



FINANCE AND GENERAL PURPOSES COMMITTEE

FRIDAY 17 SEPTEMBER 2021

Report: Minutes of the meeting held on Wednesday 30 June 2021

Author: Clerk

Action: Approve

Status: Open

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

In attendance: Steve Collingwood (Facilities Manager) – partial attendance
Ivan Jepson (Director of Business Development)
David Keetley (Financial Controller)
Keith Oxspring (Interim Finance Director)
Chris Toon (Deputy Principal: Curriculum & Quality)
Emma Moody (WBD, Clerk)
Suzanne Clark (Minutes)

F/036 Chair's Welcome, Apologies and Conflicts of Interest

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

It was noted that David Brind was not in attendance at the start of the meeting. The Clerk confirmed that if the meeting was not quorate, any decisions or approvals required could be approved following the meeting by written resolution if this proved to be required.

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.

F/037 Minutes of the last meeting dated 28 May 2021

The Interim Principal / CEO suggested that minute F/033, and in particular the first two paragraphs on page 7, be revisited to give clarity on the content. It was agreed that this would be discussed with the Clerk outside of the meeting. Save for this adjustment, the minutes from the Finance and General Purposes Committee meeting on Friday 28 May 2021 were agreed as a correct record.

Action: Clerk to update the minutes from 28 May 2021 following discussion with the outgoing Principal / CEO.

F/038 Matters Arising

The outgoing Principal / CEO advised that the prospective purchaser of FTCs intention to apply for planning permission for the change of use of the building was not progressed. Therefore there was no uplift in value in this respect.

The Clerk confirmed that the property subgroup was reconvened and the committee will receive a report as part of the meeting.

The outgoing Principal / CEO confirmed that he had updated the ESFA on the position re FTC. There has been no adverse reaction from the ESFA or PMO team.

The Interim Finance Director confirmed that a departmental breakdown including student numbers and the number of FTE staff have been included in the budget paper as requested.

The Deputy Principal: Curriculum & Quality confirmed that the College's disaster recovery plan was circulated to the committee for information.

The Support Staff Governor confirmed that College IT security policies were also circulated to the committee for information. The Clerk said these would be relevant when discussing information governance, later in the meeting.

F/039 Monthly Management Accounts (May 2021) and KPI Report

The report was presented by the Interim Finance Director.

The Chair noted that there had been a change in the forecasted position of around £0.5m and asked how the improving picture would be seen by the College's regulators. Would this raise any concerns in that it was not tracked through the year? The Interim Finance Director indicated that he would not anticipate any difficulties being raised by the ESFA. They will be pleased to see the improving position being reported. The Chair asked that it be noted that the committee were aware of significant changes to the previously reported position and that members were assured by the explanation given. The Interim Principal / CEO added that through regular conversations with the ESFA, he was able to confirm that management accounts have been shared and there have been no concerns raised. The ESFA have been very much involved in discussions throughout the academic year and are fully aware of the detail behind the narrative presented. They have been fully informed of financial performance on an ongoing basis. The Interim Finance Director advised that he has always taken a conservative view of the out-turn position, whilst highlighting that there was potential for improvement. The Clerk reminded the Committee that governors had asked in the future for scenario mapping to be incorporated into the management accounts. This would be something for the new Deputy Principal: Finance and Resources to take forward.

David Brind joined the meeting at 10.20am.

The Interim Finance Director highlighted that increased pension repayments start in August 2021 and not August 2022 as referenced within the report (page 13). This is simply a typo and the financial data within the tables is correct.

In response to a question from a member, the Interim Finance Director advised that any potential AEB clawback is included within the cashflow forecasts.

The member questioned whether there was any planning taking place for the impact of student recruitment being lower than expected. The Interim Finance Director advised that this detail is included within the budget paper being presented later in the meeting.

Action: future management accounts to include scenario modelling. New Deputy Principal: Finance and Resources to pick this up.

Action: Interim Finance Director to review ESFA loan terms and ensure formalities in place to document any authority required for enhanced payments to TWPF.

