



FINANCE AND GENERAL PURPOSES COMMITTEE

WEDNESDAY 30 NOVEMBER 2022

Report: Minutes of the meeting held on Friday 30 September 2022

Author: Clerk

Action: Approve

Status: Open

Present: Martin Hedley (MH – Chair)
David Alexander (DA – Principal)
Gareth Edmunds (GE)
Alan Potter (AP)
Sarah Stewart (SS)

In attendance: Steve Collingwood (SC – Facilities Manager)
Jeremy Cook (JC – Deputy Principal: Finance & Resources)
Nadine Hudspeth (NH – Director of Marketing, Communications, Health and Safety, Learner Services and Corporate Admin)
David Keetley (DK – Financial Controller)
Chris Toon (CT – Deputy Principal: Curriculum & Quality)
Sharon Kinleyside (SK – Health and Safety Manager)
Sally Cooper (SC2 – WBD, Clerk)

F/119 Chair's Welcome, Apologies and Conflicts of Interest

The Chair welcomed everyone to the meeting.

Apologies were received from David Brind.

The Chair invited committee members to declare any conflicts of interest. No conflicts were declared and the Chair reminded members to declare any conflicts arising during the course of the meeting.

F/120 Minutes of the last meeting dated 17 June 2022

The minutes from the Finance and General Purposes Committee meeting on Friday 17 June 2022 were agreed as a correct record.

F/121 Matters Arising

The action log was presented to the meeting and noted by members. In relation to the Operating Agreement between the College and the Foundation, SC2 advised that a draft operating agreement has been prepared and would be circulated shortly to governors with delegated authority for formal review and approval

F/122 Marketing, Communications and Learner Services

A presentation was delivered by NH, covering:

- corporate planning
- brand, marketing and communications
- learner services
- sustainability
- corporate administration
- health and safety.

The Chair thanked NH for her presentation.

In response to a question from the Chair in relation to the risk of Executive Team stretch in delivering the College's new strategy, DA advised that the College had recruited into the new role of Director of People and Organisational Development, to support the Team's capacity. DA also advised that the appointment of a full-time Director of Governance and Compliance, who would take up post the following week, would be able to assist by taking on responsibility for governance across the College and also provide support to governors. In addition, certain Executive functions were in the process of being re-allocated amongst Team members, which would help further support the Executive Team in delivering across all areas of the strategy.

In relation to a question from SS in relation to brand awareness and profile, and potential any potential negativity around this for the College, NH advised that the College's reputation and brand did not appear to be suffering as a result of the sector press received by the College in previous financial years. This was partly as a result of the careful communications strategy implemented during that period. This was evidenced in student numbers and recruitment, as well as partnership relationships. The College had a strong brand recognition in being known definitively for employment edge, which enabled the College to distinguish itself effectively.

DA advised the Committee that, in developing the new College strategy, the engagement of staff, student and partners in this process also evidenced the effectiveness of the College's engagement with these different stakeholder groups and the strength of the brand and reputation.

AP commented that data was also a key aspect of this, to understand image and perceptions through measuring against key metrics.

The presentation was noted.

F/123 IT / Digital Update

A presentation was delivered by CT.

AP commented that if cyber security is implemented effectively, it should be an enabler for organisations, rather than a challenge. AP also commented that partnerships could be another element to consider in relation to the digital plan, and the ability of partners to add value. In addition, AP commented in relation to offsite data storage, and the need for costs of offsite storage and exit strategy to be considered at the point of entry.

DA commented that the digital plan would require a cultural shift from 'make do' to 'can do', and this would be a key part of initial work, to implement a digital culture across the organisation.

GE commented that students were also another key part of the digital plan, and the need to combat student disadvantage. CT advised that the College has a bursary fund, which can be utilised to support students in purchasing equipment. However this fund is not currently fully utilised and the College would be reviewing it to see if the funds could be maximised more fully to support student need.

In relation to a question from GE in relation to cyber-attacks, CT advised that the College's security software provides statistics on all attempted attacks of the College's digital infrastructure. CT advised that there was a culture in the College of ensuring a high level of protection for the IT systems, and although this prove challenging at times from an operational perspective, security was undoubtedly of key importance for the College.

It was agreed that AP would meet with CT out with the meeting for a more detailed discussion on the College digital strategy and development of it.

The Chair thanked CT for presenting and noted the opportunities for the Board to consider this further going forward.

The presentation was noted. It was agreed that AP would meet with CT out with the meeting for a more detailed discussion on the College digital strategy and development of it.

F/124 July management accounts and draft 2021/22 figures for audit

The report was presented by JC and confirmed that the College would be providing a set of 2021/22 year end accounts to the external auditors which were in line with the annual budget and previous reports provided to the Committee throughout the year.

JC provided an updated on the year end actuarial report that the College had received in relation to its pension fund assets/liabilities. JC advised that there had been significant positive movement in the College pension fund assets and liabilities at the year end, however these would not have any direct bearing on the College's financial position or any assessment of financial health, but the College is nevertheless required to report them.

In relation to the FTC disposal, JC noted that the covenant arrangements and securities had been completed and the ESFA loan repaid in full following the disposal.

In relation to the case of Harper Trust v Brazel, JC advised that this Supreme Court ruling which was made on 20 July 2022 related to the holiday pay of casual staff. This case changes the basis on which the entitlement to holiday pay for casual staff is calculated. It does this in reference to a 52 week period rather than a 12 week period. JC advised the Committee that he is in discussions with legal advisers as well as the College's auditors in relation to the implications of the case. **THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION.**

DA noted that he had a discussion with the ESFA the previous day regarding the Harper Trust case, and they were comfortable with the College's proposed approach to dealing with the financial implications of the case within the College's accounts.

In response to a question from the Chair, DA advised that the College has around 160 staff that would require review in relation to this judgement. In response to a further question about the possible restructuring of their employment, DA noted that the AoC was supporting Colleges with proposals in relation to the structure of contracts going forward, and the College was working through this.

In response to a question from GE in relation to regularity, JC confirmed there was nothing to report on the accounts from a regularity perspective.

In response to a question from GE in relation to the impact of the case on the budget for the following year, JC advised it did not appear to have a material impact at this stage, but this was still very much a work in progress.

MH noted to the Committee the risk to the organisation if full time workers felt comparatively disadvantaged as a result of the ruling, and the College would need to mitigate this risk if it emerged.

In response to a question from SS, JC advised that the provision was a prudent provision based on the information known at this time, although this is something the College will continue to keep under review.

SS noted that the management accounts demonstrated the journey of the College, with it being a very different position from previous years, and that the management accounts were very much in line with Governors' expectations, notwithstanding the implications of this case, which was outside of the College's control.

The report was noted and approved for consideration by the Board.

F/125 Draft Procurement Annual Report

The report was presented by JC.

GE thanked JC for the quality of the report, noting the value in including metrics relating to geography and other factors.

GE requested that, in future reports, the information regarding familiarity risk (in respect of the length of time the College has had contractual relationships) also be included as a graphical presentation within section 1, to enable Governors to be able to see easily that element of procurement being addressed.

DA thanked JC and his team, including DK and SC, for the significant amount of work undertaken on developing procurement practices throughout the year and for work in producing this inaugural College Procurement Annual Report.

DA noted that 20% of what the College spent with suppliers during 2021-22 was with organisations based in Gateshead, and two thirds of the spend was with suppliers based in the North East. A key element of procurement work going forward would include considering where the College spends its money and how many suppliers are used.

MH noted that this spend within the local area further reinforced the importance of the College's brand identity, and strategic engagement with partners. MH also asked if the report could be shared with governors at the Board meeting on 19 October and this was agreed.

The report was noted and approved. It was agreed that the report should be included on the agenda for the 19 October Board meeting and shared with all governors.

F/126 Decarbonisation and Salix proposals

The report was presented by JC and SC. It outlined a funding bid that the College was looking to make in relation to Salix funding that would support sustainability projects and which would require an element of match funding to be provided by the College across the 2022/23 and 2023/24 financial years if successful. It was noted that submitting the Salix funding bid in itself did not commit the College to any expenditure and thus governors were not being asked to formally approve any expenditure proposals associated with the bid at this time.

The paper also outlined the overall level of investment that would be required to take forward sustainability projects across all college campuses during the next 5-10 years.

In response to a question from SS in relation to historic lack of success in the FE sector in securing Salix funding bids, SC advised that this year soft caps had been included, which may increase the proportion of the budget allocated to the FE sector. However, previously Salix funding had been oversubscribed by 3 times the available funding, so while these soft caps increased the possibility of securing funding demand would still be high, and it did not guarantee the College would be successful in its funding application.

In response to a question from MH in relation to reliance on particular energy sources, SC advised that the Government was looking for organisations to move from fossil fuels to electricity, generated by other sources, however the cost of electricity meant that at present this presented some challenges. SC noted the importance of the College continuing to take measures to reduce gas and electricity consumption.

The governors noted that the timeline for submitting funding applications had been postponed by Salix from the original date of 19 September. However, the revised submission date was expected to be imminent and the College would look to make the submission as soon as the opportunity to do so arose.

The governors confirmed that they were supportive of the bid being submitted to Salix and it was agreed that a further update would be provided at the next meeting.

The report was noted and it was agreed that a further update on the Salix funding bid would be provided at the next Committee meeting.

F/127 Update on 2022/23 budget

The report was presented by JC and provided an update on the key movements associated with the 2022/23 budget since the beginning of the financial year on 1 August. The report showed that overall key variance movements to date meant the College was reporting a positive variance against the budget.

In response to a question from SS in relation to the relatively small increase in the budget for energy spending, JC advised that the College receives a lot of information from its suppliers, and a degree of prudence was therefore already built into the budget at the point it was set earlier in the year, so forecast price rises resulted in a comparatively small increase in the budget. However, it was acknowledged this risk is substantially outside the College's control and would remain under continuous review throughout the year.

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The report was noted.

F/128 Update on External Funding, Bids and Collaboration

The report was presented by JC, on behalf of Ivan Jepson and showed that the College had been successful in securing two Wave 3 boot camp contracts in relation to digital and green skills and would now work with partners to deliver these. The contract awards were in line with what had been anticipated and presented to governors as likely at the 6 July 2022 Board meeting and the Chair of Governors and Principal/CEO had signed them off in accordance with the delegated authority provided at that meeting

The Committee members noted the report.

The report was noted.

F/129 2022-23 Enrolment report

The report was presented by CT.

CT noted that the College that there had been some positive movement in the enrolment of 16-18 students since the report was produced, and that overall the forecast recruitment numbers in this area were slightly ahead of the College's business plan. However, the College is still seeing some flux with students leaving, and these enrolment numbers will crystallise after half term. CT noted the positive position on recruitment as compared to previous years.

CT noted the impact on T level recruitment in light of the issues regarding assessments of T levels over the summer. This was a national issue that has impacted on the College's ability to run some of the T level courses previously scheduled. CT noted the potential financial impact to the College of being unable to run these courses and that he had raised this with the Department for Education, requesting that the College be allowed to retain the revenue funding associated with any shortfall in revenue funding as a result of this. The DfE had advised they would take this under consideration.

In relation to adult learner recruitment, CT noted that there were an additional 10 enrolments as compared to the previous week when the report was produced and that recruitment in this area was progressing reasonably well.

CT noted that Access to HE recruitment was slightly below plan. In relation to HE, the College now has 20 starts in Engineering and some additional starts in Construction.

CT reported that part time learners had increased by 28 enrolments. Although this was still behind plan, in some areas numbers are improving so the College hoped that they would be on plan by the end of August. Overall, the College had confidence in adult part time enrolments.

DA noted that it was a key priority for the College to work with the DfE and providers to see how going forward there would be a way to recover from the reduction in T level numbers. This was outwith the College's direct control, but it was important for the College to take the steps it could.

SS noted that, in the journey out of intervention, enrolment numbers for 2022/23 would be a key factor, and based on the report these were showing a positive position overall against the business plan.

The report was noted.

F/130 Draft Finance Strategy

The report was presented by JC and outlined the key objectives and KPIs that would underpin the College's developing Finance Strategy.

In response to a question from AP in relation to a target date for the strategy, JC advised that it would be brought to the Board either at the next meeting before Christmas, or the following meeting.

The Committee were supportive of the KPIs and objectives contained within the draft Finance Strategy.

The report was noted.

F/131 Draft Strategic Risk Register

The report was presented by JC and contained an updated version of the strategic risk register format tabled throughout 2021/22 and also a new format for 2022/23 that was being developed to succeed this and which lined to the new College strategic plan.

MH noted that, as a board, a lot of work had been undertaken to increase knowledge and understanding of risk and risk management, so there would be merit in committee members reflecting on and considering this, and MH invited committee members to feed back to JC directly.

SS noted the relevance of risk in relation to the College's operating environment which was emerging, which had been discussed at the C&QS meeting the previous day, and this perhaps feeding into the risk register going forward.

The report was noted.

F/132 Any Other Business

There was none.

F/133 Date of next meeting

The date of the next meeting was confirmed as Friday 25 November 2022 at 10.00am.