FINANCE & GENERAL PURPOSES COMMITTEE MEETING MINUTES PART 1
Date: Tuesday 1 December
Venue: Online and Hackney Board Room
Time: 5.30 pm.

NEW CITY COLLEGE

Chair	Stephen Critoph
Corporation Members	Gerry McDonald; Marilyn Hawkins, Richard Bint, Rob Hull, Lutfey Siddiqi
Officers	Suri Araniyasundaran: Deputy CEO Jamie Stroud: Finance Director
Director of Governance	Elsa Wright
In attendance	Gary Woodrow, Group Health and Safety Manager (item 7)

Item No	Item of business
1.	**Chair's welcome & opening remarks** The Chair thanked everyone for attending.
2.	**Apologies for absence** All members were present.
3.	**Declaration of interests** None recorded.
4.	**Minutes of the meeting of 6 October 2020** **AGREED: The Finance and General Purposes committee agreed that the minutes of its meeting on 6 October were a true and accurate record of the meeting.**
5.	**Matters Arising** The actions had been taken forward.
	STRATEGIC MATTERS for discussion, decision or action
6	**Financial Matters** **6.1 Financial Statements Year ended 31 July 2020** The accounts had been circulated to both Audit and F&GP for comment. The final draft would be reviewed with KPMG before sign off at the Corporation meeting. The commentary which covered the first 14 pages would be enhanced and comments had been received from both committee Chairs and the Chair of the Corporation. The Deputy CEO explained that the main movements were in relation to depreciation, as reported to the Corporation in November and additional funding including £462k in relation to advanced learner loans. The deficit had been reduced to £25,000. It was **agreed** that the statements would be sent to Corporation in a second despatch on Wednesday or Thursday to ensure the Corporation received the final version for sign off. Governors had sent detailed comments to the Deputy CEO. Governors suggested that a number of financial KPIs should be developed for the following year which looked at more generic objectives rather than those prescribed by the ESFA. There had been large movements in working capital and the Deputy CEO explained that this was detailed on p30 of the accounts but he would double check that this was referenced in the statements. Governors asked for further strengthening of the narrative and a commentary around the large pension movements would help any lay person reading the document. The Deputy CEO

clarified that the increase in creditors was a result of the Epping land sale and any profit from land sales was recognised in the accounts. Further commentary around these numbers would be helpful. The responsibility for final sign off sat with the Audit committee. There was a discussion about the Financial Statements and that they showed the value of the College was reduced by almost 75% by the LGPS pension liability which sat on the balance sheet. Many colleges would have negative net assets using this calculation. The TPS sat outside the College accounts as it was an unfunded government scheme. Reading the statements did not give a true picture of the College.

The main audience was the EFSA but there was a duty to ensure that they were clear if the Corporation was to sign them off. Management accounts were the key document in terms of the ongoing management of the College and they were the key document which the Corporation needed to monitor. The Financial Statements were produced annually and it seemed sensible to use a template which was populated in the same way each year.

6.2 Auditor's Management & Regularity Audit Report
The Deputy CEO drew the Committee's attention to two unadjusted items in the audit. The first related to pension scheme liabilities where there was a small variation between the assumptions made by the actuaries at the LGPS and by the actuaries used by KPMG. This was not a material sum. The second was the treatment of the Quarles lease which the College had capitalised, with the agreement of the Corporation, as it related to the new building on the Rainham site. KPMG was of the view that it should have been treated as revenue. Again, this was not material and the Audit committee would review this before final sign off. The auditor had also recommended an impairment review of fixed assets.

Management had responded to the points made. The College did not have the expertise to review the assumptions and therefore another independent actuary would need to be engaged to so this. The College would look in more detail at impairment and valuations. It would be a costly exercise to revalue all the assets every year for the accounts.

It was suggested that the Governors on the F&GP Committee could join the Audit meeting next year online for the discussion with the auditors.

