



Finance & General Purposes Committee
Wednesday 30 November – 9am to 11.15am

Committee Members	Type	Initials	Attendance	Apologies
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	
Clerk				
Nicola Taylor	Director of Governance & Compliance	NT	X	
Attendees				
Jeremy Cook	Deputy Principal: Finance & Resources	JC	X	
Chris Toon	Deputy Principal: Curriculum & Quality	CT	X	
Ivan Jepson	Director of Business Development & Planning	IJ	X	
David Keetley	Financial Controller	DK	X	

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

F/134 1. Chair’s welcome, apologies, conflicts of interest

The Chair opened the meeting and welcomed the attendees.

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

F/135 2. Minutes of the last Audit Committee meeting dated 30 September 2022

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

The minutes were approved.

F/136 3. Matters Arising / Action Log

The Committee **reviewed** the action log and the following was noted:

- The Financial Regulations would be reviewed in February 2022, this would include considerations following the Office for National Statistics' (ONS) decision to reclassify colleges into central government. The Committee **suggested** that the College consider their own views in addition to the regulation as this may be more prudent in some instances.

The action log was noted.

F/137 4. Strategic Risk Register

JC presented the report and highlighted the following:

- The Strategic Risk Register had undergone a significant review, and had been reviewed in detail by the Audit Committee.
- There were now 13 Strategic Risks.
- Future reviews of the register would include a section on horizon scanning, with an update on potential items which may become a future risk.
- There were 6 specific risks relating to the F&GP Committee:
 - R2 Inability to successfully deliver planned curriculum provision leads to failure to meet income and funding targets.
 - R5 Failure to achieve and ESFA financial health rating of 'Good' or better as a result of poor financial performance leads to further intervention and reputational damage.
 - R8 IT Infrastructure - failure to invest in a way which does not capitalise on new ways of learning/working/collaborating.
 - R9 Insufficient resilience to the threat of a cyber-attack leads to one or more of loss of data, fraud, business interruption, legal sanction and reputational damage.
 - R10 Inadequate disaster recovery/business continuity planning impacts on the College's capacity to deliver to students and maintain services leading to reputational damage and financial loss.
 - R12 Failure to deliver the 2022-23 subcontracting plan and comply with ESFA funding requirements, including the move to the 25% subcontracting threshold by 2023-24.

The Committee queried the following:

- Risks to consider arising from the changing landscape – it was noted that this had been discussed at Audit Committee and that the Executive Team had been asked to think about horizon scanning to consider any potential risks. It was suggested that any implications following from the ONS decision was likely to be included within the current risks going forward.
- Ideal mitigation scores / appetite score ranges – it was noted that the Executive Team continued to work hard to mitigate scores however the position changed throughout the year and there were some risks where there was no control over external factors, making it difficult to provide ranges for the appetites. It was suggested that residual risk scores would reduce as the year progressed.

The Committee **agreed** that they were comfortable with the risks and **suggested** that they would like to spend more time understanding the residual net position, with a focus on each risk at meetings to understand the mitigations in place. The Committee were reminded that the Internal Audit plan was mapped alongside the risk register,

and completed audit reports would be taken to the Audit Committee to inform the mitigations and provide assurance in relation to the mitigations in place. It was confirmed that relevant audit reports would be shared with Committees for further assurance as these are provided to the Audit Committee.

Action: NT to add to the agenda.

The report was noted.

F/138 5. Finance Strategy

JC presented the report and highlighted the following:

- The finance strategy was created to underpin the sustainability element of the Strategic Plan, and the sustainability objectives to ensure strong financial health. The strategy includes 6 strands with a range of underpinning actions to support delivery.
- A suite of KPIs had been developed to monitor performance of the strategy, 4 of which would be reported to Board as part of their key strategic financial KPIs.
- The Finance Strategy also included a reserves policy and approach to the cash position. The policy was to hold a minimum of unrestricted cash reserve of 31 days at all times. It was confirmed that this would be kept under review, but this was due to be met according to current trajectories.
- The strategy would be implemented by the Finance Team, overseen by the Executive Team and progress reported at the Finance & General Purposes Committee.

