



Minutes of a meeting of the **F&GP Committee** held on 21 January 2021 at 1100 hrs.

Present Jonathan Beake Steven Blackshaw Sally Townsend
(Chair)
Kevin Watson
(Principal)

In Attendance Ralph Devereux Adrian Cottrell
(Clerk) (VPFR)

08/20 ELIGIBILITY, QUORUM, DECLARATION OF INTERESTS, AND URGENT BUSINESS

- a. No notice had been received of any member becoming ineligible to hold office, the meeting was quorate, and no interests were declared.
- b. There were no requests for Urgent Business.

09/20 MINUTES OF AND ACTIONS FROM THE LAST MEETING

- a. The minutes of the meeting held on 16 November 2020, were confirmed for electronic signature; the Clerk to action. **(Action 1)**
- b. Actions from the last meeting were complete or in progress.

Note referenced minute for full detail.		Status
Action 1	01/20b. JC to Chair meeting (Items 1-9)	complete
Action 2	02/20a. Last minutes (26.09.20 & 01.10.20) confirmed.	
Action 3	04/20a. Staff contract added to Audit Tracker.	
Action 4	04/20a. Mgt letter recommended to Corporation.	
Action 5	04/20a. Governance Statement rec to Corporation	
Action 6	05/20. Deficit reconciled back to outturn.	
Action 7	05/20. Drafting points to be passed for inclusion.	
Action 8	05/20. AFS provisionally recommended to Corporation.	
Action 9	06/20. Management Accts rec to Corporation.	
Action 10	07/20a. Covid return to be circulated for approval.	
Action 11	07/20b. ESFA schedule to be allocate responsibilities	
Action 12	08/20a. IT contract detail to be circulated to members.	not required
Action 13	08/20b. Capital maintenance report to be circulated.	pending
Action 14	08/20c. Procurement Report on future FGP agendas.	

- c. Matters Arising. There were no matters arising.

The information was received.

Actions had been identified. (Table 17/20 below)

10/20 FINANCIAL REPORT

- a. Management Accounts November 2020. The financial report referencing the November position was then considered; the comprehensive document comprised a narrative informed by graphical and tabulated detail. The accounts, drafted on 8 January 2020, showed a c£260k adverse to the budgeted deficit figure; there had been no exceptional items during the period. Income, including accrued high needs and alternative provision funding, tuition fund and letting income extrapolated to year end would show a shortfall of c£231k, plans had been established to recover that situation. Pay costs had been under budget by c£13k but were expected to show an annual c£168k overspend, partly offset by the 16-19 Tuition Fund but the amount was as yet unquantifiable. Non-pay costs had been c£168k over budget. The challenges, almost all Covid related, were fully detailed in the paper by budget heading and were individually considered. Key Performance Indicators (KPI) were considered and noted: the EBITDA v Income was -2.76% and the financial

health assessment, provisionally graded as “Requires improvement” (RI) was likely to deteriorate to “Inadequate” by year end. The cash flow rolling forecast was discussed, particularly with respect on the use and timing of the overdraft facility. There was then a detailed discussion on how the financial situation, which had been relatively buoyant at the last meeting, had become so pessimistic in such a short time. The additional expenditure was largely Covid related and was explained in the accompanying comprehensive document and tabulated at para14.3 (P14); some elements could be offset through as yet unspecified grant funding. It was also likely that additional income would be forthcoming for the “over target” enrolments: a total of 1113 Education and Skills Funding Agency (ESFA) funded learners not accounting for January starters. This number had now exceeded the 10% over subscription normally sufficient to prompt additional funding; with the December numbers included it was closer to 15%. High IT related expenditure had accelerated since ageing hardware was incompatible with the inexorable demands of the on-line delivery processes. Furthermore, associated software improvements, generally use of the Microsoft Office 365 software suite and cloud based “software-as-a-service”, had disproportionately increased fees. For example, the associated 12 months support fee during 2020 now covered only a single month and this had not been foreseen. Also, during the changeover from local servers to the cloud there had been an element of double charging. These matters had not been in the budget and were essential in the now dramatically changed environment; that was agreed, but there was concern that the Committee had not been informed at an early stage of these considerations. This oversight indicated the importance of the “Forecast Tracker” and assurance was received that would be available in the near future. **(Action 2)** A review had already been initiated into the process for subscription payments which in future would be treated as contracts with Key Performance Indicators (KPI) and regular reviews (12/20 refers). It was noted that some of the payments had been “front loaded” and comparative monthly expenditure would reduce. Concern was recorded at the amount of unbudgeted Covid related funding, which was being carefully recorded for possible reclamation. **(Action 3)** Other associated funding and “Value for Money” (VFM) issues were complicating the scenario and it was agreed to consider the recovery route.

