FINANCE & GENERAL PURPOSES COMMITTEE MEETING MINUTES
Date: 11 March 2021
Venue: Online
Time: 5.30 pm.

NEW CITY COLLEGE

Chair	Stephen Critoph
Corporation Members	Gerry McDonald; Marilyn Hawkins, Rob Hull
Officers	Suri Araniyasundaran: Deputy CEO Jamie Stroud: Group Director of Finance Peter Armah: Group Executive Director of Human Resources
Director of Governance	Elsa Wright
In attendance	Jamie Stephenson

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 5 December 2020** The Finance and General Purposes committee agreed that the minutes of its meeting on 5 December were a true and accurate record of the meeting.
5	**Matters Arising and Action Plan** The actions had been completed.
	STRATEGIC MATTERS for discussion, decision or action
6	**Financial Matters** **6.1 Management Accounts and Cash Flow Report –** The Deputy CEO introduced the paper. The accounts covered the first 6 months and showed a slight variance overall of £474k against budget without exceptional items. The income was as reported with no significant change from December. The £1m surplus was mainly from depreciation. The team conducted a detailed review and were projecting the income streams to look at the controls needed on pay and non pay costs. The aim was to maintain this at the same level to achieve break even excluding depreciation. Some income streams had deteriorated further but there had been some increases. The impact on commercial income had been around £1.5m across all income streams including OKN1, Westbourne and fees. Positive movements had helped to increase income by £1.3m and there should be some in year growth funding with levels to be confirmed. One key areas of risk was AEB. Tolerance was still set at 90% and the College should reach around 80% due to lockdown. Governors asked about the worst case scenario. Each percentage drop in income was around £1m. There were direct costs associated to delivery which were not savings the College could make. Last year 68% tolerance had been agreed and as the whole sector was affected there was a small risk,

but this could have a big impact on income.

Around £1.5m of costs had been reduced due to tight controls by middle management and SMT. It would be late in the year before there was clarity around AEB unlike last year when the tolerance change was announced early. Funding bodies wanted to better understand the reasons for non-delivery. It was likely that the GLA would agree a business case to reduce tolerance if sensible mitigations had been made. The mayoral elections would delay the decision. Governors highlighted that the staffing costs should be shown as green on the summary as should the cash days as they were 3 days better than the previous report.

Page 23 set out the exceptional items of £1.4m. This included the land sale at Ardleigh Green and £1.9m of costs of the staff restructure had been taken out. The depreciation adjustment had not been confirmed when the budget was set and this would not appear in future years.

The defined pension benefit obligation was £106m for last year. It was normally finalised in October which led to the differential in the figures. The College was obliged to report it but had no control over the payment. This covered the LGPS as the TPS was an unfunded scheme. Contributions had reached 50% in Universities. Rates for TPS and LGPs were rising and the triannual valuation would push this up further as the discount rate very low due to low interest rates. There had been an increase in the sector from 16 to 23% and it was a sector problem which needed to be addressed. The TPS grant was continuing but was not guaranteed.

The cash position was improved. Planning had now been submitted in relation to the land sale and the final payment was due once this was agreed. The £200k deposit had been received. In response to questions the Deputy CEO confirmed that there were no plans to use the RCF. The timing of the land sales had impacted on the budget as the Ardleigh Green sale had been expected to be complete. Apprenticeship income was holding up against outturn.

6.2 Fee Policy
The policy came to the committee for sign off before approval by the Corporation. There were no significant changes to last year with fees at a similar level. The policy set out a series of general principles that the college operated within. The level of fee was delegated to the CEO and managers set fees within those ranges. Section 5 set out the basis of fees which did vary significantly depending on the type (FE or HE), length and level of course. The sector might see greater fee remission over the coming year. The guided learning hours of the course and the base rate calculation were also used to calculate the fee. The Deputy CEO confirmed that this was in line with sector norms and unchanged. The policy had been tidied up and a section on debt collection had been added. Governors asked whether there could be an additional section on the percentage increase in fees. The Deputy CEO would look at this and the paper was agreed on that basis

Action – Fee policy was agreed and recommended to the Corporation subject to further clarification on the percentage increase in fees

6.3 Subcontracting
Jamie Stephenson joined the meeting. Subcontracting for 16-18 had been planned 520 with 519 on the ILR at R04. There has been some withdrawals but another provider had over-recruited. AEB for 20-21 had a budget of £1.5m and at R06 just under £1m was recorded on the ILR. At R07 this had risen to £1.3m. The programme was in good shape and progress was being made despite provision being closed. Nine providers had exhausted their allocation and all progress was being closely monitored.

