

## FINANCE & GENERAL PURPOSES COMMITTEE

### Minutes of the meeting held at 6.00pm on Wednesday 13 March 2019 at Gearies Centre

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

**Also in attendance:** Gill Hails, Finance & Staffing Manager  
Janis Lane, Clerk to the Governors.

**941. APOLOGIES for absence** were received and accepted from Mo Rahee.

**942. DECLARATIONS OF INTEREST** – there were none.

**943. MINUTES** of the meeting held on 21 November 2018 were confirmed and signed by the Chair.

#### **944. BUDGET 2018/19 FORECAST & PERFORMANCE TO DATE**

Governors noted that a positive balance was forecast in the region of £71,000 and further updated by the Finance & Staffing Manager that current figures indicated an even better outturn in the region of £100,000. Governors were aware that, in real terms, there would have been an operational loss as the balance had been achieved using last year's end of year surplus £49,927 and part of the additional growth funding payment from the Education & Skills Funding Agency (ESFA) of £66,250. Governors were aware of the cost of the pay and grading review for 2018/19, as previously considered, and expected to be in the region of £100,000 and this had been built into the budget but there would be financial implications for the future to consider. Governors were informed that, in addition, there were unplanned budget pressures relating to curriculum and direct delivery to learners of teaching and support staff costs and examination costs and expected to be a further overspend of £107,000. The Learning Support Team was now fully staffed and some additional costs had been built in but the budget was expected to overspend.

Governors were pleased to note gains including in year project gains that were modest and would have been higher but £3,791 had to be repaid to Renaisi following the Institute's withdrawal from the RISE contract; the Working in Mind project would net a final balance of £33,500; funding from the Good Things Foundation was £16,500 with further funds anticipated; and an additional payment had been received from the ESFA of £66,250 in respect of over performance on funded value 2017/18. Governors noted that implementation of the new software learner database, where data migration had been completed this week, would result in expenditure actually being incurred in the next financial year 2019/20.

In order to provide sufficient funds for the budget next year it would be necessary to transfer from reserves before year end and this transfer had been agreed at the meeting in November 2018 although the anticipated amount of £100,000 was expected to be less in the region of £50,000 with the current year end updated figures. Governors noted that reserves were anticipated to be £650,000 at year end and this was above the 5% target as set in the financial key performance

indicators. Governors expected further reserves to be needed to meet budget pressures over the next few years unless the income and expenditure ratio was improved.

Governors considered the budget variance forecast outlining the main pressures and gains. It was noted that savings from vacant posts and the restructure of SLT had offset costs of the Ofsted bonus payments and additional unplanned contract cost; there had been additional sales income from parking charges that offset the drop in lettings income; and savings on premises and general expenditure items and underspend in the CPD budget had offset additional utilities costs and additional security measures. Governors further noted that course fee income should have increased by £36,000 but a change in government funding rules allowed more low income families to benefit from free tuition and this had resulted in an overall fall in course fee income of £20,000 as predicted. Governors asked for further information on the impact of this change and noted that this had been trialled this year but expected ESFA to continue and GLA to raise the income level in line with the London Living Wage and this would increase the number of eligible learners and decrease the amount of potential fee income. Governors recognised the benefit this would have for families in poverty to access learning but a big impact for providers without any additional funding and although had been met in the current year would have a bigger impact for the future. Loan fees had increased by £10,000 that partially covered the loss. The Finance & Staffing Manager further updated that there would be additional income from some early enrolments last week possibly the result of additional art courses and the Spring Prospectus of which there had been very positive feedback.

In response to Governors, the Finance & Staffing Manager clarified that grants by the Institute to Hainault Forest and Wanstead House Community Associations were an historic funding arrangement in the Local Authority. Governors valued the arrangement particularly with Hainault as one of the deprived areas and also fee paying enrolments for the Institute came via Wanstead House CA. Governors noted the expected loss of income £5,000 in respect of lettings as the Business Enterprise Partnership (BEP) was no longer hiring the premises as a sub-contractor for the Work & Health programme as they no longer had a contract. The Institute is not being funded for accommodation under a new contract.

The previous formal Financial Management & Control Evaluation was no longer a statutory requirement, appropriate or added value for the Institute. Governors considered the financial controls in place adequate to determine the Statement of Internal Controls that would ensure financial viability and effective risk management.

**ACTION:** Governors

- (i) noted that a balanced budget would be recorded at year-end 2018/19
- (ii) approved the carry forward of any surpluses as income in advance to support the 2019/20 budget
- (iii) approved the Statement of Internal Control and signed by the Chair.

