

FINANCE & GENERAL PURPOSES COMMITTEE

Minutes of the meeting held at 6.00pm on Wednesday 7 March 2018 at Gearies Centre

PRESENT: Margaret Partridge (Chair), Kathleen Atkins (Vice-Chair), Deanna Clarke, Joni Cunningham, Olive Hamilton-Andrews, David O'Donoghue, Mo Rahee and Councillor Joyce Ryan.

Also in attendance: Gill Hails, Assistant Principal Finance & Resources, Janis Lane, Clerk to the Governors.

912. APOLOGIES for late arrival was accepted from Olive Hamilton-Andrews (from minute 917).

913. DECLARATIONS OF INTEREST – there were none.

914. MINUTES of the meeting held on 22 November 2017 were confirmed and signed by the Chair.

915. BUDGET 2017/18 PERFORMANCE TO DATE

Governors considered the Budget Monitoring Statement as at January 2018 and noted that the budget was in line with predictions reported in November 2017. Governors discussed the year end forecast of a surplus just over £220,000 of which £70,000 needed to be carried forward as income in advance to support the increased salary costs from the pay and grading review. The balance would need to be transferred to reserves to ensure adequate funds available for the building upgrades that were needed to improve learner safety. Any further balance would need to be carried forward as income in advance to support the 2018/19 budget. Governors acknowledged that the surplus had been achieved by exceptional factors including project/contract gains £152,820 from Learning in Mind (LIM), Speaking English with Confidence and Learn My Way as well as salary savings from vacancies in academic and business support posts and savings in general expenditure.

Governors compared Budget Variances to Operational Budget gains. It was noted that the year one cost of the pay and grading review, that were not full year costs, had been covered by the academic salary savings and also the cost of the IT replacement programme had been covered by increased income from fees and loans which had avoided using reserves. The Building Maintenance Fund had been used for decorating and other agreed improvements including fire safety and the Tenant Maintenance budget was expected to be overspent by £10,000 due to the darkroom conversion and other necessary repairs and maintenance. Governors noted costs of recruitment £7,500 included Disclosure & Barring Service (DBS) certification costs and also costs for exceptional advertising. DBS had now been completed for all staff and new staff and would continue with review of those needing renewal after 3 years whereby further costs would need to be met. Governors were informed that part of rising recruitment costs had been due to advertising in the National press and noted that local advertising was even more expensive. Governors thought local advertising could encourage increased diversity of staff.

Governors asked of the extent of interest /application for employment with the Institute via National press compared to local advertising and the Assistant Principal Finance & Resources estimated this was in the region of 50/50 and that the national press, word of mouth, FE weekly and local networks were the most effective. Governors had discussed diversity at Staffing Committee and that UEL links could help and encourage diversity particularly with opportunities of part time work for students. Governors asked if the Council's Website was used for advertising staff vacancies and informed that this could only be used for Council authorised posts but that the Institute did use WorkRedbridge.

Governors reiterated that although the Budget looked strong year end March 2018 the large amount of reserves had been achieved as a result of exceptional gains and would be needed to meet budget pressures. Governors discussed forthcoming pressures that would include higher salary costs next year due to the academic pay and grading review and an expected pay award for business support staff. The impact of salary savings would be coming to an end as the Institute was almost at full strength of staffing. Governors were updated that the learner software package currently used would be withdrawn by the end of the next financial year and replacement options were being investigated and in response to Governors it was confirmed that future costs were expected to be higher than the current annual cost of £15,000. This was expected to be a positive opportunity to change learner software as the current provider was a small company that was low cost but from the operational side there were management information efficiencies that could be addressed with a new provider, but would be more costly. Further costs would be incurred for remodelling the Gearies building in response to advice from the Metropolitan Police Counter Terrorism Advisor. Learner ID and restricted access would need to be implemented incurring costs, as discussed at the meeting of MOP.

