

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Minutes of a meeting of the Finance & General Purposes Committee held on Wednesday 19th February 2020 at 5.30pm in room 2.35b

Present:

Mr M Ward
Mrs L Watson
Mr D Hankey

Also in attendance:

Mrs K Dales [Assistant Principal, Finance]
Mrs G Brown [ESFA]
Mr A Theakston [Clerk]
Mrs C Menzies [Minute Clerk]

1 Apologies for absence

Gillian Brown was in attendance from ESFA instead of Lesley Monaghan.

2 Declarations of Interest relevant to business of meeting

None.

3 Minutes of previous meeting held on 13th November 2019

The minutes of the meeting held on 13th November 2019 were approved and signed by the Chairman.

4 Matters arising and action points

An independent review of HBDC will take place in due course.

MW requested the 1% pay award be discussed at the May meeting.

5 To review the College Consolidated Management Accounts to December 2019

KD reported because the meeting was brought forward, December accounts were included in the papers as January won't be complete until the end of this week and submitted to the ESFA so there will be a difference between this and the January plan. Overall accounts are favourable against plan and set to be good. A few points were noted from the cashflow:

- The College set a budget for a 1% increase to the LGPS pension scheme but have just found out that there will not be any increase for the next 3 years so this budget is no longer required
- Severance costs are included in salaries which will break even – MW noted the new rates show a small cushion amount
- MW requested KD include the old forecast cash figures on the cash flow chart to compare against new figures – KD to add

6 To review the performance of HBDCL to December 2019

KD reported a small deficit saying income has been slow to come in but a break-even position is expected. The expected forecast income target has not been achieved but this relates to delays with commercial work with Seymour Academy which will be delivered later than planned.

7 To approve for recommendation to the Board budgets for 2019/20 and 2020/21 and Integrated Financial Model

KD circulated an updated version to members on Friday using the new ESFA integrated financial model. The report included in the papers highlights the changes made and difficulties with the model i.e. level of detail required and the fact funding allocations have not yet been received. KD

gave an overview of the changes for the budget summary for 2018/19 and 2019/20:

- 16-18 programme funding has been increased for 2020/21 to £6,300,000
- TPA contribution changed to £318k from £300k
- High Needs LA top up increased by £30k
- AEB – there was a small adjustment to the ESFA allocation now reflected
- Apprenticeships increased by £120k [to take into account paperwork not yet processed]
- ESF Project – reduced to £128k, previous budget too high did not reflect the work taking place
- Higher Education – significantly higher due to new Foundation Degree in Travel & Tourism and expected numbers in other areas
- Full cost curriculum – reduced due to delays with commercial work with Seymour Academy
- Salaries – updated to take into consideration severance costs and other staffing changes
- Utility costs have been increased

For 2020/21 previous assumptions have been used, except for 16-18, as funding allocations have not yet been received. Governors will receive an updated budget for 2020/21 in July once allocations are received. KD said the model has a higher surplus due to interest rates for the bank loan as part of this is a variable rate.

LW asked KD if the new model had created workload. KD said it is a very complex task which has been extremely time consuming and the model has a number of restrictions. MW asked if the process added value, GB advised that for colleges it doesn't add any value and other finance directors are reporting the same issues experienced by KD.

DH thanked KD and the finance team for their hard work.

MW asked if the increase for HE is a one off or if it will continue. KD said it could potentially continue at a higher rate but that it included bad debts which have now been repaid and this element is a one off.

8 To note recommendations of David O'Hara report and if agreed then forming a plan to address them including:

- **Approving a list of authorisation levels** – These would be included in the Financial regulations. MW queried authorisation levels. KD said only the system administrator could override this function [D Cassidy]. MW asked if online payments were made through the bank, KD confirmed they were with Barclays
- **Reviewing all policies** – policies have been reviewed
- **Form and content of accounts** – are a new format from quarter 1
- **Governor reviewing management accounts monthly** – MW agreed to undertake this action
- **Training Plan** – AT circulated the plan for the remainder of 2019/20 and it was agreed

9 Confirm the recharge for annual overheads from College to HBDCL

KD reported the basis for calculation has not changed and is audited every year. The recharge was agreed with no changes and it was confirmed that the method of calculating recharge as included with the agenda papers would continue until further notice

10 To consider the risk register and any risk issues to report to Audit Committee re:

- **non achievement of contract income levels**
- **deterioration of financial health**
- **staffing performance issues**
- **HBDCL**

11 Any other business

AT informed he was in the process of review Terms of Reference for every Committee. He advised that he would send the current terms with suggested amendments to MW with a view to the completely revised standing orders going to the board in May.

LW queried membership since PM retired, asking if the meeting is quorate with two members. AT advised that most committees, including F&GP, had a quorum of two. Nevertheless he agreed that new members were required and Search committee would be looking to appoint additional members to all committees once a further two board members were appointed next week. It was fine to go ahead with two members and two new governors will be appointed at the next Board meeting so could be added to this committee. Discussion followed regarding the change in Board Chairman and committee membership.

KD requested permission to tender for a new insurance broker as the current contract is due to expire. KD circulated an insurance questionnaire and welcomed feedback. Tendering would take place using Tenet. KD explained that premiums for terrorism cover have been reduced so she will obtain quotations with and without this cover. MW asked if the College was insured if their computer systems were hacked. KD confirmed we are insured for loss of data and provided an overview of systems in place:

- Barracuda e-mail security
- Cyber Essentials
- JISC used for business continuity desktop exercises
- Staff have had GDPR and phishing training
- Backups are off-site
- Finance, Data and HR are off-site stored on the Cloud

12 To note the date of the next meeting

Wednesday 6th May 2020 at 5.30pm in room 2.35b

..... **CHAIRMAN**

Action points from the meeting held on 19th February 2019

Minute	Action	By Whom	By When
4	1% pay award to be reviewed at the next meeting	All	6 th May 2020
5	Old forecast figures to be added to new cashflow as comparison	K Dales	6 th May 2020
11	Send TOR with suggested amendments to MW	AT	10 th March 2020