The report was noted.

F/040 Property Update

The report was presented by the Interim Finance Director.

The Interim Principal / CEO highlighted that there is a substantive piece of work required on actual student numbers for 2021/22 and the potential use of FTC to accommodate either in the short or long term. **THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION.**

The Interim Finance Director reported that should the College choose not to dispose of FTC, this would put repayment of the ESFA loan back to January 2023 rather than January 2022 if the sale had progressed as planned. It has been agreed to defer additional payments to the TWPF. Payments of £35k per month will start from August 2021. These will increase to £100k per month from April 2022. The Clerk questioned whether the ESFA will be comfortable with this approach. The Interim Principal / CEO indicated that this would become a question around affordability. There is an assumption in the budget that payments to both the ESFA and TWPS continue as outlined within the payment schedules. It was felt that, providing monthly repayments to the ESFA continue as planned, there would be no cause for concern. The Chair asked whether it was possible to consider a new provider for the College's pension scheme. The Interim Finance Director indicated that the College would still have a liability with the pension scheme. The Clerk added that there is also a legal and contractual obligation to provide support staff with access to the LGOS, the College did not have discretion in this regard. The Clerk added that whilst informal discussions may have taken place, the terms of the loan agreement with the ESFA should be checked in case any formal permission is required for any enhanced contribution. It was agreed that formal confirmation of the position should be sought to give protection.

The Clerk reported that the property sub-group had felt it appropriate to continue to market FTC but noted a number of variables, in light of the expected increase in student numbers. The group were keen for this to go back to the Board for a strategic discussion and would welcome a holistic review of the Estates Strategy. The outgoing Principal / CEO advised that there has been a discussion at a recent Executive Team meeting to confirm that the strategy needs to move away from a focus on disposals and concentrate on utilisation and capacity. The Chair indicated that he would welcome an update on the Estates Strategy early in the new academic year.

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Action: Confirmation of the position in relation to enhanced pension contributions be sought from the ESFA and the ESFA loan terms to be reviewed.

Action: Estates Strategy to be considered again to the Committee at the meeting in October 2021 and then for a wider Board discussion.

The report was noted.

F/041 2021/22 Budget Update

The report was presented by the Interim Finance Director.

In response to a question from a member, the Interim Finance Director advised that an additional 150 students would bring in extra income of around £750k, based on £5k per learner. As this is lag funded, it was suggested that over enrolment of 300 FT learners would have the potential to cause cashflow issues. The outgoing Principal / CEO suggested that some further modelling could be undertaken as there may be a slightly higher tolerance level. The degree to which costs can be mitigated is also a factor for consideration. The Deputy Principal: Curriculum & Quality indicated that the past year had been significantly challenging and there were some COVID support schemes that were not taken advantage of, including the furlough scheme, as there were so many uncertainties as to the eligibility of staff for that scheme. The member suggested a suite of headline areas be developed which could be monitored as amber warning signs, so that the committee can easily identify any areas of concern and challenge as appropriate. The Clerk added that the FEC team would also very much value this detail and would expect the committee to have probed these areas.

In response to a question from the Chair, the Interim Finance Director advised that the budget does not include any assumptions for inflation or an increase in interest rates. The interest rate for the ESFA loan is fixed. There has been some increase in non-pay costs where there is an understanding that these costs will rise. There has been no provision made for a general pay increase but where it is known that there will be an increase this has been allowed for, i.e. incremental rises as part of salary scales or NMW increases.

A member highlighted some of the variances within the curriculum contribution analysis data provided when comparing against the current year and asked for information on what is driving the material changes. The Interim Finance Director suggested that this was a discussion that could be taken off-line. The Deputy Principal: Curriculum & Quality indicated that some of the variances were due to growth in some areas, highlighting that the increase in class sizes makes delivery more efficient. A detailed contribution analysis will be shared with the committee. The member indicated that the contribution for rail academy provision has increased from 29% to 37% and questioned the level to which this has been stress tested. The member was appreciative that the impact of COVID has made comparisons very difficult but indicated that he would welcome assurance that the data has been tested out. The Chair stressed that this is an area that governors are very interested in, based on previous failures. He suggested that there were perhaps some better techniques that could be applied in relation to estimations and forecasts and the committee needed greater transparency of reporting in this regard.