#### **945. DRAFT BUDGET 2019/20**

Governors considered the Draft Budget 2019/20 for approval and this would be confirmed at the summer term full Governing Body meeting once final funding allocations had been confirmed along with any other adjustments needed. Key changes to the budget over the 3 years from 2017/18 were outlined for information and Governors noted that salaries had increased by 7% compared to an increase in income of 3%. Governors discussed the main pressures of salary and associated staff costs including pay and grading review, pay awards, employer pension contributions, increased learning support costs with more support to learners in class and the budget savings that had been incorporated to reduce the impact of the additional costs. Governors noted the pay award had been agreed as expected at 2% for Academic and Business Support staff but the impact of national changes within the pay scale structure, in line with the London Living Wage as informed 2 weeks ago, had been unknown. In response to Governors, it was confirmed that impact of the pay scales as another budget pressure was anticipated to increase staff costs in the region of £17,000 in the 2019/20 budget. The draft budget did not include additional pressures of employer teacher pensions cost rises if not met by the Government and this could be in the region of £95,000. The draft budget indicated operational expenditure exceeded expected income by £230,000 and in order to achieve a balanced budget a transfer from the 2018/19 budget was needed originally estimated at £70,000 but now slightly less together with a transfer of £50,000 (originally anticipated £100,000) from reserves along with savings/project gains of £60,000. Governors were informed that the cost of essential IT network upgrade and completion of the smartboard replacement project would require a transfer from the Repairs & Renewals reserve in 2019/20.

Governors noted that reserves were subsequently expected to be £600,000 (slightly more than the £550,000 as originally reported) but would depend on whether expenditure levels remained at the levels forecast without an increase in funding or other income which could affect the financial stability of the Institute. Governors noted the recent successful bid to the MHCLG Integrating Communities English Language provision at an additional sum of £425,000 funding but most of this would support delivery by the sub-contractors. Governors noted the confirmed grant funding of ESFA/AEB but funding allocations from GLA were not expected until April 2019 following the final outturn for 2018/19 and not expected to be different to the current year. Governors asked for further information regarding students from outside the Borough and informed that learners at the Institute were mainly Redbridge residents but there were about 42 from Essex; a risk assessment had been undertaken by the Institute in this respect and in the funding transition period had no significant impact but would maintain review as any further impact may result in the Institute having to make charges and consideration for the longer term. Governors realised that the new funding focused on delivery for the most disadvantaged and the balancing of this within the Borough would impact on levels of staffing and what would be needed. Governors remained optimistic with the Institute's 'Outstanding' profile and thought that Local London could be a powerful voice as would not want to lose funding for the sub-region, however, there were a lot of budget pressures.

Governors commended the strong financial position currently and recognised the huge number of successful funding bids that were delivering excellent outputs and hence the project gains that were not often realised until the end each project. In view of the funding changes and additional and changing budget pressures, Governors agreed that current and future budgets would need very careful and cautious management and review of all areas acknowledging that staffing was the biggest area of expenditure. Governors discussed ways to relieve pressure on staffing budgets such as employing volunteers to help with learning support. The Principal responded that the rigorous assessment process in the appointment of LSA's ensured continuity and accountability in delivery and a there was currently a skilled strong position for LSA's that would not want to be compromised but there may be an opportunity for an additional role for a volunteer and this would be considered. Governors recognised the specific skills, qualities and commitment of LSA's as seen in classroom observation; the range of LSA's needed to cover the provision; and that the essential cost of LSA staffing was offset against grant funding and counted towards the allocation and funded value.

**ACTION:** Governors approved the draft budget for 2019/20

#### **946. PREVENT DUTY RISK ASSESSMENT**

The Governing Body had discussed the last update on plans to improve site safety and security at its meeting in December 2018 and Governors were now informed that most actions scheduled for Phase 1 and Phase 2 (September 2017 – September 2018) had been completed and Phase 3, to relocate the reception for site security, had been deferred for further consideration until August 2021. The remodelling had been deferred due to cost for the building work, the BMF (Buildings Maintenance Fund) did not have sufficient funds for this, and in view of the budget pressures including the major IT upgrade of the admin network which was a big project with associated costs. Governors thought that with the additional security measures already in place, including individual ID, CCTV and installation of internal security doors, there had been adequate improvements for security. Governors asked if there had been any feedback from reception staff about safety and not completing the remodelling at this stage and the Principal responded that she had not received any negative feedback and with the overall measures there was a better culture of security.

