

Agenda No: 02



FINANCE AND GENERAL PURPOSES COMMITTEE

WEDNESDAY 30 JUNE 2021

Report: Minutes of the meeting held on Friday 28 May 2021

Author: Clerk

Action: Approve

Status: Open

Present: Martin Hedley (Chair)
Andy Cole (Interim Principal / CEO)
Robin Bailes
David Brind

In attendance: Ivan Jepson (Director of Business Development)
David Keetley (Financial Controller)
Keith Oxspring (Interim Finance Director)
Chris Toon (Deputy Principal: Curriculum & Quality)
Jeremy Cook (Observer)
David Alexander (Observer)
Emma Moody (WBD, Clerk)
Suzanne Clark (Minutes)

F/026 Chair's Welcome, Apologies and Conflicts of Interest

The Chair welcomed everyone to the meeting. No apologies were received.

No conflicts of interest were declared at the start of the meeting and members were reminded to declare any conflicts that arose during the discussions in the meeting.

The Chair advised that following an update received earlier in the day, there would be an additional report from the Interim Principal / CEO in relation to the FTC office building which would then be followed by the planned Property Update.

F/027 Minutes of the last meeting dated 26 March 2021

The Interim Finance Director clarified that minute JFA/15 and the reported enhancement of figures of £366k was in respect of the current year rather than 2021/22. Subject to this amendment, the Finance and General Purposes related items from the Joint Meeting of Finance and General Purposes and Audit Committees on Friday 26 March 2021 were agreed as a correct record.

F/028 Matters Arising

The Interim Finance Director reported that the formatting error on schedule 3 of the draft budget was accurate on the central College copy. The formatting issue occurred when converting the document into PDF for circulation.

The Interim Finance Director reported on mechanisms in place for bad debts. In the case of student debtors, permanent notes are placed on the system which would flag up if the learner reapplied. In terms of commercial debtors, a system is being implemented to ensure that, if they are still in business, the College does not re-engage with them.

F/029 FTC Offices Update

A verbal update was given by the Interim Principal / CEO.

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Action: Interim Principal / CEO to confirm whether planning permission had been granted.

Action: Clerk to reconvene the property sub-group.

Action: Interim Principal / CEO to update the ESFA.

F/030 Property Update

A verbal update was given by the Interim Finance Director relating to remaining property issues.

It was reported that contracts have been exchanged for the sale of Construction 2. Final documentation was signed on 27 May 2021 and this has been handed back to the College's solicitors. It is expected that the transaction will be concluded imminently.

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The report was noted.

F/031 Monthly Management Accounts and KPI Report – April 2021

The report was presented by the Interim Finance Director.

The Deputy Principal: Curriculum & Quality advised that the College position in relation to AEB is a very fast-moving picture. Some markets have revived quicker than expected. There are plans in place to continue to push to achieve target. The Director of Business Development added that one of the College's key subcontractors, **CONFIDENTIAL AND NOT FOR PUBLICATION**, have escalated delivery following a line shutdown at Nissan which is also affecting the supply chain and have secured an additional 100 learners which will take them close to their contracted value. This was very much unexpected two months ago.

In response to a question from a member around the release of provisions, the Interim Finance Director advised that the team are being very prudent in terms of cash and income and expenditure. There has been a £100k release of provisions for non-pay costs. There are also a number of provisions where there is potential that the budgeted figures might not be needed. It was highlighted that it is currently very difficult to forecast exam costs. There are a number of variables to be considered. The Interim Finance Director gave assurance that he was very much looking to achieve a break-even position. There are also some provisions in cash but a prudent view is presented.

The Deputy Principal: Curriculum and Quality reported that he was comfortable with the current position around apprentices. There is some risk around achievement and some markets have been complicated by the pandemic. There are some challenges around the additional 20% of funding released on successful completion, particularly linked to leadership and management apprentices in the health service. The Committee was

advised that the College is currently ahead of profile with new recruits and the Deputy Principal: Curriculum & Quality confirmed that he was confidently optimistic.

A member questioned whether the full year forecast would be impacted on by the issues around the sale of FTC. The Interim Finance Director indicated that the forecast would not be affected as it was planned for FTC to be sold in the next academic year.

In response to a question from the Clerk, the Interim Finance Director advised that sub-contracted ESF activity, in reference to working with **CONFIDENTIAL AND NOT FOR PUBLICATION**, was planned earlier in the year but has not been awarded. The Director of Business Development added that there has been a significant delay with ESF contracts and there have been no contracts awarded as yet. At this point in time, it is not something that the College would want to engage with. This is not a reflection of the relationship with **CONFIDENTIAL AND NOT FOR PUBLICATION**, which was otherwise going well. It was confirmed that there will likely be opportunities for 2021/22 academic year.

