



Agenda No: 01

Finance & General Purposes Committee - Main Minutes
Friday 29 September – 9am to 11.15am
Meeting

Committee Members	Type	Initials	Attendance	Apologies
Martin Hedley	Chair / Independent	MH	X	
David Alexander	Principal / CEO	DA	X	
Alan Potter	Independent	AP	X^	
David Brind	Independent	DB	X*^	
Sharon Kinleyside	Staff	SK	X	
Clerk				
Nicola Taylor	Director of Governance & Compliance	NT	X	
Attendees				
Jeremy Cook	Deputy Principal: Finance & Resources	JCo	X	
Chris Toon	Deputy Principal Curriculum & Quality	CT	X	
Ivan Jepson	Director of Business Development & Innovation	IJ	X^	
Deni Chambers	Director of Curriculum & Skills	DC	X	
David Keetley	Financial Controller	DK	X	
Helen Conley	Project Manager	HC	X*^	
Josh Clark	Senior Procurement Officer	JCI	X^	

*Attended via Teams / ^Attended for part of the meeting.

F/207 1. Chair's welcome, apologies, conflicts of interest

The Chair opened the meeting and welcomed the attendees.

There were no apologies to record. The Committee **agreed** that the meeting was quorate.

There were no conflicts of interest declared. Members were reminded to declare any conflicts that arose during the meeting.

The Chair noted that the items would be taken in a slightly different order to the agenda, with item 7 to be taken after Item 2.

F/208 2. Minutes of the last meeting dated 23 June 2023

A) Main meeting minutes

The Committee **reviewed** the main minutes from the previous meeting and **agreed** that they were a true and accurate account of the meeting.

B) Confidential meeting minutes

The Committee **reviewed** the confidential minutes from the previous meeting and **agreed** that they were a true and accurate account of the meeting.

The minutes were approved.

Item 7 taken at this point.

F/210 3. Matters Arising / Action Log

A) Finance and General Purposes Committee Terms of Reference

The proposed Finance & General Purposes Committee Terms of Reference were included for information. The Terms of Reference had been presented for review at the June 2023 meeting and were approved by the Committee for Board approval. Board approval was being requested at the October 2023 meeting.

B) Appointment of Committee Vice Chair

Covered under any other business.

C) Action Log

The action log was presented, with all actions logged as closed or complete.

The action log was noted.

F/211 4. Finance Update

A) Finance Report

JC presented the report and highlighted the following:

Reclassification of colleges into central government

- There had been no further guidance issued by the DfE over the summer, however further implications were expected around finance, audit and governance with a College's Financial Handbook expected to be effective from August 2024.

Management Accounts – July 2023

- The management accounts presented an operating surplus of £402k for the full financial year, with an ESFA financial health of 'outstanding' and all bank loan covenants being met. This was expected to be the final operating position reflected in the annual accounts and financial statements, subject to adjustments relating to the final return of student data, the completion of the External Audit and any pension related adjustments.
 - It was confirmed that the LGPS actuaries report identifying the College's share of the assets and liabilities of the Tyne and Wear scheme reported a net asset position for the first time in many years. Following discussions with the College's external auditor, Mazars, it was confirmed that this would be reported as £nil in the financial statements for 2022/23 as the auditor's criteria for reporting the position as an asset in the financial statements would not be met. This is an approach that Mazars are adopting with all college clients..
- The College had exceeded the budgeted operating surplus. There were movements within the July management accounts however funds were invested and spent to enhance the learner experience and therefore no significant movement within the surplus. Movements related to the acceleration of capital expenditure, some of which was completed ahead of the new academic year and some of which was ongoing. A meeting was due to take place internally relating to requirements for 2023/2024.
- Further strengthening of financial planning would take place within 2023/2024, along with longer term planning relating to capital expenditure.

The Committee **noted** that it was positive to have no material differences month on month, providing reassurance of positive financial tracking. The Committee **noted their thanks** to the Finance Team for the quality of information provided, and the comprehension, clarity and logicalness of reporting.

