

Agenda No: 5



**Finance & General Purposes Committee**

**Friday 19 May 2023 – 10am to 11.45am**

**Main Minutes**

<b>Committee Members</b>	<b>Type</b>	<b>Initials</b>	<b>Attendance</b>	<b>Apologies</b>
Martin Hedley	Chair / Independent	MH	X	
David Alexander	Principal / CEO	DA		X
Gareth Edmunds	Independent	GE	X^	
Alan Potter	Independent	AP		X
David Brind	Independent	DB	X	
Sharon Kinleyside	Staff	SK	X	
<b>Clerk</b>				
Nicola Taylor	Director of Governance & Compliance	NT	X	
<b>Attendees</b>				
Jeremy Cook	Deputy Principal: Finance & Resources	JC	X	
Nadine Hudspeth	Director of Brand & Learner Experience	NH	X^	
Deni Chambers	Director of Curriculum & Skills	DC	X^	
David Keetley	Financial Controller	DK	X	

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

**F/175 1. Chair's welcome, apologies, conflicts of interest**

The Chair opened the meeting and welcomed the attendees.

Apologies were received from AP and DA. The Committee **agreed** that the meeting was quorate.

*GE joined the meeting.*

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

**F/176 2. Minutes of the last meeting dated 31 March 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.***

**F/177 3. Matters Arising / Action Log**

The Committee **reviewed** the action log and **noted** the closure or ongoing updates of actions. It was confirmed that DA had met with AP regarding digital and that they would be asked to provide an update at the June 2023 meeting.

**Action: DA / AP to provide an update following their meeting at the June 2023 meeting.**

***The action log was noted.***

*The Chair agreed to take Item 9 at this point.*

**F/179 4. Management Accounts 2022-2023 P8 March**

*Taken after Item 9.*

JC provided the Committee with an update, confirming that the College, in line with the entire college sector, had been notified by the ESFA of an earnings uplift relating to the Adult Education Budget (AEB). This was additional unplanned and unbudgeted AEB funding for colleges in non-devolved areas. The allocation was to support FE providers in adult skills within the current landscape. Once the data return was submitted, a 2.2% uplift was expected, with an additional uplift of 20% relating to activity within 6 priority areas. It was confirmed that the uplift would be applied at the end of this year, and next year.

*Remainder of this item is covered under a confidential minute.*

*DC joined the meeting.*

JC presented the report and highlighted the following:

- The College was reporting an operating surplus to date of £520k, £325k better than the budget. This was attributed to bootcamp activity which had grown significantly during the year.
  - This also related to devolved AEB funding from the North of Tyne Combined Authority, following their confirmation that additional delivery in 2022-23 would be funded. This equated to c£150k.
- The majority of KPIs remained strong and healthy, with a cash position significantly above the FEC benchmark of 25 days and an ESFA financial health rating of Outstanding.
- The College were due to meet all bank covenants. *Remainder of this item covered under a confidential minute.*

The Committee **noted** the positive position of the management accounts.

The Committee **queried** the forecasting of bootcamp delivery, with the additional surplus and associated additional costs incurred – it was suggested that bootcamps tended to be contracts running for c12 months, with uncertainty beyond this, however there tended to be extensions or new waves of funding, which the College had historically been successful in securing. In terms of delivery, there was volatility. It was noted that the February 2023 estimations were slightly ambitious, which had been revised in the March accounts, and that some activity may move into the next financial year. The delivery of bootcamps involved working relationships with a number of providers, the College were confident in this work however this did contain an element of risk.

***The report was approved.***

## **F/180 5. ONS / Financial Regulations Update**

JC presented the report and highlighted the following:

- The College were continuing to monitor information / updated guidance from the DfE relating to adopting the Treasury Handbook of “Managing Public Money” within the FE sector.
- Since the last Finance & General Purposes Committee, new guidance had been issued relating to asset disposal and this had no direct impact on the College at the time of the meeting. The new guidance related to seeking approval in certain circumstances which would be followed when / if appropriate.
- The College Financial Regulations would be updated and presented at the June 2023 F&GP Committee meeting for recommendation, ahead of seeking Board approval in July 2023.

**Action: JC to provide updated Financial Regulations for recommendation at the June 2023 meeting.**

***The report was noted.***

## **F/181 6. Pensions Annual Report 2022-2023**

JC presented the report and highlighted the following:

- The combined scheme membership into the Teachers' Pension Scheme (TPS) and Local Government Pensions Scheme (LGPS) was at 93% (to 31 March 2023), this was the highest level of College membership over the past 5 years.
- Employer contributions had reduced for the LGPS with effect from 31 March 2023, as a result of the recent triennial valuation. The College were no longer required to make additional payments under a supplemental agreement which was instated when the College were in intervention. This had been reflected in the budget for 2023-24.
- For the TPS, the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate had decreased which would result in a higher employer contribution. The new rate was awaited, which was currently at 23.6%, with the AoC speculating a rate as high as 30%. The DfE had previously committed to provide funding to cover increases, however it was unknown if this would continue and this was therefore a risk.
- In 2021, the DfE estimated that colleges spend an average of 9% of their income on employer contributions. For the College, the figures were; 11.33% in 2021-2022, a forecast of 10.72% in 2022-23 and a forecast of 9.34% in 2023-2024, noting that financial years 2021-22 and 2022-23 included additional payments to the LGPS under a supplemental agreement

***The report was noted.***

## **F/182 7. Update on Draft Budget 2023-2024**

JC presented the report and highlighted the following:

- The College were required to submit the final and approved 23-24 budget to the DfE by 31 July 2023, along with an outline financial forecast for 24-25.
- The draft budget for 23-24 was consistent with 'good' financial health as measured by the DfE and was expected to meet all bank loan covenant requirements. This assessment of financial health for 2023-24 was a change from the current DfE financial health rating for 2023-24, which had a forecast level of 'outstanding' and was attributable to the level of earnings before interest, tax, depreciation and amortisation (EBITDA) relative to income.
- The planning and budget setting process included three complete rounds of budget preparation which included challenge, scrutiny and iteration at each stage. The College had completed the second round.
- A huge amount of work had taken place as part of the curriculum and business planning process, alongside the budget setting process. All processes were robust and effective, with staff across the College involved. The work of the Director of Curriculum & Skills was noted within this area, challenging and support staff whilst maintaining close working with finance.
- *Covered under a confidential minute.*
- The College awaited the outcome of the Wave 4 Skills bootcamp.

- Work continued around pay and resource requests. It was noted that additional costs may be incurred focussing on the delivery of the strategic plan, for example, in the area of mental health and wellbeing for both learners and staff.
- *Covered under a confidential minute.*
- *Covered under a confidential minute.*
- The 2023-24 current draft budget showed a surplus of £250k. This was consistent with an DfE financial health rating of 'good'. It was confirmed that 'good' was the KPI agreed by the Board.

It was noted that the draft budget did not include the impact of the recently advised AEB earnings uplift, however this would be factored in for the final version.

**The Committee queried the following:**

- The prudence of the budget – it was suggested that the budget was prudent however not excessively cautious, with the College factoring in opportunities and threats across the different funding streams. It was noted that the allocation for 16-18 learner income had fallen (due to this being lagged funding) and that the AEB allocation for non-devolved had been reduced due to previous under-delivery. Opportunities remained around bootcamps, and the Business Development Team were working hard in relation to apprenticeships. The Committee **noted** that they would welcome an understanding of the level of caution at the June 2023 meeting.
- The budgeted increase of business support pay costs compared to curriculum pay costs – It was confirmed that there was a detailed methodology underpinning the cost of delivery however there were challenges with some curriculum areas. The College were seeing an increase in the number of support staff posts, and there had previously been significant savings relating to vacant posts which were now filled.

The Committee **discussed** the budget setting process and a request was made from 1 governor to understand this in more detail. It was noted that this would be opened up to the Committee.

**Action: NT/DC to follow up with F&GP members regarding the budget setting process outside of the meeting.**

***The report was noted.***

**F/183 8. Estates Update**

JC presented the report and highlighted the following:

- *Covered under a confidential minute.*
- Procurement exercises were underway relating to the DfE capital grants to improve the condition of the College's estate and to improve energy efficiency. A tender was running until June 2023, and the outcome of this would be reported to the June 2023 F&GP Committee meeting.

**Action: JC to advise the outcome of the tendering exercise relating to the DfE capital grants at the June 2023 meeting.**

- Gas and electricity figures had been included up to 31 March 2023, which were on target to reach the overall 5% reduction in energy costs for 23-24. It was confirmed that there were challenges at the Automotive Skills Academy campus regarding the systems in place and improved practice.
- *Covered under a confidential minute.*

The Committee **noted** the updates, and offered contacts from their networks relating to the sustainability improvements.

***The report was noted.***

## **F/178 9. Community Conversations**

*Item taken after Item 3.*

NH provided a presentation which covered the following:

- The purpose of the event.
- How the event was structured, who was involved (including learners, staff, external stakeholders and governors) and the activities which took place.
- The themes coming out from the sessions, linking to the following:
  - Learners.
  - People.
  - Partnership.
  - Sustainability.
  - Mental Health & Wellbeing.
  - Employment Edge.
- Discussion and ideas to bring the College values to life.
- Key takeaways from the event.
- Next steps.

The Committee **noted** the positive comments from the event, and the positive culture displayed across the sessions with all attendees feeling comfortable and confident to provide their points of view / own experiences.