The Committee **queried** the impact on the Finance strategy of the recent decision by the ONS to reclassify colleges as part of central government, however it was noted that this was not yet known and would be kept under review.

The report was noted and the Committee recommended the Finance Strategy to the Board for approval.

F/139 6. Management Accounts

GE left the meeting.

JC presented pensions update and highlighted the following:

- Membership into pension schemes had increased. An evaluation of the Teacher Pension Scheme was due imminently. There was a positive outcome following the covenant review with the Local Government Pension Scheme (LGPS). The College's contribution was due to be 19.5% (1.4% lower than the current rate of 20.9% and 3.4% lower than the rate assumed in the budget from 1 April 2023).

The Committee **queried** whether the decision to reclassify colleges into central government would have a positive impact to pensions and it was noted that this might have a potential benefit across the sector – however, Gateshead College was already now in the lowest category of risk as assessed by the Tyne and Wear Pension Fund.

CT presented the enrolment update, highlighting the following:

- The enrolment figures for 16-18 had crystallised, with 30 students less than the previous year but with a higher conversion rate.
- There had been an additional 18 apprentices since the writing of the paper. The burdensome and onerous process of the enrolment process for apprentices was highlighted. The College were slightly behind in terms of the current position

however this was attributed to the afore mentioned process. There was confidence that the College would meet or exceed the target for apprentices.

- Adult numbers had been difficult to predict. The College were down on the number of full-time adults, and were in the process of aiming to get 48 adults fully enrolled onto the system. This was being monitored closely. The complexity between the North of Tyne and South of Tyne was highlighted and it was reiterated that this was a continuously moving picture.
- The College had faced challenges with recruitment to T-Levels and it was confirmed that this was a national picture due to the external Health and Social care assessment issues faced in the prior year. It was suggested that the College would have met their targets if not for the impact of these external factors on T-Level recruitment.

JC presented the management accounts update and highlighted the following:

- The financial position was ahead of budget, with the need to finalise the position regarding learner numbers. There was the expectation to a deliver a surplus, with the projections including a pay award being offered. It was confirmed that the 2022-23 pay award had been agreed by all Trade Unions and was in the process of being applied. It was noted that this award ensured that all staff would be paid above the living wage, and would help address competitiveness across teaching pay scales within the local market. It was agreed that this was a good offer for staff and was the best possible offer without destabilising the recovery of the College.

GE joined the meeting.

- The cash position remained healthy and strong, and KPIs were consistent with the ESFA financial health rating of Outstanding.
- The College was on track to meet all bank covenants.

The report was noted.

F/140 7. Contract Extension

JC presented the report and highlighted the following:

- The report related to the renewal of the contract for the current finance system which had been used for many years. The system was well embedded across the College.
- As part of the renewal of the contract, the College was required to move to a cloud-based system, rather than a locally hosted system.
- The contract was below the approval amount for F&GP / Board, however the contract was being brought for recommendation due to the requested deviation from the Financial Regulations in terms of not seeking 3 tenders and wishing to remain with the current supplier.
- The cloud-based system allowed for better disaster recovery.

The Committee queried the following:

- IT benefits to moving to a cloud-based system – it was confirmed that there were benefits of the system being outside of the college server.
- Migration of data – it was confirmed that the contract cost included the migration of data and this would not be additional.
- Potential risk impact – it was suggested that strategic risks would be positively impacted due to the assurance given by the provider.

- Data protection implications – it was confirmed that the College was content with the data protection aspects of the contract.

The Committee **asked** for the service level agreement (SLA) to be explored in terms of the data not being accessible.

Action: JC to explore the SLA in terms of the event of data not being accessible within the cloud.

The report was recommended to the Board for approval.

F/141 8. Information Governance Assurance Framework

CT presented the report and highlighted the following:

- The assurance framework included the 3 lines of defence, and these remained largely the same.
- Incidents remained on a similar scale and type to previous years.
- More data breaches had been reported however these remained minimal overall and this was attributed to the improvement with the reporting process.
- All data breaches were a result of human error and training was implemented where necessary. It was confirmed that some instances related to staff leaving printing on printers and that new software had been installed to prevent automatic printing.
- A Cyber Security internal audit had been commissioned and the report would be presented to the Audit Committee once complete. To date, reasonable assurance had been provided to the response to cyber security.

