

Agenda No: 02



FINANCE AND GENERAL PURPOSES COMMITTEE

FRIDAY 20 MAY 2022

Report: Minutes of the meeting held on Tuesday 29 March 2022

Author: Clerk

Action: Approve

Status: Open

Present: Martin Hedley (MH – Chair)
David Alexander (DA – Principal and CEO)
David Brind (DB)
Gareth Edmunds (GE)

In attendance: Jeremy Cook (JC – Deputy Principal: Finance & Resources)
Ivan Jepson (IJ – Director of Business Development & Planning)
David Keetley (DK – Financial Controller)
Richard Ward (RW – Head of IT - for data protection item only)
Emma Moody (EM – WBD, Clerk)

F/083 Chair's Welcome, Apologies and Conflicts of Interest

The Chair welcomed participants to the meeting.

Apologies were received from CT.

No conflicts of interest were declared at the start of the meeting, but members were reminded to declare any conflicts that arose during the meeting itself.

F/084 Minutes of the last meeting dated 21 January 2022

The minutes from the Finance and General Purposes Committee meeting on Friday 21 January 2022 were agreed as a correct record.

F/085 Matters Arising

The action log was presented to the meeting.

DA said the discussions with Police in relation to cyber security were being progressed by CT, who would be able to provide an update on his return to work.

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Actions: 1. EM to follow up regarding the relationship with Foundation at next meeting. 2. Format of the action log to be updated to show items "completed" in the future.

GE returned to the meeting at 3.12pm.

F/086 Enrolment Update

The report was presented by JC.

DB asked about the extent of sector wide funding cuts. JC confirmed that funding cuts have been suffered in real terms over several years. He reminded the Governors of the impact of lagged funding, which fed into the curriculum planning process for the following year.

GE asked about the changes in curriculum departments provision during 2021/22. He asked if loss of provision impacted on forecast expenditure/cost reduction.

JC said that construction learner reductions in 16-18 had been almost offset by apprenticeships in this area. He also said that there was some flex in the provision of casual staff that could accommodate fluctuating demand requirements.

DA said other colleges were seeing a trend in recruitment similar to those being experienced by Gateshead, however the College's position in relation to the increase in construction apprenticeships did seem to be pronounced in this regard.

JC said that, measured against the forecast yearly profile, the College had a target of 59 apprentices to reach by end of year. Most were coming through business and digital. There was still significant risk in the End Point Assessment process which all colleges were finding to be challenging.

Regarding AEB, JC said this was the College's biggest current funding challenge. A buoyant employment market was helpful to the College's position. There were significant challenges in rail provision, and this position may deteriorate depending on how recruitment over the next few months developed. A significant proportion of AEB is subcontracted to one partner. This will require close consideration in setting next year's budgeting.

MH asked about the employment market and consequence for AEB. He mentioned the hospitality and retail markets. The significant number of vacancies was potentially reducing the need for very specific skills training, as individuals could more easily access jobs.

DA noted the position regarding ESOL. JC said there were 3 distinct enrolment points through the year. Now was a point in the year where recruitment for starts after Easter was undertaken and the College would monitor this.

DA commented on the FE White Paper and the levelling up agenda. He said the College had clear focus on 16-18 and apprenticeships, but the strategy needed to look at AEB provision for the future.

IJ said the previous opportunities regionally were predominantly in manufacturing and trade industries. The market was changing and the College would need to review its focus in adult education and ensure its provision was meeting market needs/opportunities. DA confirmed that the future of adult education would need to be considered further as part of the wider development of College strategy.

The report was noted.

F/087 Management Accounts

The management accounts were presented by JC.

The cash position remained healthy. Current compliance with covenants was confirmed by JC, but the position was subject to volatility and the team would continue to monitor and report any change to the Committee.

JC confirmed the position for the year currently aligned to forecast but there were some movements expected as a result of some changes from the bootcamp income, due to delayed start dates. JC was not anticipating major variance between now and end of year position, subject to the above.

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DB said he would like to receive more comfort from the executive regarding the variance and forecast relating to AEB income. DB stated that first 7 months were behind on income, albeit costs are under control. He was concerned about whether or not the delivery of the remaining budget over 5 months was a realistic forecast.

JC identified 4 areas of influence in this regard. One was in relation to a partnership with a key delivery partner. These discussions were progressing. The impact would be £700,000 of income with a 30% contribution rate. This was not in the original budget. The College was also exploring opportunities in relation to workforce development training. In addition, the College was looking at additional groups of rail activity, as the take up has picked up in this area. JC also referred to maximisation of budget income through existing College delivery.

DB said the College had £12.9m of income to cover. He challenged the executive as to whether the College would find the income required to balance the shortfall.

JC referred to the increased variant in the lines on p20 of the management accounts pack. He referred to the key strands of extra activity to bridge the shortfall.

JC also referred to the risk schedule on page 19, risk 1 and the fact the College had recognised throughout the year – and continued to recognise – there was a continuing risk of not achieving AEB income, but had outlined the areas where the College was still seeking to prioritise achievement of the current forecast. DB asked whether the forecast was realistic or best case scenario. JC confirmed it included things that were not guaranteed but at this stage it was felt to be realistic albeit if challenging to achieve. JC referred to schedule 1g, p25 of the pack. R07 "funding actuals". JC stated that subject to these learners remaining on programme, these apprenticeships should deliver a further £1.3m. Some funding was tied up in EPAs and therefore a delay in achievement may impact on what was received in-year. The projection stood at £3.9m.

GE left the meeting at 4.10pm.

MH asked whether following this discussion and questions raised, the forecast remained realistic.

DA confirmed it did but remained under continuous review. He outlined the risks but also the steps being put in place. The main risk was around AEB. MH acknowledged the market changes impacting on the College's position. The swing from forecast was such that the budget process for next year would need to consider this area carefully and whether there was a longer-term change in trend that needed to be taken account of. DB wondered if it would be better to be more prudent in the message to Governors.

EM reminded the Committee that the next meeting was 20 May and asked what Governors would want by way of reporting between now and then. EM asked whether the forecast for the year should include best, worst and realistic forecasts, noting the requests received from Board members when the last budget was agreed. BD advised that in circulating the management accounts in April it would be helpful for the Committee to be provided with a status update on key areas. This was agreed by the Committee.

The management accounts were noted.

Action: Committee to receive next set of management accounts accompanied by an update on the status of the key areas discussed during the meeting, including AEB and apprenticeships

F/088 Data Protection Policy

The report was presented by RW.

RW provided some background context and in particular the recent publicity regarding Google not being compliant with data protection obligations. He explained that US security rights extended to reviewing google data. Whilst this was low risk for Gateshead College, in light of learner demographic, RW confirmed that the College no longer stored sensitive personal data on Google hosted systems.

RW gave detail of training that would be provided to staff and also the internal risk assessment-based work particularly in relation to data.

GE wondered if the policy was adequate in terms of data protection impact assessments, and EM referred GE to section 19 of the policy.

GE felt that a particular risk was the circulation of information to Governors, and whether this was sufficiently protected. RW confirmed it would be picked up as part of the risk review. DA also outlined that there was to be a review of the governor portal and that there was a personal responsibility in the management and processing of data.

DB made the following points:

- a) it would be useful for Governors to see the College data map and areas of risk;
 - b) it would be good to understand what is the College plan in the event of data breach;
 - c) The committee would welcome an understanding of the student privacy policy.
- RW confirmed that there is a separate privacy statement for students, than staff.
- d) is there any audit trail recording that staff have read and understood the policy.
- RW confirmed this formed part of the staff training.

Action: data map and the policy in relation to a data breach to be provide to the next meeting of the Committee.

DA reminded Governors of the review of staff training and Governor training underway. Data protection and security was a key aspect of it. He reminded Governors of the data protection assurance framework already in existence which provided comfort to Governors on a number of these areas. That assurance framework would be revised as part of this work to take into account any developments/improvements made.

The Data Protection Policy was approved by the Committee and recommended to the Board for approval.

F/089 Risk Register

The report was presented by JC.

MH asked if the pertinent risks on the risk register should be reviewed and revised in light of the discussion today.

JC felt they were appropriately captured as things stand. Beyond this year, there will be a clearer view on position for next year and whether the challenges reported this year will continue or were more temporal in nature.

JC confirmed that the risks were recorded and persistently monitored.

JC mentioned the pension risk and the triennial valuation pending and advised that the presentation from the Tyne and Wear pension fund that the Committee had been due to

receive in March, but which required to be postponed due to the date change of the Committee meeting, would now hopefully take place at the next meeting in May.

EM asked if inflation risk should appear as a discreet risk. JC said there was not a specific risk in the register but the position would continue to be kept under review by the executive. Committee members noted the impact of cost of living on pension and pay costs, and costs generally.

The report was noted and the Committee acknowledged a need to monitor inflation and impact on future budget setting.

F/090 Any Other Business

IJ reported on the current bid for bootcamp funding and recent discussions with the funder. In due course, Board approval of the submission may be required due to the quantum concerned.

The Committee noted the update.

F/091 Date of next meeting

The date of the next meeting was confirmed as Friday 20 May 2022 at 10.00am.