2023/2024 Committee KPIs

- The College's KPI relating to the ESFA AEB subcontractor income as a % of non-devolved AEB income was at 34.8%, and this reflected the approval of the College's business case to subcontract above the 25% threshold, with the DfE approving an upper limit of 38% (2022/2023 full year actual of 45.8% with no upper limit in place). This would be closely monitored.
- Pay:Income ratios remained a concern within the sector, specifically with the pressures around pay awards. The FEC benchmark was <65%, with the College's KPI at 66.5%. The College had queried intervention triggers with the DfE around this ratio however had been told this wasn't a sole trigger for intervention. The College were monitoring this with caution following this being a key driver when the College was in financial intervention.
- The KPI relating to the ESFA financial health rating was "Good", in line with the FEC benchmark.

- KPIs would be further developed in relation to Estates, linking with the drafting of the Estates and Sustainability strategies.

The Committee **requested** for the FEC benchmarking figures to be added into the KPI appendix going forward for ease of reference.

Action: JC to include the FEC benchmarks into the KPI appendix as a comparison going forward.

The Committee **queried** RAG rating of amber and it was confirmed that the grading of amber recognised that there was further work to be done however this wasn't expected to compromise financial health or bank loan covenant compliance.

2023/2024 Budget

- In relation to the Board approved 2023/2024 budget, an additional allocation of funding relating to 16-18 funding had been confirmed. This was for 2023/2024 and 2024/2025. This allocation wasn't additional funding for the sector, however instead was existing underspend from other budgets. A letter from the Secretary of State had been received alongside this additional funding, suggesting this was to be used to address key priorities, including the recruitment and retention of staff. In relation to the sector, this had differing impacts depending on provision types offered. The College were in a positive position relating to the size of the 16-18 provision. AoC correspondence had been received relating to the recommendation of a 6.5% pay award for staff, matching that of schools, and this was causing concern within the sector due to the differing impacts this funding was having relating to provision size.

The Committee **discussed and noted** the potential impact on the pay:income ratio if pay was increased and **noted their caution** around intervention triggers and the risk associated with this.

The Committee **discussed** their concern around this additional funding being confirmed for the current and next academic year only. The Committee **discussed** the permanency of increased pay and **asked** the Executive Team to be mindful when considering pay negotiations linked with a permanent cost increase and to mitigate the risk relating to the non-confirmed continuation of funding past 2024/2025.

The Chair **confirmed** he would cover this risk at the October 2023 Board meeting.

Action: MH to flag the pressures around pay versus the pay:income ratio and lack of confirmed continuation of funding at the October 2023 Board Meeting.

- Other significant changes since the 2023/2024 budget was approved in July 2023 related to Bootcamps. One existing bootcamp was expected to generate more income than expected, however the application for the Wave 4 Digital Bootcamp had been unsuccessful. This income had been assumed within the budget and therefore this had now been removed along with the associated cost. The College were evaluating the bid. Further opportunities would be available throughout the year, including the opportunity to deliver provision through AEB. It was confirmed that this may not offset the assumed income, however would be expected to recover a proportion.

The Committee **queried** if this was likely to detrimentally impact the Digital Strategy however it was confirmed not due to the College leading on the Digital stream of the NE LSIP Local Skills Improvement Fund (LSIF) bid which was covered in the next item.

The Committee approved the P12 Management Accounts for presentation to the Board.

The report was noted and the P12 Management Accounts approved for Board presentation.

B) LSIF

IJ presented the report and highlighted that the Local Skills Improvement Plans (LSIPs) had been approved by the DfE over the summer period, and funding had then been allocated to the various LSIP regions to deliver on the LSIP proposals. An expression of interest had been submitted, as reported to the Board in July 2023. The NE LSIP bid was being led by East Durham College, with 4 strands of collaboration across all partners within the region. Gateshead College were leading on the Digital Stream. The bid related to c£500k; approx. £100k revenue funding and £400k capital funding, spread across partners. This related to the development of Digital Skills training, including the creation of a physical learning space at the College.

The outcome of the bid was expected ahead of the next Finance & General Purposes Committee.

Post meeting note: F&GP approval was not required for the signing of the contract however Board approval would be required for any capital works following confirmation of funding.

C) 2023/2024 Enrolment Figures

CT presented the report and noted that the College were 4 weeks into the new term and enrolment figures were positive. It was likely that the College were going to achieve the allocation for 16-18, which would result in the same funding the following year (due to this being lagged).

