**MINUTES OF THE F&GP MEETING**

**HELD ON 22 JANUARY 2021**

**BY ZOOM**

Present: K Smith (Chair), B Morgan (BM), S McElhinney (SMcE), S Lambe (SL), E Loughridge (EL), C McBride (CMcB), G Gault (GG)

In Attendance: S Gallaher (CEO), M Matthews (F&CM), S Gondhia (TFA), L Dickson (PA), A Boyd, DE (AB)

Chair suggests to guillotine the meeting to 12:00pm Missed beginning of meeting

**1. Apologies**

There were no apologies.

**2. Declaration of Interest**

There were no Declarations of Interest.

**3. Minutes of the meetings of 16/11/2020 and 11/1/2021**

Minutes 16/11/2020

CMcB asked when draft minutes are to be received, BM stated that it should be as soon as possible and that best practice was within 7 days. CMcB noted the minutes being approved were from 16/11/12 over 2 months ago. The CEO informed members that the draft minutes of 16/11/20 had been circulated at the beginning of December and were also included in the Council Papers issued for 10/12/20.

Members discussed the format of minutes which was agreed at Council and if it was agreed at Council if members initials to NOT be used in minutes. Minutes of 16/11 states members names, whilst December ones state initials only. It was suggested using Member ‘A’ or ‘B’, as leaves vague if ‘member’ just stated.

The Minutes of the meeting of 16/11/2020 were agreed as a true and correct record.

Proposed: CMcB

Seconded: SL

BM notes difficulty in joining meeting in November.

Minutes of 11/1/2021

Did not get this piece as members were having problems joining the meeting.

AB to send amendments of tracked changes to page 3 relighting to technical aspects and piece to be inserted from C McBride. Draft minutes to be tabled at next meeting.

**4. Matters Arising**

The CEO spoke regarding his email to A Chambers of DE which he had circulated to the Chair of F&GP and the Chair of Council prior to sending. BM agreed that this was what was discussed at the meeting. BM advised that the sound was very bad at the last meeting and he could not hear anything.

Members discussed that the Chair of F&GP had advised that the Council was a Public Body to register teachers and he does not know how this changed. The Chair said he would come back to this at the end of the meeting. SL advised that when this was discussed that BM had left the meeting.

Members were asked to approve the *In Committee* Minutes

CMcB enquired if the CEO had issued a press release as suggested. The CEO said not as yet and he wished to discuss with the SEO.

The In Committee Minutes were agreed.

Proposed: SL

Seconded: CMcB

**5. Business Case for New Registration/Regulation Administration System.**

The Chair spoke to this item. He indicated that the Business Case is for the replacement of the Registration System, previously purchased by the Department in the early 2000’s. This had now come to the end of its useful life. A business case had been completed and approved in 2015 but had not been progressed for different reasons. He said that BCS had provided a presentation at the last Committee meeting and he highlighted Option 8a as the preferred option and said that the GTCS system had been the one which was preferred. He discussed the capital cost and noted that the Powerpoint provided had two different figures. He queried this.

The CEO lost connection.

The Chair indicated that he had sent out copies of charts to members this morning highlighting Option 8A and discounted costs. Members asked for an explanation of the figures. The F&CM explained the costs involved and advised that we may have to go to procurement and answered members’ questions on depreciation.

Members enquired if the cost would have been as much 7 years ago and the F&CM said she did not know but that the current system had been purchased primarily by the Department and there had been some developments to the system over the years including upgrades. It was pointed out that as the investment is now and hopefully in the future it should not cost as much to maintain the system. The Chair indicated that BCS had advised that apps could be added to the system as it went along.

He said that regulation and communications could be added.. He indicated that on the slide the discounted cost over 7 years is £752,955 and yet on the business case a figure of £502,301 and queried the difference between that and the figure of £752,955 on the slide sent to the Project Board. The F&CM explained the difference as being between the capital costs and operating costs. The Chair highlighted that the operating costs will have to be added on.

CEO problems with sound

The CEO said the case is about approval for an overall level of investment and does not necessarily follow we will spend all of this and there would probably be a modular approach to development over time. Overall investment will include of project, capital and running costs respectively.