The Committee **queried** if the College had noticed a shift in student mindset from originally relating to sustainability, and now being more focussed on financial aspects / cost of living – It was confirmed that this wasn't a mindset shift noticed by the College, however continued to work with learners and obtain their feedback through focus groups and the newly introduced Student Representative System which was helping the College identify if there were any areas where additional support was needed. It was confirmed that the Student Bursary was being better utilised this academic year. The College were also working with learners to see what they would like to see across the College in terms of sustainability.

***The report was noted.***

*NH left the meeting.*

## F/184 10. Streamlined Energy and Carbon Reporting

JC presented the report and highlighted that this covered the year to 31 July 2022 and included comparatives for the year to 31 July 2021. The report identified a 5% reduction in gross emissions in 2022, which was in line with the College objective to achieve a 5% reduction annually, however it was confirmed that both comparable years were impacted by Covid.

**The Committee queried the following:**

- The classification of business travel within Scope 3, rather than Scope 2. It was suggested that Scope 3 tended to be relating to 3<sup>rd</sup> parties.

**Action: JC to check classification of business travel within Scope 3.**

- Progress and updates relating to the Sustainability Strategy – it was confirmed that the College were re-advertising for the post of Sustainability Officer due to the previous post holder leaving in March 2023. It was confirmed that work continued where possible, however progress with the Sustainability Strategy was on hold until the new appointee was in place. The Committee noted the importance of work in this area, reiterating the interest of learners and requested for an update on this area at a future meeting.

**Action: NH to provide an update on the area of Sustainability at a future meeting.**

*The report was noted.*

## F/185 11. Curriculum Planning – Internal Audit Report

JC presented the report for information, noting that the report concluded 'strong' assurance which was the highest grading on a four-point scale.

The Committee noted that the report reflected the positive work in this area, along with the level of robustness.

*The report was noted.*

## F/186 12. Strategic Risk Register

JC presented the report and highlighted the following:

- Risk 3 “Loss of stakeholder confidence as a consequence of failing to secure a 'Good' or better Ofsted judgement” was fully mitigated and eliminated, however an alternative risk was being considered covering failure to deliver and sustain high quality provision.
- Risk 4 “Failure to deliver the Post Intervention Monitoring and Support Plan (PIMS) and move to ESFA active support status” was fully mitigated and eliminated following confirmation of the College coming out of PIMS.
- Risk 7 had been amended to specifically include a reference to Special Educational Needs and Disabilities (SEND) “Failure to meet statutory requirements relating to Safeguarding, Prevent, Special Educational Needs

and Disabilities (SEND) and the protection of young people and vulnerable adults”.

- Covered under a confidential minute.
- The risk register also included a section on horizon scanning where the Executive continued to consider potential risks / opportunities and monitor them closely.

**The Committee discussed and queried the following:**

- The tangibility of the risks included within the register, noting the need to ensure the risks were tangible regarding not being able to deliver, and therefore ensuring mitigations and assurance were specific.
- Additional risks relating to the college now being part of central government, following the ONS decision to reclassify – it was confirmed that the College had reacted accordingly to the new guidance as it had been issued, however not all of the guidance had been made available and the College awaited the new Colleges Financial Handbook, expected in Autumn 2024. The Committee **questioned** if there were any expected changes, it was noted that this was unknown other than the guidance already issued, however when this happened to colleges in Scotland, colleges were initially asked to move their financial year end from July to March, although this was then subsequently changed back to a July financial year end and that there were constraints regarding retaining cash surpluses. It was confirmed that the College were continuing to monitor the guidance and reiterated that concerns were sector wide.

The Committee **discussed** the revision of the Ofsted risk, noting the revision needed to relate to the risk to quality without a continued focus on quality improvement. **Action: Executive Team to consider revision of Ofsted risk.**

The Committee **welcomed** Appendix 5, setting out the assessment of further action required per each risk and **agreed** that this was a useful tool for the Board. The Committee **suggested** that the wording of “tolerate” to be further explained within future iterations of the report.

**Action: JC to include an explanation of “tolerate” in future iterations of the report.**

*The report was noted.*

**F/187 13. Draft Board Calendar 2023-2024**

NT presented the report, noting that Finance & General Purposes Committee meetings were due to take place on a Friday as per this academic year, however were planned to take place at the earlier time of 9am based on feedback.

DB confirmed that he would be unable to attend the 1 March 2024 meeting. **Action: NT to consider March 2024 meeting date.**



**F/188 14. Any Other Business**

The Committee **thanked** the Executive and relevant staff for the comprehensive reports and work undertaken.

**F/189 15. Date of the next meeting**

The date of the next meeting was due to take place on 23 June 2023 at 10am. The Committee **agreed** to move the meeting to a 9am start.

**Action: NT to revise the meeting invite to 9am and send a Teams link for DB.**

*Post-meeting note: It was subsequently agreed for the June 2023 meeting to be held via Teams.*