There was under recruitment in T Levels and this was disappointing for the College as a pilot provider and the work undertaken within this area of provision. It was suggested that this was a sector wide issue with less engagement within this area which would be explored further. A particular disappointment was the College not being able to offer 2 strands committed to due to low numbers.

The report was noted.

F/212 5. Digital Strategy

CT presented the report and highlighted the following:

- Following the draft version of the Digital Strategy being presented at the June 2023 meeting, further consultative work had been undertaken. This

resulted in the Digital Strategy being further revised, including a revision to 4 strategic aims following feedback from staff.

- The delivery of the strategy would be overseen by a Digital Steering Group comprising cross college representation, including learner voice and governor representation.

The Committee discussed and queried the following:

- The achievability of the strategy, and whether it was sufficiently ambitious – it was suggested that work was to be undertaken around the culture of Digital and a step change would be needed within technology to allow improved operations. It was agreed that the strategy would continue to evolve and change to keep up to date with new technologies and skills needs.
- The importance of ensuring a focus on the proposed outcomes of the strategy to ensure progress and focussed monitoring.

The Committee **noted their caution** around accelerating through the stages of the strategy too quickly and this was agreed.

The Committee recommended the Digital Strategy for Board approval.

The Digital Strategy was recommended.

F/213 6. Procurement Annual Report 2022/2023

JCI joined the meeting.

JCo presented the report, noting that this provided an overview of procurement activity undertaken by the College in 2022/23 and outlined priorities for 2023/24.

JCI noted that the report set out a positive direction of travel with the recently approved Procurement Strategy and supporting action plan, which provided a good foundation to move forward regarding value added activity, including social value and sustainability.

The Committee **noted their positive comments** regarding the comprehensive nature and clarity of the report, along with the positive focus on the Procurement Strategy.

The report was noted.

JCI left the meeting.

AP and DB left the meeting.

F/209 7. Corporate Planning Framework Update

Taken after Item 2.

HC joined the meeting.

DC presented the report and highlighted the following:

- The evolution and structure of the Corporate Planning Framework, containing the five pillars of planning:
 - Strategic Planning
 - Curriculum Planning

- Business Planning
- Budget Setting
- Operational Planning
- The changes due to be implemented for planning relating to 2024/2025, which included a review of sequencing, minimisation of duplication, the introduction of a Senior Management Team (SMT) planning launch session and a workshop to encourage and facilitate innovation. DC confirmed that these changes had been implemented to further strengthen and streamline the planning process for the benefit of the College.
- The reporting structure and associated KPIs, linking to the implementation of Pentana, a new digital planning and performance monitoring system.

A demonstration of the Pentana tool was provided, setting out the different reporting functions and monitoring of progress.

The Committee **noted their thanks** for the demonstration.

It was confirmed that the system had been rolled out in March 2023, and provided a positive position for the start of the 2023/2024 year with the ability for greater monitoring of real time progress for department heads and the Executive Team.

The Committee queried the following:

- Links across the organisation – it was confirmed that the use of Pentana linked with the Digital Strategy and wasn't to be used as an admin function, but instead used for live reporting and monitoring of data. DC confirmed that this work supported to the wider work around the corporate planning framework.
- Response from staff – It was noted that staff had a positive response to the system and a staggered approach for utilisation was being implemented. The system was being used for the logging and monitoring of operational plans and associated risk registers, the impact of this would then be considered ahead of agreeing a stage 2 approach.
- Risks relating to cyber security – it was confirmed that the system had been reviewed by the IT team who were comfortable with the cyber security mitigations of the system.

The Committee **noted caution** around using the system for too many elements / too much detail and to instead maintain focus on key action points.

The Committee noted the report.

HC left the meeting.

Item 3 taken after this item.

F/214 8. Estate Update

JC presented the report and highlighted the following:

- In relation to Gateshead International Stadium (GIS), noting that the College continued to work closely with Gateshead Council on the proposals for the future operations of the stadium. Meetings had taken place over the summer period of an operational group with representatives from both the College and Council. The College were expecting to receive an initial

proposal on future operations in the following week, with the following expected:

- No subsidy or a significantly reduced subsidy from Gateshead Council.
- A repurposed GIS for Education and Sport with a proposal that Gateshead College be the main operator / stakeholder.
- The Council retains its landlord responsibilities.
- The Council retains its contaminated land responsibilities.
- The Council retains its external funding and land restrictions responsibilities.
- Financial analysis of site and assessment of operating model to be undertaken by the end of September.
- The Council does not currently anticipate making any changes that will impact its budget before April 2025.