Governors congratulated the team for their work on apprenticeships which were performing well in a very difficult time. It was reassuring that income was coming in. Page 4 of the report set out the criteria for partners which were all limited geographically to London and the home counties. Governors asked about the relationship with Dynamis. The College purchased their tuition which was delivered at Hackney to unemployed people and allowed them to qualify as security guards. Further details would be provided in the summer term report.

Action – Update on Dynamis training for summer report

The same quality monitoring was in place as with external partners and there had been an audit process before the contract was signed with monitoring every half term

Jamie Stephenson left the meeting at 6.05pm

7	**Capital Plans**

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7.1 Capital 20/21
Last year the College had been cautious and 75% of the Capital funding was used with the same approach proposed for the current year. Bids had been submitted from across the college and they would be reviewed in detail by SMT at the end of March or early April. There would be a tender process for contracts to be completed over the summer. Last year the IT request was for £1.9m but the College had benefitted from laptops from the government which would save around £600,000. There were always a number of Estates' projects and the total would be more than the £4.5m allocated. A bid for was in hand for T level projects which would require match funding. SMT would look at curriculum and strategic priorities and affordability. Major projects were separated out from this process and a further update would be provided in June. Governors agreed this was a sensible approach.

Action – Deputy CEO to provide an update in June

7.2 Strategic Property Developments
The focus had been on master planning and capital funding bids. The CISIC project was slightly behind but still make good progress and should be delivered within budget. There was a risk around VAT treatments which had arisen from a recent case that a college had taken against HMRC. The Deputy CEO would provide an update once guidance was available.

There was a discussion about the income from the Rainham disposal which had fallen through and this would be funded through reserves, but there might be an option to sell once the master planning for all three campuses in Havering was complete. An independent contractor had been brought in to look at solutions for the flooding and the work could be take place as part of the next phase of the campus development. The Refurbished annex for plumbing had been completed on time and the Quarles site had been decanted. The SEND relocation had been very successful and learners were settled on site at Wingletye Lane.

The paper gave an overview of the master planning work across the group. Arbour Square had been refurbished in 2017/18 but the window replacement was significant and a bid from the transformational fund of around £2m was being drawn up. The College would also bid for a large sum for the Poplar campus. Progress at Epping was stalled until the developer had completed their appeal against the planning decision. The Chair of Property Committee explained that the development manager was still working on solution for the Poplar project but that developments at Tower Hamlets, including a vote on the structure of the council, might make it difficult to make much progress in the next 6 months.

There were no current plans at Redbridge and there was a paper on the agenda covering the lease of the Ilford campus. There was work to do at Hackney on plant including boilers and lifts but this might not reach the £0.5m threshold.   The College was looking at master planning at all three Havering sites. Bidding for the transformation fund was a three stage and feasibility work would begin if bids got through the first stage

7.3 Ilford

The Corporation had agreed to the extension of the leases at its December meeting but plans had changed. There was now an option to secure a lease of 1500sqm which could deliver the whole provision and potentially lead to other pathways such as childcare and IT. Commercial training could also take place with the opportunity to rent some IT rooms for exam centres. Property contacts had reviewed the leases. The College would need to secure change of use and meet planning conditions and changes were needed including more windows. The change of use had been submitted and would take 8-12 weeks.

The committee reviewed the detail recommendations. The location was very good next to town centre and the units were new and needed investment. The Curriculum case was strong and the College wanted to stay in Ilford.

The Property Committee had been in favour of the lease and the Principal of Tower Hamlets and Hackney had explained the curriculum benefit and the potential to expand. One of the Property experts co-opted to the committee had agreed that it was a good moment to move into the retail market. he paper would be revised for the Corporation to make a clear recommendation and set out the costs and NPV.   The aim would be to be running by the end of September. The capital spend would need to be approved but the team would work hard to bring costs down and to nail down the dilapidations.

	Governors agreed to the proposal for the new unit, subject to the changes to the paper discussed at the committee. **Action – The Committee recommended the paper to the Corporation, subject to the changes discussed for**
8	**Procurement** **8.1 Epping Wellness Centre** The College had used the Pagabo procurement framework to launch a mini competition at the end of September. Three bids had been received and consultants had been used to support the process. This had identified the preferred bidder and the analysis done by Turner and Townsend on quality and finance supported this. There was no fixed price contract at this point. The Committee was being asked to recommend the preferred supplier and a pre-construction service agreement would be signed, if agreed by the Corporation. Design work would be done at risk and any design fees would need to be negotiated but sit within the overall budget. £4.93m would be received from the developer once planning was secured with a backstop date of April 2022 for the payment. If planning came through within the next 6 months, the project could begin. Governors asked whether there was a maximum design fee and the Deputy CEO confirmed that this would be within the CEOs delegated authority. If the final contract price was not agreed, the Deputy CEO confirmed that the College might have to go back to one of the others bidders. As the company would be working at risk, it was important to get Corporation sign off at this stage. However, the final contract for the build would come to the Corporation **8.2 External Audit** The College had gone out to tender for a second time in the New Year. There had been three bids from Grant Thornton, KPMG and Buzzacott. The recommendation from the panel was to appoint Buzzacott and the Audit Committee would recommend this to the Corporation. It was an annual reappointment by the Corporation but the contract was for 4 years and could be extended by a further 2 years. References had been favourable from 2 different FE colleges. The Partner was the same person that was in charge of the United Colleges audit. Savings should be achieved.
9	**HR** **9.1 Termly Report (to include 9.2 – Gender Pay Gap reporting)** The Group Executive Director of Human Resources joined the meeting and introduced his report. Staff turnover stood at 14% compared to 19% previously with less people moving during the pandemic. Sickness was relatively stable with a slight increase in Covid cases as everyone returned to campus There was a slight increase in the Gender Pay Gap which was in part driven by the restructuring in Havering. Support staff were not yet aligned and this would lead to an increase in their salaries. The CEO ratio was 7.36 to 1. Compliance was high and a new system was being put in place to link mandatory training to iTrent which would help to embed behaviour. Reminders would be sent out to staff and their managers The report set out progress on Black Lives Matter with the College focusing on five areas covering both staff and students. Leaders Unlocked were working with students on a manifesto for change involving one student from each college. It would look at how to embed change within the organisation. Dennis Frances was reviewing the model and process for recruitment including the recent Principal recruitment. Governors were keen to see more trend analysis showing how the data had changed over time and including sector norms and comparators where they were available. There was a discussion about the data and the number of staff who did not self declare which could lead to skewed information. The Group HR Director believed that the data reflected the overall staff body and staff were encouraged to complete equality and diversity information, but it was not compulsory. Governors discussed whether staff could be surveyed anonymously to get a more complete return. The Staff perception survey would ask 5 or 6 questions that were similar to the Leaders Unlocked

	survey of students to give some comparators across the two groups. Curriculum approach – GCDs and Principals were looking at the decolonisation of the curriculum working with students to understand their lived experience. The Equality and Diversity action plan had been updated and student applications and achievement had been reviewed to see if there were any groups of students who were not achieving in line with the college average. Further work would take place, as required, to look at groups of students in more detail. Exclusions were reviewed by SMT looking at equality strands and action would be taken if required. **Governors asked for the report to be RAG rated and any sector norms to be included** The Group Executive Director of Human Resources left the meeting 7.12pm
10	**Health and Safety termly report** The report covered the period from 1 Aug to 31 December. There was nothing significant to report. The focus had been around the return to campus in with Deputy Principals, union representatives and SMT. The focus this term was again on the return to campus. There had been dialogue with the HSE. The HSE had concluded that all the steps taken were reasonable and the College had carried out actions required. Staff were now sending s44 letters which stated under the Health & Safety at Work Act that the return to work put them in imminent danger. 34 letters had been received. The College had agreed an approach with some teaching online and the letters had been withdrawn. There were 50 members of staff who would be shielding to end of March. There had been a number of incidents on the Hackney campus. They had been investigated and there was an element of recording every small incident which was necessary given the vulnerability of some learners. The context was helpful and it was agreed that termly reports would also show the incident for the previous year. **Action – All H&S reports to show the previous year's data**
11	**Any Other Business** There was a discussion about the membership of the committee as two members had left the Board over the last few months. The Chair of the Search committee would work with the Director of Governance to identify another suitably qualified person. **Action – Recruitment to the committee to be actioned by Search and Governance**
12	**Date of Next meeting** The meeting would take place on 17 June 2021. The Chair thanked everyone for their input. The meeting closed at 7.23pm

Agreed as an accurate record of the meeting

Signed:

Date: