

**BOSTON COLLEGE****MINUTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON 3 OCTOBER 2018**

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**1. PRESENT**

Peter Cropley, David Earnshaw, Jo Maher, Steve McCracken, Gerry Tawton and Nick Worth.

Also in attendance: Janet Hemmant (Clerk to the Corporation), Debbie Holland (Director of Finance) and Jen Durrant (Head of HR and Organisational Development).

Attendance 100%

**2. APPOINTMENT OF CHAIR FOR 2018-19**

Having been duly nominated Gerry Tawton was appointed as Chair for the 2018-19 academic year.

Gerry Tawton in the Chair

**3. APPOINTMENT OF VICE-CHAIR FOR 2018-19**

Having been duly nominated David Earnshaw was appointed as Vice-Chair for the 2018-19 academic year.

**4. ACTION LOG**

The committee reviewed the action log and noted that only 1 item which was not yet due remained to be completed.

**5. MINUTES**

The Minutes of the Meeting held on 18 June 2018 were reviewed and approved.

Peter Cropley asked about the provision for dilapidations on the Skegness property. It was agreed that the Director of Finance would confirm the figure within the accounts for the dilapidations. ●

**6. FINANCE**

Members received a report from the Director of Finance on College accounts and pensions results.

Debbie Holland advised that for the 2017-18 accounts the College remained in outstanding financial health with an improved surplus position. The accounts are due to be audited next week and the surplus stands at £352,000. It was noted that pension adjustments turned this figure to a loss but these notional figures did not have any impact on calculations of financial health or EBITDA. The College had adjusted the pensions assumptions and the committee was advised of the changes made.

Peter Cropley asked about variances to the surplus which had occurred after the papers presented to the June meeting. A discussion took place about the capitalisation of the website costs and it was noted that a number of late changes had arisen from items such as vacancies and delivery of the Calderdale contract where the final position could

not be anticipated when the June papers were prepared. Consumable spending also produced a further underspend, this had happened in the past but the 2018-19 budget has been predicated on reduced consumables spending. There had also been a change arising from additional high cost income being received and a discussion took place about the level of variances.

David Earnshaw asked about the impact on the income and expenditure account of pension charges. Debbie explained these and Steve McCracken advised the committee about the pensions calculations and the two schemes in which College staff were enrolled, the Teachers' Pension Scheme and the local government scheme. He told the committee that the teachers' scheme is unfunded and significantly increased payments will be required in the future. He also explained the local government pension scheme arrangements and how these schemes were being consolidated. The changes in the valuation of the local government pension scheme had had a positive effect on the College's balance sheet. Nick Worth expressed concern about increasing pension costs and how these, particularly for the teachers' pension scheme, were taken into consideration for future planning.

## **7. NATIONAL LIVING WAGE AND TEACHERS PENSIONS**

Members received a confidential report from Debbie Holland about the implications of increases to the National Living Wage on the College budget. A number of options were reviewed by the committee on how the College should proceed in modelling costs for future increases in the National Living Wage and it was agreed how this should be calculated.

Jo Maher advised the committee that further information was awaited on the Teachers' Pensions cost increases and whether there was likely to be funding available to support the additional costs. It was agreed that this should be discussed further at the next meeting of the committee but that any updates received in the interim should be communicated to the committee.

## **8. HIGHER EDUCATION VALIDATION PARTNERS**

Members received a report from the Principal on progress made regarding HE Validation Partners and options to grow Higher Education income. The committee approved a phased approach to the University of Derby provision to allow prospectus development, fee increases and planning time. It was noted that the College needed to grow Higher Education to protect its revenue.

Steve McCracken asked about the impact of the potential reduction in the Adult Education Budget as a result of devolution. Jo Maher advised the committee that the College was looking at the implications of this in detail and producing a budget model using the data from the final ILR information for 2017-18. The anticipated impact was likely to be in the region of £50,000 since a gross reduction of £250,000 was likely but that this related to work delivered through partnerships from which the College only retained a 20% contribution. This reinforced the need to grow Higher Education.

## **9. HUMAN RESOURCES**

Members received a report from the Head of Human Resources and Organisational Development on sickness absence, employer relations, starters and leavers and staff utilisation.

Jen Durrant advised the committee that there had been a decrease in absences, particularly short-term absences. Information was provided to the committee about steps the college was taking to further improve this position including action to be taken in relation to a potential influenza outbreak and support staff on stress related issues.

Jen also advised the committee that the College would be changing its HR Legal Services support in the near future.

The committee noted the contents of the report.

David Earnshaw left the meeting

**10. EMAT**

Members noted the latest position in the development of the EMAT centre which had moved forward following the meeting with prospective contractors earlier in the afternoon.

**11. PERFORMANCE MONITORING**

Members received a report from the Clerk to the Corporation on committee performance. The committee noted its performance against 2017-18 targets and agreed to recommend to the Corporation that targets for 2018-19 should be:

- 80% attendance
- Progress the following objectives:
  - i) Completion of the EMAT/Construction developments
  - ii) Create a strategy for dealing with pension changes
  - iii) Resolution of the Skegness lease
  - iv) Model and create a strategy for dealing with the impact of the National Living Wage and the Adult Education Budget
- Repeat the in-depth review of the College's budget which would also act as a CPD session for new Corporation members
- Monitor the College's cashflow position.

**12. INSTITUTE OF TECHNOLOGY**

Jo Maher advised the committee that there had been a recent change in the guidance about the way in which capital investments were being dealt with. At the moment the position was unclear and the College was seeking clarification. Since there was a potential that the changed guidance might result in a breach of one of the College's key principles it was agreed that a special meeting of the Finance and Resources Committee would be called to consider this if it became necessary.

**13. STEVE MCCRACKEN**

It was noted that this would be the last Finance and Resources Committee meeting for Steve McCracken as he was leaving the Corporation on 24 October 2018. Peter Copley, on behalf of the committee members, thanked Steve for the excellent job which he had done in serving the committee over a number of years. Members appreciated the extra service which he had been prepared to undertake over the last 12 months.

**14. DATE OF NEXT MEETING**

It was noted that the next meeting of the committee would take place on Monday 19 November 2018.