Management of communications were being closely monitored to mitigate any adverse impacts.

- In relation to the College's Estate Strategy, it was noted that work was underway, including the completion of a process to procure an Estate Strategy, condition survey and site options appraisal. It was expected for the finalised version of the Estate Strategy to be ready for Board approval by the end of the 2023/2024 academic year. This would be closely linked with the Sustainability Strategy.

The Committee discussed the following:

- Achievability of the year on year 5% reduction target relating to consumption – it was confirmed that there had been substantial reduction in this area over recent years, and further work was ongoing to continue this momentum however it was agreed that the reduction target would become more difficult over time.
- The impact on consumption relating to the Digital Strategy – it was agreed that more power may be required however there were further efficiencies which could be made relating to digital equipment and infrastructure.

The Committee **queried** if the College was able to generate its own power – it was confirmed that options were being considered and explored around this. The initial planning submission had been rejected due to aesthetics and therefore work continued in this area. The Committee **agreed** that they may be able to utilise regional networks within this area to assist, and the Chair **noted** that he would cover this in his Chair's update to the Board at the October 2023 meeting.

Action: MH to mention at the October 2023 Board meeting.

The report was noted.

F/215 9. Subsidiary Companies Update

JC presented the report and highlighted the following:

- A legal review of the governance documentation relating to the two wholly owned subsidiary companies of Gateshead College; Gateshead College Foundation and the North East Apprenticeship Company (NEAC) was underway. Initial findings of this had been provided and were due to be considered internally ahead of any changes being presented for Board approval.
- Nadine Hudspeth had been appointed to the Gateshead College Foundation Board for an additional 1 year term (approved by the Board in July 2023) to allow a recruitment process to take place.
- An additional Director was due to be recruited to the North East Apprenticeship Company (NEAC) in line with the current Articles of Association. This would be an appointment by the Gateshead College Board.
- NEAC presently operates the PlanBEE apprenticeship programme and a revised arrangement from the DfE relating to designated apprenticeship training agencies required NEAC to submit an application to become a Flexi Job Apprenticeship Agency. It had recently been confirmed that this application had been unsuccessful and therefore an appeal had been submitted however this had since been rejected. A meeting was due to take place with the DfE in the following week and this was to be raised. Although delivery could continue as planned for 2023/2024, alternative arrangements were being considered for future years. The Committee would be kept up to date with the progress of this.

The Committee **sought assurance** that the two subsidiary companies were required. It was confirmed that they were, subject to the review of governance and compliance.

Action: NT to keep the Committee updated with Subsidiary Companies Updates.

IJ left the meeting.

The report was noted.

F/216 10. Strategic Risk Register

JC presented the report and highlighted the following:

- The Executive Team had undertaken a review of all risks of the register as at the start of the 2023/2024 academic year. Minor wording changes had been made, however the majority of risks remained substantially unchanged.
- Changes included the addition of two new risks covering the College's impact on the environment and the potential impact of the ONS reclassification of the College.
- As reported to governors towards the end of 2022/23, risks relating to Ofsted and DfE/FEC intervention had been removed from the register following the successful Ofsted inspection and the College's removal from Post Intervention Monitoring Support (PIMS) in March 2023.

- In relation to risk appetite, it was proposed following the above the tolerable level of risk appetite for the teaching and learning category is raised from 'open' to 'willing'.

JC confirmed that the College established an operational risk management group during 2022/23 and this group would meet on a termly basis to ensure risk management was embedded throughout the organisation.

The Committee **noted the clarity** of the updates provided.

The report was noted.

F/217 11. Any Other Business

NT confirmed that as part of the Terms of Reference for 2022/2023, a Vice Chair would be implemented for each Committee. Committee members had been contacted in advance of the meeting to seek expressions of interest. An expression of interest had been received from DB.

The Committee **approved** the appointment of DB as the Vice Chair of the Finance & General Purposes Committee.

F/218 12. Date of the next meeting

The date of the next meeting was due to take place on Friday 1st December at 9.30am, followed by the joint Audit and Finance & General Purposes Committee at 11.45am.