The Committee queried the following:

- Benchmarking against other colleges – it was noted that there wasn't any information widely available but the College would enquire.
- If the reporting was only available to staff – this was confirmed.

The Committee **discussed** the importance of data protection within employability skills for learners. It was noted that learners were taught about their social presence and data protection within tutorial sessions.

The report was noted and recommended for submission to the Board.

F/142 9. Subcontracting Update 22/23

IJ presented the report and highlighted the following:

- The report provided an updated position in relation to 22/23 subcontracting following Board approval of the plan in July 2022.
- Three amends related to; the awaiting of a contract to be signed following continued negotiations, an increase in contract cost to prevent the recruitment of in-house resource and the delivery of apprenticeships through Sora.
- Continuous oversight continued by the Quality, Curriculum and Executive Team. An internal audit was expected in Spring 2023.

Remainder of this item covered under a confidential minute.

The report was recommended to the Board for approval.

F/143 10. Estates Strategy Update

JC presented the report and highlighted the following:

- The report provided an update on the current Estates Strategy, noting that a review of the strategy was taking place and would be provided to the Committee within the next year. The report provided an update on the 2020 Estates Strategy and the objectives were substantially achieved within budget.
- Covid factors impacted the poor utilisation of space in 2021/22 and the level of utilisation across campuses remained relatively low. A further utilisation survey was recently undertaken and the team were in the process of consolidating the results which would be reported to the next FGP meeting. Early indicators are that there is an improved position, however better utilisation could still be achieved.
- The other main challenge was around sustainability and decarbonisation, although there had been significant improvement over the past 5 years. Costs had risen and continued to rise. A Sustainability Officer had been appointed and was due to commence employment in December 2022 who would be key to driving this element forward.
- Bids had been submitted to the Public Sector Decarbonisation Scheme, however the level of Salix funding was likely to be considerably lower than originally envisaged which would impact the affordability of the bids. An update would be provided when available.

Action: JC to update the Committee on the outcome of the Salix funding bid when available.

The Committee queried the following:

- Progress to Net Zero – it was suggested that this was a risk, and that the college should consider its place against the FE roadmap. With the work of the new Sustainability Officer, sustainability would be embedded throughout the curriculum. There was confidence that progress would be made ahead of the summer.
- Occupancy/utilisation targets – it was suggested that a sector target would be around 30-40%. It was noted that this could be challenging, for example, when students were on work placement this would reduce the occupancy figure however the space would still be required. It was noted that the College was not short of space, and that there were opportunities for better utilisation.
- Staff survey results relating to physical resources – it was confirmed that a staff kitchen area had been implemented, allowing staff the use of a breakout room with a microwave. There were no other physical resources highlighted, although it was noted that there was no food offering at Sport or at the Team Valley campus' and the Executive Team were considering this further for both staff and students.

The report was noted.

F/144 11. Council Leisure Review

Covered under a confidential minute.

The report was noted.

F/145 12. Digital Strategy Update

CT presented the report and highlighted the following:

- Work continued to progress the strategy and the feasibility of progressing the areas highlighted. Three projects were being worked upon and the College were being supported by external consultants.
- CT had met with AP which had been helpful to talk through the strategy in more detail.
- The strategy would be shaped further for further update to F&GP going forward.
Action: NT to add Digital Strategy Update to a future F&GP meeting.

The Committee discussed the following:

- The benefits of Edtech and the suitability / preference of learners. An example was provided where students at an external organisation had been engaged in learning through games. It was agreed that there were opportunities of better utilisation of digital learning.
- The capacity and structure available to progress the strategy, suggested that external support may be required to accelerate the strategy across the organisation.

The report was noted.

F/146 13. Any Other Business

Not applicable.

F/147 Date of the next meeting

The date of the next meeting was due to take place on 1 February 2022.