A member enquired what reasonable overall costs would be and the CEO said circa £800,000 over the life of the investment,

A member indicated that this was the first time that teachers would have to pay for this and this was a function of DE to establish registration and then further down the line regulation. She asked if it was fair and equitable to expect teachers’ registration fees to pay for this.

The CEO advised all our statutory functions are placed on us by the Department and that the actual cost would be determined at tender and developments over the life of the project. He described how the Market Testing exercise worked. The Chair added that running costs would have to be added and asked if the costs for the Project Manager were included in the running costs.

The F&CM advised that they were not included in this business case and this was a separate business case which was approved, at a cost of £136,000 for up to 24 months with a provision of 175 days at a cost of £650 per day plus VAT and said that these costs are what we have gleaned from initial market soundings.

The Chair enquired if depreciation should not be over 7 years and the F&CM explained about capital costs and hardware and software.

Members were provided with calculations for depreciation for one year as £75,000 and the F&CM explained it was all to do with a phased approach e.g. Registration one year, Regulation in year 3 and then others to follow on. Investment becomes cumulative and the depreciation slide reflects the profile of that. She said a reconciliation could be done on this.

The TFA confirmed additional depreciation over 7 years provided calculations and provided annual IT support costs.

Clarity was asked for on passing a business case for £800,000 and an additional cost for a Project Manager. It was asked if this is also coming out of reserves.

Sound breaking up

The CEO explained that the costs would be funded from both annual revenue and reserves but that we try to meet as much as possible out of revenue to minimize the use of reserves. A member added that whatever way we went it would still cost Council almost a million pounds.

The CEO indicated that the Business Case development work had been funded out of operational costs as was part of the recent system upgrade. The aim is to achieve a balanced budget and minimize use of reserves.

Members enquired if the Council could afford £136,000 for a project manager. The CEO said that our goal is to minimize costs as much as possible and to maximize income wherever possible. The underlying cost pressure would be a full move to professional regulation.

It was also queried if the business case for the current project was borne through operational costs and do we have a ballpark figure for this. The CEO advised that it was around £40,000 for BCS.

A member enquired if depreciation was included in this figure and the CEO said that it was separate. The member then asked if it was possible that in 7 years we could have another bill of £40k+ increments to replace this database.

The CEO indicated that things might change over a 7 year horizon and this factor will inform the nature of any contract we place. He was asked if this was a 5 year contract and enquired that this money is over £900,000 over 7 years. The CEO said it is a 7 year horizon and the case is based on a 7 year contract for 5 years with a 2 year option at this point.

The CEO was asked if that was included in costs. The CEO said all was included over the 7 year period.

A member suggested that it was best to get a best estimate of costs, then to go to tender. Because of the urgency relating to the need to support the statutory function of the organization there is a need to move on this and have tenders come in and talk about the actual costs then.

Members indicated that at the last meeting there had been a discussion on working in parallel. AB had said it could not be done. A member said DE paid the last time and that this would be the first time teachers have paid for the system. She questioned if the Council should be wholly responsible for the huge costs since registration started as a function of DE. The Chair said that this would be further down the line and wanted to move on to reserves.

He noted that at the meeting on 16 November members had noted their concerns on reserves and asked the F&CM for liability figures.

The F&CM indicated that the Pensions liability was higher at £1.185m than that included in the Reserves Policy and indicated that taking into account dilapidation and regulation costs and the cost of the new system we could be looking at a shortfall of between £500,000 and £700,000. She indicated it could depend on the annual/triennial revaluation of the pensions’ liability by the actuaries but did not foresee it being likely to change under current conditions.

CEO sound breaking up

The CEO discussed the Reserves Policy and management of reserves and advised that our liabilities as envisaged at present exceed our reserves. But as we are not regulating at this time this would not have an effect. Dilapidation costs are a liability but not an immediate issue. So overall the financial risk is low at this point, He advised members that the income of the Council is flat-lining.

The Chair said it looked like we could not cover £500,000 to £700,000 and that we had increased pension liability asking if we would be expected to keep adding. The CEO indicated it would depend on actuarial revaluation.

The F&CM said we would be required to reflect the pension liability as advised by the actuaries in our financial statements of reserves but that the Policy included a lesser amount. The two should be in alignment but that the liability will be subject to a review by NILGOSC and the actuaries at the end of the financial year in March Under current economic circumstances it is a precarious position. The Chair asked if it would be our ambition to keep raising this figure up.

CEO sound breaking up

The CEO said that if all our liabilities were called on now we could not fund the capital investment on the registration system. But that it is an unlikely scenario. But this could change and that on paper (in line with the reserves policy) our liabilities exceed our reserves.

Sound broken up.

The F&CM indicated that if the Council was wound up after the new system had been paid then the first call on the reserves would be the pension fund. If the liability was greater than the Council’s cash reserves DE would cover the shortfall but that they would not step in if we had money in the bank. She said that in any wind-up the first call would be for the pension fund but we would be expected to have money in the bank for other costs.

Members discussed what would happen if costs came in higher and reserves were wiped out. The CEO said that is why a strategic review of income was necessary.. Progressing this case will incur some expenditure up to the point of contract but we will have a better idea of the costs at that point before we commit further. We will know the costs when we go to tender but it is unlikely to be more expensive.

Members discussed if it would not be fair for DE to fund to support the system. The CEO indicated that as part of a review other creative ways to generate funding could be considered. The Council could support DE in a number of ways ion the basis of reimbursement.

A member enquired as to the costs of regulation and said that at some point we will be asking teachers to fund this and this will be an extra payment. He questioned that all things we will be asking teachers to fund is to come out of the fee.

*E Loughridge left the meeting.*

Sound breaking up

The CEO highlighted the fee of £44 for registration has stayed the same since the 2004 but that income was flat-lining and costs increase. He noted that at some point costs will exceed income. He said there was a need to invest in the new system and we needed to address finances although it did not automatically follow that there should be a significant increase in registration fees. He indicated that we could consider other sources. GTCNI was set up to be self-funding and of all the similar bodies in the UK our fee is the lowest so there will be a decision to take at some point.

DACS

The Chair enquired how long the contract had been with Millar and AB said that this was the 5th or 6th DAC Millar have been awarded. The CEO said it was the 7th. AB indicated that this was seen as poor procurement practice and is very unusual. DOF have said this would be the last. He said that DACS are dealt with by the Finance Branch and are usually only done twice due to the possibility of legal challenges from other companies.

A member enquired how much the fee would go up by and the Chair said that would be dealt with later in the meeting.

The F&CM advised that when the Council got the system it was not an NDPB so it did not have to comply with Public procurement regulations. The system was procured by DE and handed over to the council. She explained the background and advised that the system is largely bespoke, that it has evolved over the years to meet the Council’s specific needs and that for that reason, despite the legal advice, no other supplier would want to bid to provide support and maintenance of the system.

Following being designated a NDPB in 2012, Council was advised that it had to have formal contracts in place. This meant at that time that a DAC was needed. DE also advised that since DACs were not really allowed a public procurement to replace the system would be required. The system has been upgraded in 2020 and has another 3-4 years in it because of the issues with DACs we are required to go to procurement. .

It was highlighted that when the Council was made an NDPB things were happening in England, Scotland and Wales in 2012. Details were provided of the fees charged by Scotland and Wales and members were advised that the other GTCs were getting funding for providing services.

The Chair provided details of the Cabinet Office Handbook for a member who was not present when this was discussed. The Chair indicated that as a Public Body we should at least be partially funded by DE.

Members asked if the argument was that DE should be taking some responsibility to pay partially for this and if we the only NDPB funded by DE.

AB indicated he would need to check but was advised that ONS made determination on how bodies are treated and money from teachers is regarded as public funds. It was his own view that the argument needed to be kept separate as the procurement could not be delayed and these were two separate arguments.

It was highlighted that at the previous meeting it had been asked that this work be done in parallel and AB had said it could not. A member indicated that these were complex issues to be asked to sign things off. She asked if this adheres to our contracts to act to highest standards and this money is already taxed as teachers pay.

The CEO said that we are a self-funded body that has to manage it operations and the Council will not be committed to significant investment until the tender process is complete.. He was asked again if seeking funding from DE could not be done in parallel and the CEO said he did not advocate holding the Business Case until we have clarify on whether DE would fund this investment.

The Chair advised that AB had said that the Business Case could not go ahead unless they were sure of where the money is coming from.