Action: Detailed contribution analysis to be shared with the committee.

The report was noted.

F/042 Information Governance

The report was presented by the Clerk.

The Chair asked for confirmation of the evidence that will be provided to the committee, to enable members to give assurance to the Board. The Clerk advised that this will be worked up in the detail of the assurance framework mentioned in the framework. The Clerk anticipated that the committee would receive an overview of the policy framework in place in relation to this area, and approve policy updates on an annual basis. The committee would need to be assured that the policy was effective, and was being applied correctly and in context. It was highlighted that the People and Remuneration Committee receive data on staff training in information governance and the Clerk indicated that she would expect some information sharing between the committees. The assurance framework should set out a structure to provide the necessary oversight for the committee. The Clerk advised that once a draft assurance framework was created, the committee could ensure it was content and approve this framework. As well as having effective policies and procedures in place, data provided to the committee would highlight

incidents, any breaches, trends emerging etc, in order to enable the committee to challenge

Members of the College's management team can be asked to attend meetings as required to provide detail on actions being undertaken to ensure compliance. The Clerk would envisage that any cyber issues or risks are brought to the attention of the Chair. The Clerk suggested a review of this area by the College's internal auditor every 3 years and indicated that she would expect the auditors to advise the committee of any sector wide issues to be aware of. The Support Staff Governor confirmed that test phishing exercises have been undertaken previously and there are more planned. He added that the committee would be informed of these exercises and the results, as part of this assurance work.

The committee approved the following resolutions:

- (a) the Finance & General Purposes Committee oversee the adequacy of the Corporation's strategy in relation to information governance;
- (b) an assurance framework be drawn up, agreed by the Committee and in place for the Autumn term; and
- (c) that the Board receive an annual report from the Committee on each of the areas outlined above; and
- (d) that the Committee members receive training on their duties in relation to information governance.

The Clerk confirmed that the assurance framework will be shared with members once drawn up for approval.

The Clerk advised that a number of data protection documents were also issued in advance of this meeting, for information at this stage. It was suggested that the range and content of these documents be considered, along with the draft assurance framework, in the autumn term. The Clerk indicated that a policy map is required to demonstrate to the committee what College policies were in place in this area, their purpose and effect.

In relation to the DP policy, the Chair suggested that the data protection statement be updated and that the wording be stronger. The statement also refers to European legislation and it was suggested that this needs to be reviewed to be post Brexit compliant. The Chair also indicated that an individual's right to be forgotten needs to be added to the principles. The Clerk highlighted that a post-Brexit review of policies was required to ensure policies were updated as required. The Interim Principal / CEO advised that a review of the policy is imminent and comments will be considered as part of the review. The policy will be shared with the committee once updated.

*Action: College data protection policies to be updated and shared with the committee.
Action: College management to create first draft assurance framework to present to the committee for approval.*

The report was approved.

F/043 Business Development Plan and In-year Update

The report was presented by the Director of Business Development.

In response to a question from the Chair, the Director of Business Development confirmed that the team offer a service to provide support for both small and large

employers who are required to access government websites, particularly in relation to apprenticeships.

The Clerk commented that she had found the content of paper to be very helpful. In relation to planned activity for 2021/22, the Clerk felt it would be helpful for a target to be set to increase income from the online learning platform – which in the paper had no quantifiable target. The Clerk indicated that it would be useful for the committee to have regular updates on progress in relation to the two targets included within the report to ensure they could monitor and hold to account. The Director of Business Development advised that there is currently no specific target in the budget for the online learning platform however he agreed to work with his team to include a realistic target.

Action: The Director of Business Development to insert a specific target for the online learning platform and report this to the committee and regular updates on achievement of the same.