- b. Options for Recovery. The deteriorating financial position considered in the previous paragraph would lead to an “inadequate” financial health rating and accordingly a recovery plan was necessary. The situation had been fully detailed in the accompanying paper, which had been circulated in advance; reasons for the financial pressure had been listed in the document (para 1.3) and were fully examined in the subsequent comprehensive detail. The paper considered 4 options for recovery and each was examined individually; after full discussion and consideration of the associated risks, it was unanimously agreed that Option 3 was preferred with some additional elements, so Option 3+. **(Action 4)** This option offered the best chance of remaining in the RI financial health rating, although inherent risks remained, for example with adult skills funding and the maintenance budget would necessarily be deferred for 12 months. It was likely that the additional funding position would be clarified after the Individual Learning Record (ILR) RO6 detail had been analysed at the end of February. As previously considered the traditional additional funding triggers had been met, although Covid and demographics had combined to produce higher than normal student populations and this could affect the available funds nationally. Possible areas for savings had been identified and would be discussed by the Senior Management Team (SMT) that afternoon and the outcomes would influence the December management accounts; Members were conscious of the Further Education (FE) Commissioner’s regular health check on the coming Monday. It was agreed to detail the outcome of the SMT meeting and to circulate to Members as soon as possible.**(Action 5)**

The information was received.

Actions had been identified. (Table 17/20 below)

11/20 CAPITAL

There was little to update on capital expenditure however it was necessary to detail future intentions (considering decisions taken in the previous item) in readiness for the FEC

Commissioners exchange on Monday. Essential work must be detailed for completion during next year when the financial position should be considerably eased. Laptop computers had been provided for some digitally challenged pupils and Colleges could bid for Government funding support wef 25 January.

The information was received.

12/20 CONTRACTS REGISTER

The Contracts Register, to a revised presentation although not finally set had been influenced by Internal Audit Service (IAS) reports and was discussed. The register was expected to be in final format by mid-February and was generally discussed, it was agreed that the table should list contracts with the highest value detail at the top of the listing; high to low and consideration should be given to categorisation by service provided. Utilities should be integrated into the list. It was agreed that the method of procurement and type of payment, including subscriptions for each, should be clearly included. **(Action 6)**

The information was received.

13/20 POLICIES

- a. Updates. The Financial Regulations and the Procurement Manual had been updated in accordance with IAS recommendations and other changes; amendment details at para 3.2 (Financial Regulations) and at para 4 (Procurement Manual) had been highlighted in yellow throughout the text. The changes included a rationalisation of appropriate authority and responsibility levels and signatures. The Corporation Chair was currently examining the documents and would comment accordingly, with any consequent changes the documents were provisionally recommended to the Corporation for approval. **(Action 7)**
- b. Tracker. The Policy Tracker was considered and those requiring specialist input, particularly, Human Resources (HR) which needed trades unions input were noted. Progress with the shared HR Consultant was raised; there had been 26 applicants and it was agreed that the Corporation Chair and Principal would discuss the issue outside of the meeting. **(Action 8)**

The information was received.

Actions had been identified. (Table 17/20 below)

14/20 HEALTH AND SAFETY (HAS)

HAS related matters had clearly focused on Covid related matters. In all matters the guidance had been fully applied and assurance was given on full compliance, including the testing facility, which had been established in the “Bob Herring” suite. Identification of a “HAS Nominee”, a current employee who would dedicate 20% FTE time to the role had been delayed until next term. It was agreed that s full report on HAS/Covid issue would be considered at the next meeting. **(Action 9)**

The information was received.

15/20 URGENT BUSINESS

There had been no urgent business requested.

16/20 DATE OF NEXT MEETING

The next meeting had been scheduled as joint with the Audit Committee to consider provision of audit services, the Clerk would check on progress and inform accordingly. If that issue was not to be considered the meeting would be at 1100 on 15 March 2021. **(Action 10)**

The information was received.

17/20 ACTION REGISTER

See referenced minute for full detail.		Resp	Date
Action 1	09/20a. Last Minutes (16.11.20) confirmed for signature.	Clerk	wie
Action 2	10/20a. Forecast Tracker to be introduced asap.	VPFR	

Action 3	10/20a. Covid related expenditure to be recorded.		
Action 4	10/20b. Option 3+ recovery option to be implemented		
Action 5	10/20b. SMT meeting outcomes to Members.		
Action 6	12/20. Contract fee detail to include subscriptions.		
Action 7	13/20a. Policies provisionally recommended to Corporation.	Chair	18.03.21
Action 8	13/20b. HR Consultant issue tbc.	SBKW	asap
Action 9	14/20. Report of Covid/HAS to next meeting.	VPFR	15.03.21
Action 10	16/20. Next meeting details tbc.	Clerk	wie

Rafael Severina (Clerk) for Sally Townsend (Chair)






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Final Audit Report

2021-03-16

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