



## Finance & General Purposes Committee

Wednesday 1<sup>st</sup> February – 10am to 12pm - Main Minutes

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
<b>Clerk</b>				
Nicola Taylor	Director of Governance & Compliance	NT	X	
<b>Attendees</b>				
Jeremy Cook	Deputy Principal: Finance & Resources	JC	X	
Ivan Jepson	Director of Business Development & Planning	IJ	X	
Nadine Hudspeth	Director of Brand & Learner Experience	NH	X	
David Keetley	Financial Controller	DK	X	

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

### F/148 1. Chair's welcome, apologies, conflicts of interest

The Chair opened the meeting and welcomed the attendees.

Apologies were received from SK and GE. The apologies were accepted.

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

### F/149 2. Minutes of the last Audit Committee meeting dated 30 November 2022

#### 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/150 3. Matters Arising / Action Log**

The Committee reviewed the action log and it was noted that all actions were closed / completed apart from the action relating to the outcome of the Salix bids and JC confirmed that an update was provided within Item 8.

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

**F/151 4. Management Accounts 2022/2023 P5 December**

JC presented the Management Accounts for P5 and highlighted the following:

- College subcontracting was still expected to be in line with forecasts by the end of the financial year.
- Financial KPIs were broadly in line with budget.
- All bank covenants were on track to be met.
- The College benchmarking in relation to ESFA AEB Sub-contractor Income as a % of AEB Income, was in excess of 25%, which is in line with the DfE exemption in place for 22/23.
- The Pay:Income ratio, including additional pension contributions was in line with budget.
- There were 92 cash days in hand at December, and there was expected to be a low point of c50 days in March 2023 due to amendments with ESFA funding remittances, however it was confirmed this was not a risk for the College as levels of cash remained in excess of the minimum specified by the College Financial Strategy.
- In terms of non-pay costs, the College was continuing to closely monitor gas and electricity however, there was no reason to move from the projections at the current time.
- The College was confident that the ESFA financial health rating of Outstanding would be achieved for the third year in a row based on the current 2022/23 figures.
- The December management accounts showed a positive and healthy picture, and this was expected to be sustained throughout the year.
  - The Committee noted the great work of the College over the past few years in securing outstanding health on an ongoing basis.

The Committee noted the positive position in terms of finance, and thanked the Executive Team and staff for their work in this area.

**The Committee queried the following:**

- Variance between the position of the 5 months to date vs the full year forecast – it was noted that the variance was a combination of pay (including vacancies) and non-pay costs, and that the College had carried out a post by post analysis of pay costs.

**Action: JC to provide DB with further clarity of the variance outside of the meeting.**

## F/152 5. Financial Regulations

JC presented the revised Financial Regulations and highlighted the following:

- The Financial Regulations had been updated following the Office for National Statistics (ONS) decision to reclassify Colleges into central government. A transition period was expected up to summer 2024 and a College Financial Handbook would be produced by the DfE for the sector. This would result in further changes being required to the College Financial Regulations and this document would be updated as and when DfE guidance was issued.  
Bitesize DfE guidance had been issued, and further amends to the College Financial Regulations would be required following the approval of this iteration.
- All other amends had been made as part of the usual review and this included some changes to wording based on the College Instrument and Articles, amendments to policy documents, clarity around borrowing and amends to thresholds around approval levels.
- A 1 FTE Procurement Officer was in place, and was reviewing the College's procurement strategy and approach to secure value for money through tendering processes.
- As per the Managing Public Money Treasury Handbook, any debt over £45k or an accumulation of debt up to £225k over a year requiring write off would necessitate DfE approval.
  - The Committee **queried** the period the accumulation figure related to and it was confirmed that this level of detail had not yet been specified by the DfE.
  - It was confirmed that any debt requiring DfE approval would be brought to the Committee first.
- Any overseas travel by the Chair of the Corporation Board would be approved by the Chair of the Finance & General Purposes Committee. It was noted that this was not a likely occurrence.

**The Committee queried the following:**

- The number of debts over £45k – it was confirmed that there were several low risk debtors in place.
- The process for approval of credit limits – it was confirmed that this information would be provided at the next meeting.

**Action: NT to add credit limit approval process to the March 2023 meeting.**

- If the number of days debtors were taking to pay was monitored – it was noted that this was referenced with the management accounts within the debtors' schedule, showing aging debt, and that bad debt provision was set accordingly.
- The monitoring of credit limits and financial risk – it was confirmed that this was monitored on an ad hoc basis, however this was a potential area where processes could be tightened.

**Action: JC to consider procedures around credit limit management.**

***The Committee recommended the Financial Regulations to the Board for approval.***

## F/153 6. Strategic Risk Register

JC presented the report and highlighted the following:

- A discussion was due to take place at the February 2023 Audit Committee regarding a treat vs tolerate approach to the Risk Register, and to consider the Risk Management Policy.
- An additional risk had been added to the register as follows "*R14 - Gateshead Council's options appraisal of Gateshead International Stadium results in recommendations and decisions which negatively impact recruitment of learners and delivery of provision*".
- Work was underway to develop a college operational Risk Management Group to ensure risk management was embedded across the organisation. Managers were creating and monitoring operational risk registers alongside their operational plans.
- Horizon scanning continued to take place.
- Strategic risks were covered via internal audits as part of the 3-year cycle to provide assurance to the Committee / Board.

**The Committee queried the following:**

- High residual risk scores where the risk appetite was adverse – JC noted that residual risk scores were changing overtime and as the year progressed.
- Levels of assurance and mitigation, and the Committee's role in relation to this. It was noted that the Risk Register was owned by the Executive Team and they were to ensure that mitigation was in place with internal audits providing assurance of the effectiveness of the mitigation actions. It was confirmed that the role of Committees would be discussed at the upcoming Audit Committee in terms of the risk framework for the College. It was confirmed that copies of internal audit reports, where appropriate to the risks under the remit of the Committee, could be shared for information and assurance purposes, however the Committee would not be expected to test the mitigations.

**Action: Cyber Security Internal Audit to be shared at the March 2023 F&GP meeting for information.**

**Action: Executive Team to continue to monitor and consider risk scores in relation to the risk appetite.**

- The Executive Team's comfort with the residual scores and / or if the Executive Team were looking to reduce risk scores further – It was noted that this would be covered as part of the treat vs tolerate discussion at the upcoming Audit Committee.
- Date of the last 3<sup>rd</sup> party penetration test – It was confirmed that this information wasn't available at the meeting.

**Action: CT to follow up with AP re last 3<sup>rd</sup> party penetration testing.**

***The report was noted.***

## F/154 7. Tuition Fees Policy 2023/2024

***DB left the meeting.***

JC presented the revised Tuition Fees Policy for recommendation, noting that the College did not charge for ESFA funded provision for learners aged 16-18 and that there were no significant changes from the previous year.

JC confirmed that the Equality Impact Assessment (EIA) would take place prior to seeking Board approval.

**Action: JC to submit policy for EIA ahead of seeking Board approval at the March 2023 meeting.**

***The Committee recommended the Tuition Fees policy to the Board for approval.***

*DB joined the meeting.*

## F/155 8. Estates Update

JC presented the report and highlighted the following:

- An updated and refreshed college Estate Strategy was due to be brought to the Committee for recommendation ahead of seeking Board approval later in the calendar year.
- *Item covered under a confidential minute*
- The College had appointed a Sustainability Officer who had recently presented to the Senior Management Team on his findings and future plans, transforming the College's approach to sustainability.
- The College had submitted Salix funding bids for decarbonisation work. Initially the College had understood that up to 90% of the project cost would qualify for Salix support. More recent indications were that the College would receive substantially lower contributions at c20% of total project costs. Although further work had estimated the overall project values at lower amounts, such a level of reduced salix funding would require the College to invest more capital into the projects. The College was considering better uses of the College investment with the wider consideration of energy efficiency and decarbonisation, across all of the College sites. If Salix confirmed this significantly reduced level of funding, it was likely the College would recommend discontinuation of the applications - however, the College was still awaiting the outcome of the bids in order to confirm this position.
- The College had notification of 2 capital grants from the DfE worth £1.073 million that would be paid to the College during 2022/23 for energy efficiency and estate improvement projects. The grants had been made following the Office for National Statistics (ONS) decision to reclassify colleges into central government and the College had not budgeted for this income. The College was looking at eligible projects to utilise the funds and would bring back proposals to the Committee.

**Action: JC to provide the Committee with project proposals relating to the capital grant funding.**

- In terms of energy consumption, the College was on target after five months to achieve the KPI set. Benefits were evident from the work undertaken in the previous year to improve energy efficiency however there was further work to be done.
- The College had asked an external consultant to undertake a review of catering services following operating challenges relating to the pandemic, the impact of inflation and the impact of the cost of living crisis, with the aim to ensure the best facility for staff and students. Aramark received a positive report from the consultant and this had been fed back to Aramark. Although this didn't eliminate the financial challenges, it was pleasing for the College to hear the positive feedback and assurance of the provision.

**The Committee queried the following:**

- Timelines for the commitment of expenditure relating to the capital grants – It was noted that the smaller of the grants needed be spent by March 2023, with the caveat that this could be spent over the following 2 financial years if necessary, and the larger of the 2 was to be spent by March 2025.

- Progress within sustainability across the curriculum – it was noted that the Sustainability Lead would be working with the curriculum teams to embed this throughout.
- Renewal options for the Academy for Sport - it was confirmed that the lease was undergoing a legal review but it is understood that the option to renew/extend the lease is an option in favour of the College.

***The report was noted.***

## F/156 9. Adult Education Budget (AEB) Update

JC presented the report and highlighted the following:

- The AEB funding stream related to provision for 19+ students outside of apprenticeships and Higher Education. This was the College's 2<sup>nd</sup> largest source of income at c20%, with devolved and non-devolved delivery. Approximately 60% of AEB was direct delivery and approximately 40% via subcontracting.
- In terms of trend analysis, AEB provision had increased by c15% over the past year. The increase in 2022/23 primarily reflected the emergence from the pandemic, the remodelling of ESOL provision to support an increase in settlement in Gateshead and the wider North-East and the more effective use of learner support funds.
- The College's ability to deliver AEB funded activity was hampered by the restrictions and limitations arising from having to work within the boundary and different funding regimes that existed for adult education between a non-devolved (south of the Tyne) region and a devolved (north of the Tyne) region. It was not possible to vire funding between the non-devolved and devolved allocations or directly control the number of learners enrolled on a course from each area. It was hoped that a devolved settlement for the wider North-East region from 2024/25 would lift these restrictions to allow the College more flexibility with delivery.

**The Committee discussed the following:**

- Funding rules vs the needs of the community and local employers in terms of upskilling and developing staff, as well as providing the unemployed with skills to allow them to get into work. The Committee noted the opportunities within these areas.

***The report was noted.***

## F/157 10. Update on Externally Funded Projects and Collaborations

IJ presented the report and highlighted the following:

- The College was leading on a number of DfE skills bootcamps.
- A number of contract changes had been submitted to amend original contracted income due to partners pulling out of delivery, however the contribution from direct provision from the College remained the same.
- In relation to Green Skills, the College was working with commercial partners to deliver the provision. *Item covered under a confidential minute.*
- The different funding streams had different complexities regarding grant funding, bootcamp funding, resource, and infrastructure.
- The College was carefully considering the funding opportunities available in terms of capacity and resource.
- The College was keen to continue to work and collaborate with other providers.

- Updates would be regularly provided to the Committee.

The Committee **supported** the College in continuing to bid for funding where capacity and resource allowed.

***The report was noted.***

#### **F/158 11. Subcontracting Update**

IJ presented the report and highlighted the following:

- The College had a Subcontracting Policy in place and this was approved on an annual basis.
- *Remainder of this item covered under a confidential minute.*

*DB left the meeting.*

***The report was noted.***

#### **F/159 12. Operational Planning and KPI Update**

NH presented the report and highlighted the following:

- A new process for operational planning had been introduced following the launch of the College strategic plan, this ran alongside the curriculum and business planning process. The process of operational planning was a whole team approach to ensure all staff members were aware of their contribution towards the strategic plan and to ensure buy in.
- The process included considering KPIs at Board, Committee and operational department level to give assurance that the priorities and aims within the strategic plan were being delivered.
- Operational Plans had been created by departments across the College to underpin the College strategic plan. Each operational plan mapped against the College strategic priorities and aims, to evidence how each plan related to the overall achievement of the College strategic plan. There was coverage of each strategic aim across the plans, covering multiple strategic priorities. Alongside each operational plan was an operational risk register for that area.
- Work had been undertaken to ensure there was a consistent approach to language and target setting across the departments.
- Plans were being monitored internally on a termly basis, and an update would be provided to the Committee following the completion of the academic year. The Pentana system was due to be rolled out in March which would allow more streamlined reporting on progress.
- Planning presentations were in the process of taking place, and the audience included a mix of Assistant Principals and Heads of Service to ensure there was collaboration and joined up approaches across the College functions.

*DB joined the meeting.*

**The Committee noted the following:**

- The positive position of all staff understanding how their work contributes to the overall College strategic plan.
- The level of work undertaken across the College to get to the current position, and the positive trajectory to achieving the College strategic plan.

*The report was noted.*

**F/160 13. Any Other Business**

Article 127 ESFA Audit – Adult Education Budget Funding

It was confirmed that the College had received correspondence from the ESFA relating to an Article 127 ESFA funding audit relating to AEB funding covering the following academic years:

- 2017-2018
- 2018-2019
- 2019-2020
- 2020-2021

The College awaited further correspondence relating to timescales.

*The update was noted.*

**F/161 14. Date of the next meeting**

The date of the next meeting was due to take place on 31 March 2022 at 10am.