Governors commended staff concerned on their hard work for completing the first 2 phases that had progressed well and noted that the only outstanding action in Phase 2 was for the Communication Strategy as this was tied into other things yet to be in place. Governors noted CCTV repositioning would be a more effective deterrent and implementation of an agreed Communication Strategy. Governors had already received proposals and costs for upgrading CCTV and installation of an intercom system in classrooms and this work would be undertaken and completed in time for the start of the new academic year in September 2019.

**ACTION:** Governors to receive a further progress report at the next meeting of F&GP.

## 947. HEALTH & SAFETY ACCIDENTS & INCIDENTS REPORT

Governors discussed the accidents and incidents reported during December 2018 to February 2019 that included 2 accidents and 2 incidents at Gearies. Governors asked for further information regarding the accident where a learner fell over a pothole in the car park and was informed that the learner had not sustained any subsequent injury and the pothole had been repaired. The Facilities team would now carry out weekly checks of the condition of the car park particularly over the winter months for car park safety. Governors referred to the incident where a learner felt faint in class and subsequently found to have high blood pressure and asked whether in this regard it would be possible to have a machine available for blood pressure monitoring purposes. The Principal responded that she was not aware that this was appropriate or possible or whether this would be included in first aid training for staff and would follow up.

Governors noted that there was adequate first aid cover at Gearies but not at Mildmay and the Facilities Manager was pursuing this with staff at Mildmay. In response for further information Governors were informed that the first aid programme had been set up and a first aid list in progress. Governors asked whether there were any first aiders with mental health first aid training. The Principal responded that there were no appointed first aiders with this specific qualification but there were other key staff who were well qualified, accessible and approachable in this respect, as well as other staff with basic awareness and the Institute addressed health and wellbeing in this way without designated first aiders. Governors asked whether there was a defibrillator on site and informed that there was not and, although not a statutory requirement, the Institute had referred to this in the Local Authority Audit requesting one on site. The Principal and Facilities Manager would be following this up with the LA. Governors noted the Facilities Manager had met with the new LA H&S appointed officer which had been a good meeting and positive support for the future.

Governors further noted that risk assessments for external venues were in the process of being reviewed and an external assessment had been carried out for the Centre of Excellence, which is a new venue in the Reuse building. In relation to security, the access control system would be extended to the hall doors to restrict access to the building; all learners had ID cards; the CCTV system was to be updated in the summer including a PA system to improve site security; and a quote would be obtained for installation of an intercom in each teaching room. Governors noted follow up actions for Fire Safety and the Principal confirmed that a fire drill had taken place this term. IT and Internet Safety action points were noted.

Governors were informed of H&S training that had taken place including H&S induction for new staff; Safeguarding Training undertaken with additional dates planned; manual handling; Fire Marshall Training for Duty Managers; ladder training for 3 members of the Facilities team.

### **ACTION:**

- (i) Governors noted the Health & Safety Report.
- (ii) the Principal/Facilities Manager would follow up the request for a defibrillator on site with the LA.
- (iii) the Principal would follow up blood pressure checking by First Aiders.

## 948. POLICIES

### (a) DISABILITY STATEMENT POLICY

Governors considered the existing Disability Policy that had been fully reviewed to reflect the Institute's new Learning Support Strategy and Learning Hub support. Governors considered that Mental Health access, together with emotional and mental health support, should have reference in the document as well as Physical Health access. The Principal responded that the high level of staff expertise and knowledge in this respect would provide the access and support together with other welfare support and information in place but would take this into account with the policy review where needed in order to strengthen the policy and consider further with the Assistant Principal Quality & Student Services. Governors asked if an impact assessment would be carried out and informed that this would not take place yet as the policy review was of the existing policy.

**ACTION:** Governors noted and approved the revised Disability Policy and to include the points raised regarding mental health access as discussed.

### (b) FREEDOM OF SPEECH

Governors considered the policy for review and that no change was needed.