A member asked whether there was likely to be any movement in relation to the AEB threshold. The Interim Principal / CEO advised that discussions are ongoing in relation to this. An FOI request has been submitted on behalf of colleges more widely to look to understand the basis of the 90% threshold. AOC data suggests that Colleges are likely to achieve between 60% and 80% of their allocations. This is still a live debate. It was stressed that colleges differ significantly in terms of AEB. Whilst colleges are not always good at working collaboratively, there has been remarkable solidarity across the sector in relation to this particular challenge. In response to a question from a member, the Interim Finance Director advised that the College's AEB contract is around £6m. If the threshold were to change, a rough calculation would be an increase of £60k for each percentage.

The report was noted.

F/032 Budget Update

The report was presented by the Interim Finance Director.

The Deputy Principal: Curriculum & Quality advised that catering is a challenge. The contribution in this area is low as there are high costs associated with running the programme and group numbers are constrained due to capacity in the training kitchens. The business and travel curriculum is being remodelled so the team have looked to be cautious with group numbers in this area. There is some confidence that numbers could be exceeded. Historically, the College has had large provision in retail. If markets do not improve in this area there may be a need to look at the resource. The Business Development team work closely with curriculum teams to secure new business. The Deputy Principal: Curriculum & Quality added that he had undertaken a significant amount of work recently around demographics which he could share with the Committee. Due to a demographic upturn, increased 16-18 numbers of between 160 to 180 are expected. This will prove a challenge that will need to be managed. The Director of Business Development highlighted that there was also a challenge around AEB delivery. A rebalancing of delivery between direct and subcontracted provision is needed. This will start in 2021/22 and will continue into 2022/23.

A member suggested that the second table presented as part of appendix 1 be updated to include the number of students by area and the number of FTE staff. This would give assurance on the basis of the budget calculations and show how any expected growth would be managed. The Interim Finance Director agreed that this can be included.

The Deputy Principal: Curriculum and Quality highlighted that construction is a key growth area. Applications are around 4 times higher than in previous years and applications are being received earlier than is normal for this area.

A member asked whether the College had sufficient staffing resource and property infrastructure to cope with the increased demand. The Deputy Principal: Curriculum & Quality advised that the team are currently working through this. There is an opportunity to look at internal capacity and some funding has been made available to support this. There is a fund where awards of between £100k to £4m can be secured. The College would like to make use of this.

The Clerk highlighted that the FEC have been clear that clarity is needed on the assumptions on which the budgets were built. Governors require this to be able to challenge appropriately. The Clerk indicated that having this level of detail around basis of assumptions made, clearly presented, at the next meeting would be helpful.

The Clerk also stressed the need to be nimble in relation to staffing resource requirements and the need for the People Committee to be kept updated on the staffing structure and any planned changes in strategy in that regard. The College's focus on quality should also be considered to ensure that there is no impact on delivery. A member asked that sensitivities are included when producing the budget assumptions to give governors an understanding of when a sensitivity would be great enough to have a material impact on budget. The Chair felt that this would be really helpful for both the Committee and the incoming Principal and Finance Director. In relation to sensitivities, the Interim Principal / CEO highlighted challenges around 16-18 learner recruitment indicating that unless in-year requests are triggered, funding is lagged. He suggested that demographic information and an analysis of recruitment which looks to project this out by 2-3 years would be useful. The increase could potentially mean that fewer new learners are needed in future years as a result of internal progressions. This should be modelled so the impact on teaching hours and property can be considered whilst also maintaining a focus on quality. He added that whilst it was important to have a level of casual, flexible resource, anything more than 20% of the staffing base being casual is difficult to manage.

The Chair asked whether the incoming Principal and Finance Director have had sufficient information to give an understanding of the current position and any challenges. The incoming Principal advised that he has had meetings with key individuals and was still at a transitional stage. He very much welcomed the opportunity to attend the meeting today and will continue to progress with discussions. The incoming Finance Director indicated that he was comfortable with information received to date adding that he was encouraged by the level of information presented. As with the incoming Principal, discussions with key individuals will continue until in post.

In response to a question from the support staff governor, the Deputy Principal: Curriculum & Quality advised that there is no income associated with the College's sport academy programmes, hence the line presented a cost to the college.

The Interim Finance Director confirmed that when calculating contributions and percentages, these are similar to the current year although 16-18 provision is based on the higher number of learners. The Deputy Principal added that there will be a need for some additional staff on a flexible basis.

Action: Interim Finance Director to add student numbers and number of FTE staff to the area breakdown.

The report was noted.

F/033 College IT – structures and processes

A verbal update was given by the Deputy Principal: Curriculum & Quality.

The Chair commented that this will be an area demanding a tremendous amount of attention in the future in light of the recent increase in cyber-attacks.