There was a discussion about the treatment of the subsidiaries and who would have the authority to write off their losses and it was confirmed that this sat with the Directors. Covid had closed both OKN1 and New City Fitness for periods of time and although the Learning Company Model offered benefits in terms of curriculum delivery, this needed to be monitored. The Deputy CEO confirmed that the losses were underwritten by NCC and could be agreed by the CEO if they were under £0.5m. They had been accumulated over a number of years. Letters from the Directors would be shared with the Corporation to ensure there was transparency. There would be more detail set out in the accounts and the Chair of Audit had asked for an enhanced disclosure on these items. It would be important to ensure that this was explained in detail for the lay reader. Governors agreed that the Corporation should support these companies as they contributed to learning and work experience. Any tax implications should also be reviewed. Governors asked for information about Westbourne and the potential long term impact of Covid on the language school. This would come to the meeting in June.

6.3 Auditor's Letter of Representation
The letter was noted by the Committee.

6.4 Management Accounts and Cash Flow Report – October 2020
The report was for Q1 and a review was ongoing looking at opportunities for increasing income. There was an action plan for managing the Covid-related impact with meetings with all budget holders before Christmas which would include looking at any changes to the projections for Q2. Most commercial opportunities and demand-led income had fallen. Additional streams of income had delivered £1.3m and there was almost £1m additional AEB funding which could be earned over the next 8 months, although tolerance was yet to be confirmed. This would be a focus for SMT and Group Curriculum Directors over the coming months. A positive 16-18 recruitment would provide additional income for 2021/22 and there was the potential for some additional in year support but this would not be confirmed until February and was not included in the forecast. There was a large shortfall in fees and many adults would now get fee remission which would suppress this further. The forecast summary was outlined on p159 of the pack.

Governors asked about end year projections. At this point it was difficult to know how

	commercial and fee income would change and work continued to manage costs down with the year-to-date running below the forecast. Additional income was not always matched by additional costs and the College had shown strong cost management during 19/20. AEB income was generated on a month by month basis and there would be a January campaign to attract adult learners with a further intake at Easter. ESOL recruitment had been down in Semester 1 and work had begun to improve uptake in Semester 2. There was a reluctance, from some, to come back on campus and a range of measures would be put in place to try to boost numbers, including an Easter intake for adults. The national skills fund was very late with little detail on what would be included despite lobbying by the sector. Governors were reassured by the control on costs and the finance team had done an excellent job. Fixed costs were high and difficult or expensive to reduce. Governors agreed that it was an excellent paper and asked about the figures on the final page in relation to the capital costs. The Deputy CEO confirmed that the £6.3m relating to the Ardleigh Green land sale had not been signed off. The redevelopment would require an additional bid to the GLA if the sale did not complete. The capital grant for the Rainham development as not at risk as it was not reliant on a land sale. Cash flow was managed closely and the Finance Director monitored it daily. The College had used the RCF for 10 days in 2019/20. Governors thanked the Finance team for their hard work. **Action – Financial Statements to be reviewed in line with comments from F&GP and Audit before Corporation despatch** **Action – paper on Westbourne and the language school market for 17 June meeting**
8	**Capital Projects** There was one item for approval in relation to the lease at Ilford. The College currently leased two floors in a shopping centre in Ilford to deliver ESOL training. This was on two separate leases. The leases were due for renewal in mid-December at a cost of £340,000 which was an increase of around £70,000. There were complications with two different landlords and issues surrounding dilapidations which were taking time to resolve. The College had viewed another site in the town centre which had a shop front and could be converted into classrooms and Board approval would be sought to pursue this as a long-term option, supported by a business case. The unit was around 10,000 sqft with 15 floors of residential accommodation above it. In response to questions, the Deputy CEO confirmed that the new unit would cost between £1 and £1.25m to fit out and that this would be capitalised alongside the depreciation of the lease. The College would investigate options to deliver non ESOL training at this location to mitigate any decrease in ESOL learners. The Committee agreed that delegated authority should be sought from the Corporation to sign a short lease extension which would allow the provision to continue in the short term. A full business case for the proposed new property, which set out the cost of the alternative options, would come to the Corporation for approval. **Action – Delegated authority to be sought from Corporation for CEO to sign lease extension**
7	**Health & Safety Annual Report** The Group Health and Safety Manager joined the meeting and presented his report highlighting key issues. The H&S management committee met each term and was chaired by the CEO. A significant amount of work had been undertaken during the year to harmonise policies across the group. A new online system for reporting accidents and incidents had been rolled out across all campuses. Policies such as lone working and fire had been reviewed and around 260 risk assessments had been completed over the year. These were all held online and could be reviewed at any time. The College was looking for an expert to conduct a full fire safety review at Hackney. There had been significant expenditure to improve emergency lighting and to upgrade fire doors. First Aiders were trained with security staff supporting onsite if there were shortages on a given day. Area inspections were undertaken in key areas where there were medium to high risks. This work continued throughout the year. Training was in place and SMT had completed an IOSH safety course aimed at senior leaders. A year on year comparison showed an increase in the number of incidents at Epping Forest but this was in part due the new online system which encouraged people to make reports. Governors asked about the volume of incidents at Hackney. This related to a number of factors including the volume of

