higher than planned due to the valuation of the merged estate
  - Capital expenditure, below target at the present time, however, by year end will be slightly above this, primarily due to works planned for July and additional expenditure due to urgent works at Rating Lane.

Overall, the finances are better than originally planned.

F/17/34 The Committee **noted** the management accounts

### **BUDGET INCLUDING 3 YEAR FINANCIAL PLAN FOR 2017/18**

F/17/35 The DP F&R presented on the key points:

- Audience for the budget will be Governors, ESFA and Banks and Auditors
- The report format meets the ESFA Financial Planning Checklist and is focussed on progressing the Strategic Plan for the College, manages risk and meets college financial indicators.
- Review of 2016-17 with budget figures compared to forecast
- Operating income for 2017-18 with a comparison to the previous year – broken down to income by the different funding streams with an overall forecasted income = £16.541m
- Expenditure broken down by key areas:
  - Pay & Staff costs, Non Pay costs, Capital expenditure

The Chair queried the differences in pay costs in comparison to the increase in planned income. The Principal advised that this is primarily due to increased efficiencies and ensuring that staffing is aligned to the curriculum plan, some subjects do have low enrolment numbers but have been maintained to maintain the breadth of the curriculum offer.

In addition, the implementation of independent learning and some changes in the delivery of personal tutorials will bring in additional efficiencies.

- Capital expenditure – outline of the planned changes for 2017-18 and an associated breakdown.
- Cash position outlined less planned spends, with an end of year balance compared year on year.
- Risk: Financial risks: solvency and financial difficulty.  
Key risks are: College fails to earn planned level of income  
College fails to maintain pay costs within budget  
College fails to maintain non-pay costs within budget  
An overview of how these risks are mitigated was provided.

In addition, a contingency is provided for, with substantial cash reserves of 50 days.

Summary provided with an opinion of financial health of outstanding – this has been based on the methodology used by funding agencies.

F/17/36 The Committee **recommended** that the budget for the 2017-18 be approved by full Board.

### **SUB-CONTRACT ARRANGEMENTS FOR 2017-18, CUMBRIA TRAINING PARTNERSHIP (CTP)**

F/17/36 The DPF&R presented a report which formally requests approval from the Committee to continue the subcontract apprenticeship provision with Cumbria Training Partnership and RV Projects

F/17/37 The Committee **recommended** that Board approve that sub contract provision be approved for the 2017-18 academic year.

### **PRINT & COPYING SERVICE CONTRACT confidential item**

### **HR UPDATED**

F/17/40 The HR Manager presented a comprehensive update on HR related issues and developments which included the timeline of the staffing restructure which had taken place post merger and included a detailed overview of the:

Restructure update of senior and curriculum management and the associated changes and costs.

Support staff restructure and an outline of the associated phases and those areas in scope.

Outline of new roles within the structure

Likely vacancies at the end of the process.

F/17/41 The Committee **noted** the report and commented that post-merger this appeared to have been carefully managed and implemented and noted the huge amount of HR activity involved in the successful management of the process.

### **ITEMS FOR THE NEXT AGENDA**

F/17/43 Pay gender gap update from Head of HR – deferred to next meeting

**CONFIDENTIALITY**

F/17/44 Item F/17/38 and F/17/39 were agreed as confidential items.

**DATE OF NEXT MEETING**

F/17/45 The next meeting was scheduled for **5pm on Tuesday, 28<sup>th</sup> November 2017** at Channelside

**MINUTES APPROVED**

Signed \_\_\_\_\_, Trish Kidd, Chair of Finance & Resources Committee

Date \_\_\_\_\_ Subject to Amendments / No Amendments