The Deputy Principal: Curriculum & Quality reported that the College's IT function is made up of four separate teams. These include the network team, desktop support, e-learning and IT development. The teams work across all areas of the College covering all campuses. IT development have developed over 70 in-house systems which are used regularly by staff and students. There have been some challenges around IT development recently and the resource available in this area. One member of staff was recently replaced and there is also currently a vacancy. E-learning support the College's VLE and provide dedicated support to curriculum staff. It is planned to engage an apprentice to support in this area to pick up on more general activity which will allow the IT development and eLearning staff to focus on more complex tasks.

Following recent changes introduced around GDPR, the College attained cyber essentials accreditation and has maintained this. The team recently moved to a second tier for the firewall. It is planned to move to cyber essentials plus which includes two-factor authentication security. A significant amount of work is undertaken in relation to penetration testing, working with JISC, to understand any vulnerabilities. This is also an area that will be included as part of the internal audit this year. The network team are included in the College's business continuity plans.

In terms of recent activity, the team have undertaken projects to upgrade available technology in classrooms. All classrooms now have promethean touch screen interactive whiteboards. Webcams are also available in all classrooms. Network switches have all been upgraded. Telephony needs some upgrading and whilst there is some work to do in this area, it is felt to be currently fit for purpose. WIFI points across the College have been updated. A further review is needed due to the increase in staff and learners using devices as connectivity can be a challenge. There is currently a key issue around file storage. There is a need to consider how files are stored and the team are working with JISC in relation to this. Currently all data is stored on site on the College's servers. Disaster recovery servers are located at the Academy for Sport. Advice will be taken from JISC in relation to this and the Deputy Principal: Curriculum & Quality indicated that he would welcome the opportunity to discuss further with the Committee. As some of the College servers are nearing the end of their life, some budget has been included for 2021/22. The team are looking at agile teaching and it is likely there will be a need to consider licensing used for particular curriculum areas. Some software can be accessed via the cloud which supports virtual working. The next phase of the College's IT strategy will look at what is needed in the future.

A member requested a copy of the College's disaster recovery plan. The Deputy Principal: Curriculum & Quality confirmed that he would provide this. The member asked whether cyber essentials covers phishing. As a member of the College's IT network team, the support staff governor advised that cyber essentials accreditation is mainly based around policies and what the College has in place. Recent changes have been made in relation to the firewall. There is a section relating to phishing and the College's policy includes this. All staff undertake mandatory training for IT security which includes how to deal with suspicious emails. The team have also previously used resources to test whether staff would click on a suspicious link. The member asked that College policies in relation to this were also shared. The support staff governor agreed that he would follow up with his manager and provide anything of relevance. The member indicated that he would expect testing to be completed on a regular basis with sample groups of staff.

The Clerk reported that she had met with a group of selected governors and some of the College's management team to discuss information governance, considering data protection and freedom of information. A key point of discussion was the receiving of reports by College committees including a policy map for IT with an assurance framework, against which the committee will receive regular reports. It was suggested that information governance and data protection could be areas appropriate for the Finance and General Purposes Committee to have oversight of and receive necessary

reporting. The Chair felt that this was a sensible approach adding that it might be timely to set up a sub-committee to look at the digital sphere.

The Chair recognised that heightened IT security can have an impact on system accessibility and a balance was required which was proportionate to risk. The support staff governor advised that two-factor authentication would be applied for anyone accessing systems externally but would not apply to staff and students onsite/in College who would access in the normal way.

Access should be as easy as possible whilst also maintaining the best level of security possible. The Chair highlighted that some local areas have very poor internet connectivity and asked whether this may affect the learner experience where learners are working from home, highlighting the need to be inclusive particularly with more remote learning. The Deputy Principal: Curriculum & Quality advised that the College has more capability than ever before and better ability to respond to issues as a result of the pandemic. The team will continue to undertake tech checks with learners and there are far more devices that can be provided to learners if required. Learners can also be provided with dongles if internet access is an issue however it was recognised that there are some areas where internet signal strength is an issue.

The Clerk confirmed separately that a proposal around governance of Information (including Information Technology) will be submitted to the Governance Committee at their meeting in June. The committee will consider where responsibility for oversight for Information Governance sits and be asked to agree assurance frameworks for reporting to the relevant Committees.

The Chair stated that once the new Principal and Finance Director are in post a sub-committee will be established to focus on digital. Members were comfortable in approving that oversight of IT can sit with the Finance and General Purposes Committee. The Clerk confirmed that she would propose this to the Governance Committee.

Action: Deputy Principal: Curriculum & Quality to circulate the disaster recovery plan.

Action: Support staff governor to follow-up request for College IT security policies.

The report was noted.

F/034 Any Other Business

There was none.

F/035 Date of next meeting

The date of the next meeting was confirmed as Wednesday 30 June 2021 at 10.00am.