Sound bad

The CEO said that we could insert a form of words to say that the Council has the money but wishes to explore funding from DE and could stress say that there are some concern about funding.

The Chair provided figures per teacher as to how much fees would need to go up. This is to cover costs such as the Project Manager and Business Case. He had calculated it as a cost to the teacher of an extra £20 per teacher per year unless the Department contributes.

The CEO advised that some of these are operational costs which would be covered from existing income but the figure cited is indicative.

Members calculated that £20 would only cover the costs of this project and nothing else and the CEO said we would need to plan for other things and members asked if this £20 per teacher would only be for the database and not all costs.

The CEO said that one could argue that as a professional body that registration and regulation is a necessary function. He was asked why the Department funded GTCNI at the start and the CEO said he was unaware of the history and members said it did not mean that we had to pay this time. The CEO said that other professional bodies do this.

The Chair asked for proposal

Sound broken up

The Chair asked members if they were content to approve. Members thanked the Chair for the exercise and said the £20 would have to be found from somewhere and said it would be useful for someone to calculate the totals.

The Chair asked for proposals.

Members enquired about if we could discuss this in parallel as it is a long standing issue and asked if it would be addressed as we go along.

The F&CM highlighted that the business case would need to be complete as DE and DOF will not accept the business case with sections incomplete. The CEO said he would not advocate it.

A member enquired if we could say that we could fund but regarding affordability, we could have no money left so it is not affordable.

The F&CM said the issue is can we really afford it. Members asked how we could sign off if we can fund but not afford and if this should not be a full council decision. The Chair said members could discuss and then take to Council.

The Chair said that if the money came out of our reserves then it would need built up again.

The CEO said that it was a strategic issue and there would be cost pressures on the organization relating to regulation and ongoing pension liability and we need to consider the options. Increasing registration fees is only one option.

Sound broken up

Members discussed that that while we have the money it is not affordable and discussed why things are not in place to get extra money. The CEO said that the other GTCs are also doing work for Government and bring in additional funding. . He said doing nothing else a fee of £75 – £80 per annum is possible but the aim should be to minimise the fee as much as possible through subsidisation.

A member said she could understand and could see where money is going. Teachers pay £44 to get a certificate and is asked what GTCNI does for that. There is a visible gap and she added that some teachers do not know that the website existed.

The CEO said he recognized this that we are in a transition period at the moment and can only live within our income.

The Chair indicated that a decision was needed on the Business Case, do we reject or accept and add in a proviso to go to DE to fund and invoice DE at a rate of £20 per teacher.

He asked for a proposal. The CEO said we are looking for DE to provide funding of £500,000 per year. SL enquired if we are able to close off the last two parts of the business case and if this would be acceptable to DE.

AB reiterated that if the funding section was not completed then it will not be accepted. If you say that it is fundable but would put severe pressure on finance and want discussion then this opens a channel for discussion.

The CEO said that was the conversation he had with BCS and that we cannot say that we cannot fund or afford, but could say what AB had articulated or go to Council and seek their view.

A member said this was the first time F&GP had been asked to sign something off that teachers would have to pay for.

The CEO highlighted that there is funding in the reserves but the Council does have calls on these reserves but these are not likely to be called on over the next year.

AB was asked to repeat and he gave details saying that the Council did have the money to pay and DE’s view would be that you do this but if it creates problems you can talk to DE. GTC have the legal ability to increase fees.

Members thanked AB for clarifying and asked what would happen if in a year we had no reserves? Would DE say that we would have to increase fees.

AB advised not necessarily. DE would expect the Council to come and ask for support and would expect the Council to consider raising fees and then have that conversation.

Members discussed that this would mean that we would have to prove we were actively seeking income.

AB said it was not unreasonable if DE asked for a fee increase..

Members advised that they understood the problem but expressed their concern that if this was not progressed that the function will be in jeopardy.

AB advised he would float one possible suggestion and that is that it may be a decision for Council. If the Committee was content to informally submit a business case DE could get started to benchmark it against processes and could save time downstream. It would not commit the Committee or Council and would allow DE to start working on it.

The Chair asked for a proposal to informally submit the business case and put in a proviso for support.

Proposed: GG

Seconded: CMcB

All agreed.

Meeting went *In Committee* at this point.