The Assistant Principal Finance & Resources informed Governors that year end reporting to the Local Authority was expected much earlier this year. The Principal informed Governors that the Good Things Foundation had increased the contract value for the Digital Inclusion contract due to the Institute's strong performance and an additional £5,000 would be received for next year. Governors asked of any other additional funds in the pipeline and informed of the Flexible Learning Fund 5 Borough project bid to DfE. This was a national fund and would be hugely competitive as open to all post 16 providers and only 10 projects were expected to be approved.

ACTION: Governors

- (i) noted the gains accrued from specific projects, the additional fee income and the surplus funds generated through savings on salaries and other budget lines
- (ii) noted that a balanced budget would be achieved at the financial year end
- (iii) approved the carry forward of any surplus as income in advance to support the 2018/19 budget.

916. FUNDED VALUE PERFORMANCE 2016/17

Governors were informed that the mid-year individualised Learner Record (ILR) had been submitted to the Education & Skills Funding Agency (ESFA) who would generate a mid-year

statement from this. Governors discussed the Funded Value Forecast that indicated a potential shortfall of up to £147,000 against the Institute funding target of £1,005,812 and this had been reported to MOP Committee. Governors were informed that the Senior Leadership Team were considering a recovery plan and measures were starting to be implemented to mitigate against any shortfall and these included learners being given the option to achieve accreditation on certain community learning courses; learners on existing adult skills programmes would be offered additional qualifying units as appropriate; additional provision was being planned; the Adult Education Budget funded value tolerance had been increased but the Institute would still need to achieve over 95% against the target to avoid clawback of funding. Governors were concerned that this had happened for a second year running and the Principal responded that this was unacceptable to have recurred however difficulties in achieving funded value were a national issue. Examples of impact on funding included a bookkeeping course that would only receive 50% funding compared to the previous year; Entry Level and Level 1 had smaller numbers and the funded value was low. It has been difficult to achieve the funded target; 20% funding depended on whether qualification was achieved; full value for each learner would only be received if full funded provision rather than co-funded; ESOL provision had been funded for several years in the past at a much higher rate and the Institute was still seeing the impact as learners were now not being funded as much as in the past; funding for non-regulated provision was less; there was more full Level 2 in the past than currently so now less funding.

In spite of the shortfall last year this was managed by the Institute and even though a similar funded value target as last year potential looming gaps could be seen. Governors raised that retention was good so not overly troubled but still concerned as should not be in this position and asked for further information. The Principal explained that the first estimate of this was in December 2017 and there should have been more robust assumptions built in with responses from Curriculum Managers but this was not evident until February 2018 and resulted mainly following changes in staffing of Curriculum Managers and this has had considerable impact. This also subsequently uncovered failure to claim funding for additional learning aims in qualification courses that had not been registered by the manager so unable to claim funding as the course had finished. In response to Governors, the Principal confirmed that the Curriculum Manager concerned had left employment but the system should have been alerted to this earlier based on lessons learnt from last year.

Measures in place as part of the Recovery Plan was working with Curriculum Managers looking at progression from Community Learning provision to Adult Skills including Basic IT community and looking at Next Steps non-accredited courses converting intermediate to accredited courses and there had been a very positive response from learners. Reviewing the situation has highlighted the silo working between community learning & adult skills which has inhibited progression to accredited provision.

<p>ACTION: Governors noted the Report and the actions managers had taken to ensure the funded value target would be met.</p>

Olive Hamilton Andrews arrived at the end of this item.

917. DRAFT BUDGET 2018/19

Governors considered the draft budget for 2018/19 and noted there were still some items and variables to consider at this stage, such as charges by the Council for utilities, but not expected to have a negative impact on the draft budget and in order to set a balanced budget a transfer of income in advance of up to £150,000 would be needed. The draft budget 2018/19 be reported to the Local Authority immediately and formal adoption of the budget would be considered by Governors in June 2018. Funding allocations had not yet been confirmed but no change to funding for 2018/19 was anticipated from indications to date and the draft budget had been based on the same previous level of funding from ESFA. The Principal reported that there may be a requirement to submit a business case for expenditure against Pan London/Local London priorities.

The Assistant Principal Finance & Resources confirmed that the budget had been built, as previously, from a zero base for each budget line and the main budget pressures were discussed. Salaries had been based in accordance with the current organisational structure and included the full year impact of the pay and grading review which was £100,000 and would be covered by income in advance from 2017/18 balances. Anticipated pay awards of 1% had been built in but a further £7,700 would now be needed for Business support staff as an employer offer had since been confirmed at 2%. Governors noted that there had already been some further staff salary savings. Additional costs of £50,000 had been built into the Contract budget for one year relating to the new learner software and Rates, Insurance and BMF costs had not yet been confirmed by the Council, as discussed. Balances from some of the completed projects were yet to be confirmed and an estimated £9,789 had been built into the budget as a net balance although the final figure was expected to be in the region of up to £30,000 once projects closed.

Governors were informed of further building costs including safety measures to implement and some extra costs for the interim site security arrangements before introducing student ID in September 2018. The costs of building works of £150,000, would be met from transfer of reserves. Governors asked for further information regarding building works for a safe single entrance and was informed that there were up to three potential areas for this and plans for design and remodelling options were being drawn up. Interim arrangements would enable access into the building around reception and the café but restricted access to the rest of the building and classrooms unless authorised. A detailed paper would be reported to Governors.

The Assistant Principal Finance & Resources alerted Governors to an issue that had arisen concerning VAT not being charged by the Institute for sub-contractor management fees. There had been no formal notification from HMRC regarding this but an article in FE Weekly publication had alerted providers. The Assistant Principal estimated the annual cost of this to be in the region of £1,400 and if charged back to previous years may need to meet the full retrospective cost. The Principal informed that as the Institute was genuinely unaware of this requirement further information and advice would be sought on the situation in order to contact HMRC as soon as

possible to advise them of this, particularly to avoid incurring interest or penalty payments for outstanding monies.

Governors further discussed costs of 3 yearly reassessments for Matrix and Investors in People that were due in the new financial year and whether of value to continue with these or do more with internal assurance activity and perhaps use other external organisations. The Principal informed Governors that it would be necessary to retain liP for the time being but could review in the future. Similarly, the Institute had the BSI full assessment against the standard but currently being considered by the Institute whether adding value and the Principal advised that this shouldn't continue for the following year. The Principal informed that the support of the Matrix Assessor had been excellent in preparation for the 3 yearly reassessment in a few weeks' time and his feedback had been really helpful.

ACTION: Governors

- (i) approved the Draft Budget for 2018/19
- (ii) approved proposal to withdraw from the BSI quality award before the next assessment was due in February 2019

918. PREVENT DUTY AND SITE SECURITY

Governors considered plans to improve site safety and security based on the advice of the Metropolitan Police Counter Terrorism Security Advisor that related to the building changes and also ways to increase knowledge and vigilance of individuals and review and testing of relevant policies and procedures. Governors discussed the Advice note from the Counter Terrorism Advisor that was extremely useful with clear recommendations. This had also been received and discussed by MOP Committee at their recent meeting. Argus training with the Counter Terrorism Advisor had been held in December 2017 to which Governors had attended. Governors agreed that physical changes to the building would take longer to implement and costly but, in the shorter term, action could be taken quickly to encourage a culture of staff and learner vigilance.

Governors noted feedback from the spring staff conference regarding security and that staff supported learner ID and recognised the importance and need for security. The Counter Terrorism Advisor's advice note stated that there was no indication for terror attack for the Institute and Governors were reassured by this in that it was possible to work towards a longer timescale for actions to be implemented on site in terms of building changes, as not high risk, and for interim measures to be put in place as soon as possible as set out in the phased plan.