	students, curriculum areas including Construction and a large number of High Needs students. The campus had a large footprint with many paths outside which led to a high number of slips and trips. There had been 3 fire-related incidents which had been very small including someone trying to set light to a toilet paper dispenser. Page 8 and 9 showed a breakdown of accidents and incidents and these were broken down by campus on page 10. Page 13 covered the different curriculum areas and if there were a number of incidents, the Group Health and Safety Manager would contact managers and discuss and issues. Governors thanked the Group Health and Safety Manager for his helpful report and asked how fire safety incidents were managed. They were reviewed by the Deputy CEO and reported to the management committee. He confirmed that First Aiders were adequate and there were a good number of staff on each campus who were trained. Specific area checks were monitored through the health and safety committee. There had been 5 or 6 RIDDOR incidents last year in comparison to 2 incidents in 2019/20. Governors also asked about under-reporting and the relationship with the unions. The Group Health and Safety Manager said that there was a good relationship with the unions and they were cooperative at committee meetings. The new system had resulted in more reporting as people reported incidents online whereas in the past they would not have completed a form. Governors asked about how high risk areas, such as the new CISIC building would be monitored. The Group Health and Safety Manager had been working closely with the Group Project Director and would visit the site just before it was due to be opened and snag any areas where further work was required. Governors asked if high risk areas could be highlighted in the report next year. Staff were trained to conduct assessments and regular updates were completed by fire marshals and health and safety assessors. It was confirmed that resources were available and there were no issues around accessing funding where it was required for health and safety reasons. Governors thanked the Group Health and Safety Manager for his report and for the work that had been done over the year. Termly reports would continue to come to the committee throughout the year. **Action – Annual report to highlight high risk areas and contain year on year comparisons where available**
9	**Financial Policies** **9.1 Modern Slavery Statement** The statement was reviewed annually with the College scrutinising the activities of their main suppliers which were catering, security and cleaning. There was a stated aspiration that they would all pay the London Living Wage. The Group Director of Business and Apprenticeships also reviewed the requirements with employers. The Head of Procurement and procurement managers along with the Estates Manager and the Group Director, HR were all aware of the requirements. **Action – F&GP Committee recommended adoption by the Corporation**
10	**Any Other Business** Governors thanked the Finance Director and his team for getting the accounts ready for this meeting. It was a huge job and the Committee appreciated the effort required.
11	**Date of Next meeting** The meeting would take place on 11 March 2020. The Chair thanked everyone for their input. **The meeting closed at 7.20pm**

Agreed as an accurate record of the meeting

Signed:

Date: