

**FURNESS COLLEGE CORPORATION**  
Principal and Chief Executive: Nicola Cove

**MINUTES OF FURNESS COLLEGE**  
**AUDIT & RISK COMMITTEE MEETING**

Meeting Date: 5<sup>th</sup> March 2025

Venue: Board Room Channelside

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**Present:**

Phil Huck (Chair)	External
John Smith	External
Helen Bayley	External

**In Attendance:**

Nicola Cove	Principal & CEO
Justin Smith	Director of Finance
Stephen Pringle	wbg
Joanne Crowther	Clerk to the Corporation

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**ITEM 1 - APOLOGIES FOR ABSENCE**

AR/25/1 Apologies were received from Neil Hodgson

**ITEM 2 - DECLARATION OF INTERESTS**

AR/25/2 The Chair reminded Governors 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.

**ITEM 3 - EQUALITY, DIVERSITY & INCLUSIVITY**

AR/25/3 The Chair reminded Governors of the College's commitment to equality and diversity and the need to consider these matters along with health and safety in all Committee business.

**ITEM 4 - MINUTES OF THE PREVIOUS MEETING**

AR/25/4 **Resolved** the minutes of the meeting held on **20<sup>th</sup> November 2024** be **approved** as a correct record and signed by the Chair.

**ITEM 5 - MATTERS ARISING/ACTIONS**

AR/25/5 The Chair reviewed the actions from the previous meeting with the following findings:

Actions complete. The Chair confirmed that he would liaise with the Chair of the Learner Experience Committee to attend a meeting

## ITEM 6 – INTERNAL AUDIT REPORTS

- AR/25/6 ADULT SKILLS FUNDING - Prior to receiving the report, Members asked for clarity around what constitutes Adult Skills courses? The Principal & CEO confirmed that what counts as Adult Skills is a learner who is 19+ as of 31<sup>st</sup> August in the academic year in question. The courses that are available for adults are prescribed by the Government in the Learner Records Database that shows all programmes that can be funded, and guidance under which funding stream. Not all courses fundable for 16-18 are fundable for Adults for example. There are a range of eligibilities beneath this attached to the learner that determines whether the learner can be funded, for example around residency, and whether the learner will attract full government funding or co-funding which is 50%. There are a range of other eligibilities and there is a matrix for adults that translates the type of programme and the number of hours to determine the funding. Members noted that some of the complex factors make it hard to get learners onto programmes which in turn can make it difficult to meet funding targets.
- AR/25/7 The Chair asked why ASF had been selected for audit. The Principal & CEO confirmed that there have been significant structural changes for eligibility for ASF so sought assurance from the auditor to provide to the Committee and the Board that we have the right approach.
- AR/25/8 Mr Pringle from wbg presented the findings. He confirmed that wbg are one of the four firms that undertake funding reviews of behalf of ESFA. He advised that as auditors they also looked at maximising the ASF as well as considering individual learner records (ILR), the collecting and recording of the data, eligibility, enrolment, unique learner numbers specifically for Adult Skills Funding, and examining funding / co-funding etc.
- AR/25/9 Mr Pringle confirmed that they looked at the exception reporting. The requirement from the ESFA is for a sample of 30 so this has been done. He was pleased to confirm that he could confirm Strong assurance with low grade recommendations and 14 best practice points. Mr Pringle advised that the Committee could be confident that other firms would make the same finding. Four low grade recommendations were made, and these have been accepted by management. He advised that this was a clean review with good practice points to note.
- AR/25/10 The Chair asked if the ESFA audit this annually. Mr Pringle confirmed that auditors receive a list of college selected for a funding review. Some are risk based, but it is largely a random selection. The Principal & CEO confirmed that information is shared with ESFA through annual reports and can be factors taken into consideration. The College has not had an ESFA funding audit for a long time, so likely that we will be selected at some point. It is clear that the College looks at funding on an annual basis within the internal audit cycle and the issues that come back are largely housekeeping issues so reassuring that things are identified and checks can be put in place.
- AR/25/11 Members noted the findings and recommendations and asked if there was anything that impacted on the funding or anything that would affect learners' ability to move forward with jobs/courses. Mr Pringle confirmed that there were no instances of either. The points raised were not so much errors as admin

issues. The auditor can use government software so can check in significant detail. The main thing for the audit is, has the funding been claimed correctly.

AR/25/12 The Principal & CEO confirmed that it was very pleasing to see that there were no funding errors. Also, monthly data returns are sent so there is continual updating. In terms of value of input, this is about a huge number of records and on the basis of the information we have, there have been no funding errors which is significant.

AR/25/13 The Chair noted that the points raised were administrative, and that the College is below benchmark for any points raised.

AR/25/14 Members queried a point on p3 of the executive summary and noted that the final bullet point does not appear to fit within the scope as it relates to recruitment. The Principal & CEO confirmed that this is linked to the issue of maximising funding. Mr Pringle confirmed this and advised that perhaps the wording was not entirely ideal, but that it does indeed relate to ensuring that the College is maximising its funding.

AR/25/15 RISK MANAGEMENT – Mr Pringle presented the report and confirmed that he was pleased to confirm Strong assurance. He advised that auditors looked at how this is set out and monitored and considered any training and reporting to committees. He was pleased to note that there was only one low grade recommendation around training, and a number of good practice points.

AR/25/16 Members asked if there was budget to mitigate the cost of any actions. The Principal & CEO confirmed that there were not.

AR/25/17 Members asked whether or not the College should have seen the risk that led to the Ofsted outcome. The Principal & CEO advised any fundamental gaps or weaknesses in the operation of the framework were considered and wbg assured the College that there were not.

AR/25/18 The Chair confirmed that he was pleased to see the management response and the implementation date. Asked Mr Pringle if the deadline was satisfactory. He confirmed that it was.

AR/25/19 The Principal & CEO confirmed that it was important to do this effectively and not treat it like a tick box so sufficient time is allocated to do the work properly. We have never done things to tick a box as we feel it is important to engage whole heartedly. We recognise that this is not just SLT, we have done things as a committee and as a wider Board.

AR/25/20 The Chair welcomed both reports. He confirmed that the Board were working towards ensuring all information is benchmarked so this is very helpful. The Principal & CEO confirmed that wbg have a very wide client base so we are looking at a broad base for the benchmarks.

**AR/25/21 RESOLVED – the audit reports were NOTED**

## **ITEM 7 – AUDIT RECOMMENDATIONS MONITORING REPORT**

AR/25/21 The Director of Finance presented the report and confirmed that there were five recommendations from reports taken at the previous meeting of which three remain in progress, but with actions that are not yet due at this point. Some are

planned for the end of the year. The work around HR onboarding is mostly done with a few actions for inset days in the summer. With regard to Cyber Security, these will be implemented when the new server system is installed during the Easter break. He confirmed that he was confident that all timescales would be met.

AR/25/22 Members asked about one of the closed actions around the phishing exercise and asked if this was successful and if so, what was learned. The Director of Finance confirmed that the IT Manager sent out phishing emails and offered training to those who did not see them for what they were. Also, for those who saw it was a phishing email and deleted it rather than reporting it. The Chair noted the importance of cyber security and confirmed he was very pleased to see this completed. When asked, the Director of Finance confirmed that the exercise would repeat on a cycle.

**AR/25/23 RESOLVED – the paper was NOTED**

#### **ITEM 8 – Risk Management report**

AR/25/23 One Member indicated a potential conflict of interest as a member of staff of the organisation mentioned in the report. The Chair invited them to remain but not participate in the discussion.

AR/25/24 The Director of Finance presented the report and asked that it be taken as read. The Chair suggested that we consider the four risks with changing profile individually, and then move to more general points.

AR/25/25 Members asked if the Structure & Prospects Appraisal (SPA) process should be added as a standalone risk. The Principal & CEO advised that this is embedded in reputational damage, and there is a separate SPA risk register considered by the SPA steering group. She advised it could be difficult to add as a risk as it is a golden thread through everything. She advised that the PIAP was an additional risk levied within the existing framework as opposed to the specific risks already identified and noted that we needed to be careful not to count twice. The PIAP could be seen as an emergent risk on core business. Once the outcome of the SPA is known, there may be a post SPA risk identified that may be standalone as this will then crystallise into a risk where pointed mitigations that could be made.

AR/25/26 The Chair asked about the frequency of the Risk Management Group meetings. The Principal & CEO confirmed that they were termly, but currently risk is discussed at the weekly SLT meeting as part of the post inspection process. The Chair asked if it was a live document and the Principal & CEO confirmed that it was.

AR/25/26 The Director of Finance asked Members to note that there is a significant shift in the ongoing conversations with providers, the conversations about the SPA and as such, risk needs to be increased because of the uncertainty. When outcomes are known, this will be reviewed and hopefully managed down. The Principal & CEO confirmed that it is still business as usual. We would normally now be looking at indicative funding but the sector have not received anything this year, not even partial funding factors so no estimations can be made. It is an unusual position to have core funding allocations so late which indicates that Treasury is still working on this. This suggests that there is a lot of uncertainty even around normal business.

- AR/25/27 REPUTATIONAL RISK – The Director of Finance confirmed a move upwards from 8 to 9. The Risk Management group looked at a range of information from the SIP and the SPA process, but to date there has not been a drop in applications to the College. Complaints have been received, but from different areas. There is ongoing conversation with large local employers, so an additional risk needs to be brought forward but the committee did not feel it needed escalating beyond 9.
- AR/25/28 The Chair asked where complaints are heard by the Board. The Principal & CEO advised that they go to the Learner Experience Committee. At the meeting this week, the report reviewed highlighted 14 in the reporting period. It was noted that some were coalescing around sixth form challenges, and some links to staffing and availability, but there was no golden thread running through. The College is monitoring and responding within normal processes, as we go through the process more may emerge. The important part is to respond to any complaints and the Principal & CEO noted that we would be concerned if there weren't any. In a slightly longer period, seeing resolution of the points, but where they link back to staff can take time to resolve.
- AR/25/29 Members noted that comms can take a lot of time and asked if SLT felt that they have the time and expertise to manage the current situation. The Principal & CEO confirmed that there is no one person on the team who manages this, so the load is spread. Specialist advice on comms has been received from the AoC comms team which has been helpful. A significant postholder is in the business support team who has been heavily involved in work with SMEs and has done a lot of really good work locally. Time consuming, but very important to do. It is a many peopled effort. The Chair noted that it is clear comms has not slipped. Members noted that Barrow is a uniquely close community where information proliferates quickly and needs managing.
- AR/25/30 7 - RECRUITMENT AND RETENTION OF APPROPRIATELY SKILLED STAFF
- AR/25/31 The Director of Finance confirmed that there have always been issues in this area and there are still some challenged. The College is managing to recruit, but much will depend on the outcome of the SPA. The Principal & CEO confirmed that on the upside, is Barrow Rising (Plan for Barrow). This is encouraging, and she also highlighted a small population rise for the first time in a decade all of which are important mitigations. Members asked if there are new houses planned? The Principal & CEO confirmed that there were.
- AR/25/32 The Chair noted that the rise in population would be significant for recruitments. He felt that lifting the risk was sensible given the likely pressure on recruitments and factors that are outside the College's influence.
- AR/25/33 NEW RISK – POST INSPECTION RECOVERY – The Director of Finance confirmed that in last meeting, this emergent risk had been identified and now risk ratings and factors had been considered. The PIAP is rigorous and putting in place processes to mitigate the risk and will become the core of the process. Also, some things have emerged in terms of investing in management capacity, and this is being considered by SLT. Everything that is going on at the moment holds a significant risk so this reflects the seriousness of the situation. The Principal & CEO confirmed that last time it was described it as an emerging

risk, but now the work done gives us the opportunity to review and amend the scoring.

AR/25/34 Members asked about the risk. The Principal & CEO confirmed that is about capacity as we are asking staff to do more and more. Individual aspects of the PIAP are part of other risks, so this is trying to capture not just the risk that we don't recover, but also the other unintended consequences that come from focusing on the PIAP as there is a day job that doesn't stop and must be done. The Chair noted that pace is a significant issue which further impacts capacity.

AR/25/34 The Chair agreed that this should be accepted as a new risk and the residual risk is reasonable at 12.

AR/25/35 The Chair asked Members if they wanted to raise issues about any of the remaining risks.

AR/25/36 Members asked about the possible drop in numbers at the Sixth Form. The Director of Finance confirmed this is about only offering A Levels at the Sixth Form as currently level 2 programmes are also offered there He confirmed that one of the issues from the intervention report was that the provision of Sixth Form should be reviewed. The assessment that the College arrived at is that the mixed offering at Sixth Form was originally to try and bolster numbers, but the impact of this has been that it is not a true sixth form. There is level 2 that was 'step into sixth form', for learners not confident at the main site. This was created to support learners, but this may have diluted the sixth form experience that may have led to sixth form learners making alternative choices. The College is now looking at moving anything that is not true sixth form offering to Channelside and working on the perception of learners and parents. This will show a reduction in numbers at this site, but it will be more about re-distribution than an overall reduction. Members noted that the Sixth Form is the only place in Barrow to study A Levels, but other local provision in Millom and Ulverston is accessible to learners.

**AR/25/37 RESOLVED – the report was NOTED**

#### **ITEM 9 – WHISTLEBLOWING**

**AR/25/38** The policy was presented by the Director of Finance who confirmed that this is a refresh with no major changes. The Chair suggested that this could be considered on a two-year cycle rather than considering it annually.

AR/25/39 Members agreed that the Whistleblowing policy be moved to a two-year cycle.

**AR/25/40 ACTION – the Clerk to amend the policy to a two-year cycle on the schedule of business**

**AR/25/41 RESOLVED – the policy was recommended to the Board for approval.**

#### **ITEM 9 – APPOINTMENT FOR CHAIR FOR NEXT YEAR**

AR/25/42 The Chair left the meeting. Members voted to appoint Phil Huck as Chair for the coming year. Mr Huck was invited back into the room and accepted the nomination.

**AR/25/43 RESOLVED – Phil Huck was approved as Chair of the Audit & Risk Committee for the coming year.**

**ITEM 10 – COMMITTEE SELF REFLECTION**

AR/25/44 The Chair led the discussion. Members confirmed that they felt they had time to consider and discuss the issues raised. The Chair noted that it was important that Members took the time to read the papers thoroughly. Members noted that having a small committee made it easier to participate and that they felt good discussion had been possible.

AR/25/45 The Chair noted that as a statutory committee, the issue of Ofsted is focused on learners. Finance and Audit are both strong, but Curriculum and Quality were not. We need to consider what we can do as a committee to support developing outcomes for learners. He confirmed that he would be in discussion with the Chair of LE and that perhaps a conversation with the NLG would help to see how this fits together.

**AR/25/46 ACTION – Chair to speak to the Chair of LE regarding links between the two committees**

AR/25/46 Areas of success to raise with the Board.

- Two strong audit reports
- No audit actions out of time
- Risk is being effectively managed and some risks elevated

AR/25/47 Areas of concern to raise with the Board

- The increase in residual risk for a number of key corporate risks with four now in the very high category.

**ITEM 11 – DATE AND TIME OF NEXT MEETING – 18<sup>th</sup> June 2025**

**ACTIONS LIST FROM FURNESS COLLEGE  
AUDIT & RISK COMMITTEE  
05 of MARCH, 2025**

<b>ACTION</b>	<b>Ref MINUTE</b>	<b>WHO</b>	<b>BY WHEN</b>
<b>ACTION – the Clerk to amend the policy to a two-year cycle on the schedule of business</b>	<b>AR/25/40</b>	<b>Clerk</b>	<b>Next iteration of cycle.</b>
<b>ACTION – Chair to speak to the Chair of LE regarding links between the two committees</b>	<b>AR/25/47</b>	<b>Chair</b>	<b>Next Meeting</b>