Governors acknowledged the open environment of the site and the difficulty to implement hard physical security measures and that there would be financial implications. Governors considered the 3 phases of implementation detailed between September 2017 and August 2019 and were pleased that Phase 1 had already been implemented. This included implementation of Impero IT monitoring software, as raised by Governors, implementation of CCTV monitoring recommendations and the new staff role of 'Pilot Ambassador' to provide vigilance in the lobby area and was a paid role for this responsibility. In the first instance this was a pilot arrangement and being undertaken by one of the Facilities Team to see how this worked and to get into place

quite soon. Governors asked how the changes were being communicated to staff and the Principal responded that this was currently being considered including communications to class that could be more complicated and was planned to be implemented in the summer term. Phase 2 included securing exits/fire doors and Governors noted that already measures were in place, more training was needed for critical incident management, staff ID with swipe cards for doors going in each top corridor were to be implemented over the summer term and student ID from September 2018. The Principal confirmed that staff ID for any individual no longer connected to the Institute would be deleted from the system. Governors acknowledged that there was a lot of work to be done and costing to be built into the budget particularly the costs to accommodate building refurbishments. Governors asked of potential for grant funding in this respect and whether the Council would consider from Capital Funding from the Council and the Principal would follow this up as well as other external funding such as City Corporation. Governors asked about off site security such as Mildmay Centre and informed that Wanstead House and Hainault Centres had greater vulnerability but both were Vision Managed Open Access buildings so their activities and procedures were within Vision policies and procedures. Mildmay Centre was not an open access building and already had a good security system and Out Centres that were mainly all in schools and children's' centres which had their own security in place. The Institute undertook due diligence responsibility with site checks for all centres and currently one church site was under review to ensure safety of staff and learners.

Governors considered the review of elements of the Prevent Duty Risk Assessment. Governors were pleased to see consistency of tutors embedding British Values but recognised that this would not be achieved 100% of the time. Governors commended the Principal and staff for their hard work and measures already in place and positive actions continuing from training in December 2017. The Principal responded that in a short space of time plans were in place and action already taken. Governors asked for more information on testing undertaken of actions in Phase 1.

<p>ACTION: Governors approved the plans for hard physical measures to be put in place to improve site security subject to a costed proposal approved by F&GP.</p>
--

919. HEALTH & SAFETY REPORT

Governors discussed the accidents and incidents reported during November 2017 and February 2018 and informed that there had been 1 accident and 1 incident in this period and there were none reported from the out centres. Governors were concerned about the degree of injury reported regarding the accident and the Principal responded that the accident report had been checked and information and reminders were given quite regularly to staff and students on safety measures individuals should follow. Governors asked if there were any potential insurance liability issues and informed there were none but detail had been obtained for the incident.

Governors considered Fire Safety follow up actions taken since the last report; Car Park Safety; IT and Internet Safety; and Security. The Principal advised that all risk assessments within the teaching rooms at Gearies had been reviewed and updated and all 53 external venue risk assessments had also been completed. An interim risk assessment was in place for RCVS at their temporary accommodation.

Governors were informed of H&S training that had taken place including H&S Induction training for new staff, refresher first aid training planned for April 2018, Fire Marshall training and Manual handling training for new staff.

ACTION: Governors noted the Health & Safety Report.

920. POLICIES

(a) **Learner Acceptable Use of IT and Resources policy** – Governors considered the policy for revision to include the new protocol for monitoring internet usage to meet the new Prevent Duty requirements. Other changes needed were the change of policy name from Learner IT User Policy to Learner Acceptable Use of IT and Resources Policy and also inclusion of the new IT network monitoring procedures. As the Impero software was now in place the policy needed to be updated for clarity of learner use and guidance. Governors were informed that there was now warning notification on every PC screen that programmes would be monitored and the user had to accept this before being able to proceed.

ACTION: Governors approved the revised Learner Acceptable Use of IT and Resources Policy.

(b) **Lettings policy** – Governors considered the policy for renewal and that no significant changes were needed except for a few minor changes. The policy had been updated last year to take account of the new Prevent Duty. All supporting documents for hirers had been reviewed to take vigilance of events into account such as guest speakers were to be vetted and a declaration signed so that the event would be cancelled if non-compliant and not meeting new data protection legislation. The Data Protection Policy was being reported to the full Governing Body in March 2018.

ACTION: Governors approved renewal of the Lettings policy.

921. DATE AND TIME OF NEXT MEETING

Governors noted that the next meeting of F&GP Committee was scheduled for
Wednesday 20 June 2018 at 6.00pm

Meeting closed 7.30pm

Chair.....

Date.....