

**NON-CONFIDENTIAL  
MINUTES OF FINANCE & RESOURCES COMMITTEE  
18<sup>TH</sup> MARCH 2019**

**Present:**

John Sidney	External Governor
Andrew Wren	Principal
James Rawnsley	Staff governor
<b>In attendance:</b>	
Nicola Cove	Deputy Principal - F&R
Megan Hughes	Head of Human Resources
June Fielding	Financial Controller
Mike Phipps	Awaiting Board approval – Co-opted member
Karen Johnson	Clerk
Caroline Vernon	External Governor (Chair of Corporation)

**PROCEDURAL ITEMS**

**FR/19/01** The Clerk drew Governors’ attention to the two paragraphs at the top of the agenda, formerly agenda items, reminding Governors of their responsibilities and to declare any interests relevant to agenda items, and that this also includes responsibilities around Equality, Diversity and Inclusion, and Health & Safety. In addition governors were reminded of their duty to report any changes in year with regards to their declarations on the register of interest to the Clerk.

**NON CONFIDENTIAL ITEMS  
APOLOGIES FOR ABSENCE**

**FR/19/02** Apologies for absence were received from Janet Garner – external governor.

**APPOINTMENT OF CHAIR**

**FR/19/03** Nominations were invited from Committee members (external) for the position of Chair, to serve until the Summer term 2020. John Sidney was nominated and this was supported by the members in attendance.

**FR/19/04 Resolved: John Sidney to serve as Chair of the F&R Committee until Summer term 2020**

**MINUTES OF PREVIOUS MEETING**

**FR/19/05 Resolved: The minutes of the Finance & Resources Committee, held on 28.11.19 were agreed as a true and accurate record and duly signed by the Chair**

**MATTERS ARISING AND ACTION POINTS**

**FR/19/05**

FR/18/27	Head of HR to include a breakdown of absence by college area in the termly HR reports	Partially complete
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**TERMS OF REFERENCE**

**FR/19/06** The Clerk presented the Terms of Reference for annual review and approval. There were no changes to the ToR presented and Governors were asked to consider and approve these. These are noted within in the Standing Orders of the Corporation and any amendments will be reflected in these and are taken to Board for approval annually.

**FR/19/07 Resolved: The Committee approved the Terms of Reference for the Finance & Resources Committee**

**INSOLVENCY REGIME**

**FR/19/08** The DP F&R presented a paper on the Insolvency Regime for FE Colleges which had recently been formally implemented by the Department for Education. Members of the Governing Body had previously been advised of the details of the legislation and this was further emphasised at the recent Board development session. The summary paper circulated provides the Committee with an overview of the purpose and impact of this regime on the FE Sector and Furness College in general. Essentially this means that most of the insolvency laws which apply to charity law also apply to Colleges and whilst the Secretary of State would be able to appoint an administrator in the case of insolvency

there is a difference for the FE sector in that the protection of the learners at the institution would be a priority rather than any creditors. This is to ensure continuity of learning.

The implementation of the regime follows a series of very high profile colleges who found themselves in financial difficulty and is aimed at trying to change behaviours around the financial controls and risks which have been at the heart of those colleges placed in financial difficulty.

With regards to Furness College we have strong controls and governance in place with proactive management of cost base. For Furness College this means that it is a very low risk of likelihood of the Act needing to be used. It is likely in the sector that there will be some examples of colleges and is very much a last resort.

Questions were asked if this supports or replaces the financial oversight already in place by the ESFA and was advised that this will support the existing ESFA monitoring process, re Financial Notice of Concern.

Question was asked with regards the current management of financial affairs by the college, this is essentially theoretical and asked if in the future circumstances change, at what point would the college seek help, noting that some colleges have not asked for help until a very late stage in the process. Would it be useful for the college to have a procedure in place to map out the process involved.

**Action: DP F&R to consider an appropriate form of procedure which sets out the steps which would be invoked should the financial stability of the college be at risk**

**FR/19/09 Resolved: The Committee noted the report on the Insolvency Regime for FE**

## **HR TERMLY REPORT**

**FR/19/10** The Head of Human Resources presented on the key points of HR activity which had taken place over the previous term. The Committee's attention was drawn to:

- Starters and leavers: overview of the number of starters and leavers, there were no specific reasons for staff leaving (staff are surveyed prior to exit). The number of support staff leaving had increased on the previous term but this was limited to one area of the college which had been subject to an internal disciplinary process and it was felt that this then led to a number of resignations prior to the disciplinary process being completed
- Managing and planning for future staffing needs, since the merger with 6<sup>th</sup> Form we have had a number of staff members who provided a catering service at St Bernard's School, this is currently in a TUPE process and whilst it is hopeful that this will be implemented from 1.4.19 this is still under consultation with the new provider
- Curriculum planning for 2019-20 has now commenced, HR will join during April/May for the second part of the process when any staffing outcomes are clearer
- Subject leader – post restructure this role has now been reviewed and consultation has taken place to remove this post. The staff involved have remained in post but the title of SL has been removed, the non teaching duties within the post are carried out by other members of staff. Following questioning the Committee asked if the teaching capacity of these posts had been retained and were advised that this was the case and where appropriate teaching capacity has been increased to ensure that the college is meeting the needs of the curriculum. Two roles of curriculum leader were added into the structure for 6<sup>th</sup> Form to strengthen management of the affected curriculum areas

- Professional support procedure – overview of the support which is currently being offered
- Capability – none at present
- Disciplinary – two instances of complaints and formally investigated by HR
- Harassment and bullying – no concerns received
- E&D training 94% of staff have completed the training, those who have not completed are new starts who have not yet completed

Governors asked how E&D was emphasised in college, the HR Manager outlined the various strands of activity that the college undertakes to monitor E&D and the strengthened training and awareness raising which is offered to staff via CPD

- Policies and Procedures: the performance management policy had been revised and approved by the Joint Negotiating Committee. This was tried and tested during the recent Ofsted inspection with a positive outcome for this area.
- Governors asked if the staff survey responses will be included within the next HR report to the Committee

**Action: Head of HR to include staff survey responses in the next termly report to the Committee**

**FR/19/11 Resolved: The Committee noted the HR termly report**

## **FEES POLICY**

**FR/19/12** The DP F&R presented the Fees Policy 2019-2020 for consideration and approval. Overarching policy which sets out the process for setting fees for the next academic year. There are no changes to this process.

There have been some amendments to the collection of fees from loan bearing students which strengthens and sets out the process to ensure that we are getting evidence early for loan approvals and should this not be received the collection of bank details to assist with collection of monies due. Currently reviewing the performance of the debt collection company used to see how efficient they are at supporting the recovery of doubtful debts.

**FR/19/13 Resolved: The Committee approved the Fees Policy for 2019-2020 and recommended for Board approval**

## **MANAGEMENT ACCOUNTS FOR THE PERIOD ENDING 31.1.19**

**FR/19/14** The management accounts for the period ending 31.1.19 were presented to the Committee by the DP F&R, the following points were made:

- £661k operating surplus, which is £191k behind budget assumption – this is an improvement on the previous year
- The surplus of non cash transactions falls to £43k – behind budget by £232k
- Income is broadly on budget and variations in the period primarily relate to expenditure items where pay is underspent and this saving is expected to be consolidated through to year end
- Non pay items show an adverse variance against a flat budget, although this is as a result of a timing issue only and are expected to reverse by year end
- Year end expectations will inevitably change throughout the year but at mid point there are a number of known/predicted material variations across the cash based income and expenditure lines. Variances are largely compensatory and the overall operating surplus at £1,145k is still forecast to be in line with budget (projected shortfall of £19k)
- Some small adjustments are already known re depreciation and deferred capital grants following 2017/18 year end close, and as such the accounting position is currently predicted as a deficit of £84k for the year to July 2019
- The college will continue to work hard to improve the operating position in order to bring the overall accounting position back to break even, ceteris paribus re FRS102 (28) LGPS pension assumptions
- The cash earned will fund ongoing capital expenditure, repay debt and fund cash expenditure made from pension providers (re teachers, the cost of historic enhancements, re LGPS lump sum deficit contributions)
- The Committee's attention was drawn to the additional funding which was anticipated in response to the transfer of learner numbers following the removal of NACRO provision in the area. The college had received a top up to its allocation for 20 learners but has now been advised that we will not receive additional funding in year for the 11 actual places recruited over target.
- Adult Education Budget: process around the January offer which has brought in additional learner numbers which impact positively on the AEB. The college will seek to reactivate the work with the sub-contracting partner Back2Work who have been approved by Governors previously and successfully assisted us in generating additional income last year
- Pay – this figure includes the pay award which was backdated to August. Currently reporting an underspend on pay, all posts are subject to scrutiny and this will continue to be the case. All overtime claims are subject to final approval by a member of the ELT, this also allows ELT to have additional oversight of this key area
- Other Income – variance of £64k mainly relates to expenditure on the Hello Futures project which is looking at assessing and developing the mental health resilience of targeted groups of students
- Performance against bank covenants – compliant with these, all of which have a comfortable margin  
The Committee commented that the management accounts provide comfort that the college can deliver its education plans within the financial constraints.

**FR/19/15 Resolved: The Committee noted the management accounts**

## **BUDGET OUTLINE FOR 2019/20**

**FR/19/16** The DP F&R presented the budget outline for 2019/2020 and drew the Committee's particular attention to:

- Funding allocations, the 16-19 allocation has been received, AEB allocation has been received and the College knows the details of what the non-levy apprenticeship contract will be in that this will be extended to March 2020

- Flat lining of income for young people
- Reduction in the AEB as a result of devolution - to take account of College funded provision delivered to adults living in devolved areas
- The continuing impact of apprenticeship growth, full introduction of Standards and therefore the additional costs of end point assessment, the levy and digital apprenticeship service
- The continued developments of arrangements with BAE Systems
- Cost pressures in maintaining the Channelside plant and buildings as part of a cyclical refresh and renewal programme and roof repairs to the Rating Lane site
- Increase in Teacher Pension Service contributions from 16.5% to 23.7% (40% increase) This is expected to be funded by the DfE in year 1 but will likely affect future years planning
- Very challenging financial climate for 2019/20
- Reference to Table 1 which breaks down income by strand, following questioning the DP F&R provided an explanation of AEB devolved learners, this relates to those learners who enrol on a course with us but live in a devolved post code area and consequently, this proportion of funding from 17/18 activity will be removed for 19/20.
- Apprenticeships – there is opportunity for us to continue to grow apprenticeship numbers and income, the cost of the EPA which will need to be offset against this predicted growth
- Teachers Pension – the budget paper assumes that funding will be received for 50% of the actual cost, however, this is an assumption and may be lower or higher than this figure once notification is received
- Other income lines – context of the other major sources of funding
- Expenditure – the college will restrict expenditure so that we have an operating surplus and this is the basis in which the college has traditionally approach the budget setting. A lot of this expenditure will be finalised as we work through the curriculum planning process which will set the curriculum plan for 2019/20.

The significant changes were outlined within the report.

- Non pay costs – overview of the key lines within non pay costs
- Cash generation and utilisation,  
Headlines within cash generation
- 5 year investment requirements – overview of the 5 year investment regarding essential update and renewal, the detail of this still requires some refinement although much of the information detailed within this element of the report is known and well quantified.

The DP F&R provided context to each of the headlines noted within this section of the report.

Governors were asked to note and invited to make further comment with regards to the 2019-20 funding position and related outline budget and to confirm their support of the commitment to fund essential level of investment involved in the routine refresh and renewal and that this meets with their strategic vision for the college, following the theme of 'invest to save'

**FR/19/17 Resolved: Governors supported the direction of travel for investment which was detailed within the report and confirmed the importance of planning for the sustainability of the College buildings and asked for continued focus on the Advanced Manufacturing & Technology Centre to ensure that this remains a flagship for advanced manufacturing for the area.**

The DP F&R also added that she would like to undertake a full structural survey of the buildings and this will feed into the overall accommodation strategy for the college which it is planned to be developed.

**FR/19/18 Governors also suggested that there is a survey of the premises on a regular basis. Action: DP F&R to note**

**FR/19/19 Resolved: The Committee noted and accepted the outline budget for 2019/20**

**FR/19/20** The Committee also raised the impact of Brexit on the college finances and were advised that the fuller impact of this will be advised within guidance from Funding Bodies but this has not yet been received.

#### **STUDENT UNION ACCOUNTS FOR 2017-2018**

**FR/19/21** The DP F&R presented the Student Union accounts for 2017/18 and advised that these would give an update on the financial position for FCSU for 2017/18 and activity to date for 2018/19. The following key points were made with regards to the transactions within the accounts of the FCSU:

- The FCSU does not have any constitution in a legal sense so is not required to formally draw up and submit accounts
- £6700 income last year – from sale of NUS (Totum) cards, events and a small contribution from the college
- £9,000 income this year
- Overview of expenditure
- Net funds are very positive and are used for the benefit of students and the SU
- A proposal had been received by ELT for financial independence for the FCSU however, this had not been approved but they had been encouraged to work with the college to take on some additional responsibilities whilst the College retaining overall control

The Committee agreed that these were appropriate parameters for the SU at Furness College

**FR/19/22 Resolved: The Committee noted the Student Union accounts for 2017-18 and key activity in the current financial year**

#### **6<sup>TH</sup> FORM PRIZE FUND ANNUAL REPORT & ACCOUNTS– 2017/18**

**FR/19/23** The DP F&R presented the 6<sup>th</sup> Form Prize fund annual report and made the following points with regards to the prize fund which is a charitable trust set up a number of years ago. This fund is separate to the financial accounts of the College but in the spirit of transparency is reported to the Committee for information.

#### **Declarations of interest were received from Mike Phipps, who acts as independent scrutineer for the 6<sup>th</sup> Form Prize Fund**

The college has considerable funds which are held in a series of investments, approx. £300k. In previous years the funds had traditionally been spent by using only the interest raised on the funds to retain the capital value of the fund.

However, over the past 2 years more substantial prizes have been awarded, although this has still had very little impact on the overall value of the fund.

The Board of Furness College has overall responsibility for the appointment of Trustees to the Prize Fund, however, this had been formally delegated by the Board to Andrew Wren and Jan Fielding who are current trustees. The Trustees plan to have a scheme to set out how the funds will be utilised in the future.

Mike Phipps explained the history of the fund and added that this was an opportunity to utilise the funds to provide support to students.

**FR/19/24 Resolved: The Committee noted the 6<sup>th</sup> Form Prize Fund Annual Report & Accounts**

#### **CONFIDENTIAL ITEMS**

#### **CONFIDENTIAL MINUTES FROM THE MEETING HELD 28.11.18**

**FR/19/25 Resolved: The confidential minutes from the meeting held 28.11.18 were agreed as a true and accurate record and were duly signed.**

**There were no actions or matters arising from these minutes.**

#### **GENDER PAY GAP REPORT**

**FR/19/22** The Head of Human Resources presented the Gender Pay Gap report and made the following points:

- The metrics of gender and pay were provided within the report
- The mean gender pay gap was 21.15% in 2018 against 21.81% in 2017
- The media gender pay gap was 38.54 in 2018 against 35.49% in 2017
- The College is clear on the reasons for any gaps
- There are some actions which have been identified as having a positive impact on reducing the gender pay gap which were outlined within the report
- The Committee were assured that the college was taking appropriate actions to ensure that the College was meeting its requirements and was not biasing employment procedures to males or females

**FR/19/23 Resolved: The Committee approved the Gender Pay Gap Report**

**ITEMS FOR THE NEXT AGENDA**

No items were raised in addition to the normal cycle of business.

**CONFIDENTIALITY**

The Committee considered the items and agreed that there were no items discussed which were required to be classified as confidential.

**DATE OF NEXT MEETING**

The date of the next meeting was agreed as 5pm on Wednesday 26<sup>th</sup> June 2019

MINUTES APPROVED

Signed \_\_\_\_\_ Chair of Finance & Resources Committee

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

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Pre approved