The report was noted.

F/044 Planned Sub-contracting Arrangements

The report was presented by the Director of Business Development.

The Director of Business Development advised that he was seeking the committee's approval of the sub-contracting plan, subject to two caveats. The report being presented is a proposal for contract allocation for 2021/22 which is subject to ESFA funding guidance, this is currently due for publication. Approval of the plan would be subject to this guidance. Once the guidance is published, a revised report will be presented to either the committee or the Board, as appropriate. In addition, the College is awaiting a response to a business case submitted to the ESFA to request an extension to the requirement to reduce sub-contracted provision to 25% by 2023/24.

A member recognised this very much as a work in progress and commented that there are challenging targets to achieve. The member questioned the sub-contractor payments included in the budget, given the intention to reduce sub-contracted provision in future years. The Interim Finance Director advised that the assumptions have not yet been incorporated into the forecast for 2022/23. The Director of Business Development confirmed that for 2021/22 there will be a reduction of subcontractor payments highlighting that there is a need to reflect this in 2022/23. The member questioned the sub-contractor payments in the budget of £2.5m in 2021/22 which is approximately 44% of the College's total income. The Interim Finance Director explained that figures quoted within the report is the total income and that payments to sub-contractors are 80% of the total contract. The Director of Business Development indicated that he would follow this up with the committee to clarify the position.

The Interim Principal / CEO reminded members that permission was recently sought to add **THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION** to the College's list of sub-contractors. As a follow-up to this, it was confirmed that **THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION** are now likely to achieve their original contract value so engagement with **THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION** will likely not be required. The relationship was already in place with **THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION**. The FEC team identified having an over-dependence on one major sub-contractor as a risk. It was suggested that the College could retain **THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION** on the provider list with a zero-contract value.

The Clerk advised that the Board is due to meet on 20 July 2021 and asked whether it is expected that the team will be able to give a final position at this point. The Director of Business Development responded indicating that this was very much dependent on the ESFA guidance being published. He confirmed that he was looking to have

documentation drawn up and in place, subject to these funding rules. The Clerk suggested that if the guidance has not been published by the time of the Board meeting, a request for two delegated members who could take this forward could be made to facilitate any approvals required over the Summer.

In response to a question from the Chair, the Director of Business Development indicated that direct delivery would be expected to deliver a better contribution. The Interim Principal / CEO confirmed that direct delivery is of greater benefit although there are also greater risks, due to the fixed costs associated with having staff in place to service the additional activity.

Action: Director of Business Development to share information in relation to the income position for 2021/22.

The report was approved.

Steve Collingwood joined the meeting at 11.40am.

F/045 Car Park Tender

The report was presented by the Interim Finance Director with input from the Facilities Manager.

In response to a question from the Deputy Principal: Curriculum & Quality, the Facilities Manager confirmed that the College receives the income from the car-park and the introduction of new technology would lead to payments being received by the College on a daily basis, directly into its bank account. The new arena development planned for the area also has the potential to bring additional income and the College have already been approached by Gateshead Council in relation to this.

The Support Staff Governor asked how the pay on exit model would affect staff. The Facilities Manager indicated that the staff model will remain as it currently is, where staff pay on a monthly basis. Other options are available for staff currently working from home.

In response to a question from the Interim Principal / CEO, the Facilities Manager confirmed that all tenders received have been reviewed in detail and the higher priced option did not include anything of additional value.

The Chair questioned the ease of use of machines. The Facilities Manager confirmed that the new equipment will be supplied by the same manufacturer of the current machines. They appear to be user friendly. Assurance has also been given in relation to the use of ANPR and that no PCNs will be raised without notification to the College in the first instance.

The committee approved the report and felt that the proposal by **THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION** offered sufficient value.

The report was approved.

F/046 Any Other Business

There was none.

F/047 Date of next meeting

The date of the next meeting is to be confirmed on the meeting schedule for 2021/22.