**ACTION:** Governors approved the Freedom of Speech policy.

## 949. GLA FUNDING OPPORTUNITIES

The Principal updated Governors of the proposed GLA AEB funding opportunities that would be substantial amounts of funding divided across different 'Lots' spanning a period of 4 years where each Lot identified what was required from providers. Governors discussed the different areas of funding and made the following observations:

**ESOL for Work** – The total funding for this project was £10m over 4 years and divided across the Local London Bid where Lot 1 (£7.5m) was for ESOL and Basic Skills progression towards employment in Local London priority sectors and Lot 2 (£2.5m) for ESOL and Basic Skills support for employed people within the Local London priority sectors. In response to Governors, the Principal informed that this funding would have a huge impact for the Institute as it was likely there would be 15 to 16 sub-contractors involved and the Institute was project lead. Governors further questioned whether this would be a big risk for the Institute and advised that the Institute funding was guaranteed over 4 years and all the subcontractors were either FE colleges or ACL providers in the subregion. Governors asked whether the Institute was ready with accommodation for additional staff and informed this was in hand and not all provision would take place at the Institute but spread across the 9 boroughs in the project. Governors questioned how difficult it may be to recruit staff and informed that the staff would be a new team of people and contracts were due to start in September 2019 so if the funding was confirmed in April 2019 this would give time for recruitment. In response to Governors, the Principal clarified that there were no anticipated TUPE issues as this was a new contract with a new team of staff. Governors agreed this project would be the most challenging for the Institute in terms of the size of the project and

number of sub-contractors involved as a big risk of contract performance and management. It was anticipated that the Local London Director would oversee this and the Principal was due to meet with the group soon. The Institute had good experience of working with sub-contractors but Governors recognised the unpredictable nature of sub-contractors/partners' performance.

**GLA AEB funding** – Lot1 (£97.5m - £150m) was for Inclusive Labour Markets with funding used to support unemployed and economically inactive people to gain the skills and qualifications needed to enable them to enter and sustain employment. Lot 2 was for Skills for Growth with the funding used to provide skills and training to those who were in work but at risk due to skills deficiencies.

**GLA ESF funding** – Governors noted that this was unspent ESF funding that the GLA was utilising so not lost to the EU. There would be £71m available in London in 11 Lots over 4 years with 2 Lots across the Local London sub region; 1 Lot across Local London and South London sub regions; 1 Lot focused on 10-13 specific boroughs for gang prevention; and the remaining lots all pan-London. Lot 4 related to ESOL Practitioners with £2m over 4 years to support ESOL practitioners who did not already have a professional teaching qualification of Level 3 or above. This would be delivered in at least 5 Boroughs to a minimum of 780 participants and minimum units of a Level 3 / 4 qualification. The Institute would be subcontractor in 2 bids with New City College and WEA as the lead partners.

Lot 6 was for ESOL Support of £2.5m over 4 years targeted at unemployed adults 18+ in at least 5 Boroughs where there was a demonstrable demand for ESOL skills; minimum of 120 hours of learning that included Pre Entry/E1 ESOL and Level 1 or 2 Digital Skills qualifications; minimum of 580 participants into Job-search training or employment. The Institute, as the only provider in the London east region, was sub-contractor in the City of London bid.

Lot 10 Targeted NEET (£2.32m over 4 years) and focused on young Londoners aged 16-24 who were NEET and had other specific complex needs of characteristics of disadvantage; young people who were looked after or care leavers; homeless or at risk of homelessness; 2 or more of a lone parent in debt greater than £1,000; a young carer involved in substance misuse or criminal activity; a minimum of 408 participants to sustain EET destination for 28/32 weeks. The funding would be ring-fenced to the Local London area and the Institute was a stakeholder in the Local London bid. Governors noted this was not the Institute's field but would want the Institute to be a stakeholder particularly with its 'Outstanding' profile. Governors asked for further clarification in relation to young Londoners being targeted where funding would be received and whether there would be a huge demand and impact for the Institute and Governors were informed that this would be highly unlikely.

Lot 2 Parental Employment of £6.5m was subdivided into 2 contracts - £4m over 4 years for unemployed or economically inactive parents with children aged 6 months to 7 years; £2.5 over 4 years for employed parents earning less than the London living wage with children aged 6 months to 7 years. The Institute was a delivery partner for the WEA, who were the project lead, and it was noted that GLA had delayed submissions for this tender. The technical issues had resulted in the tender being reissued. Governors noted the involvement of the Institute in the projects that they would not be leading on but that leading on the ESOL for Work project together with the Ministry for Housing, Communities and Local Government (MHCLG) project were big enough.

<b>ACTION:</b> Governors noted the report.
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**950. DATE AND TIME OF NEXT MEETING**

Governors noted that the next meeting of F&GP Committee was scheduled for

**Wednesday 19 June 2019 at 6.00pm**

**Meeting closed 8.50pm**

**Chair.....**

**Date.....**