FINANCE & GENERAL PURPOSES COMMITTEE MEETING MINUTES
PART 1
Date: Thursday 18 June 2020
Venue: Online
Time: 5.30 pm.

NEW CITY COLLEGE | Hackney, Tower Hamlets, Redbridge, Epping Forest

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
Apologies	Malcolm O'Brien
In attendance	Peter Armah, Group HR Director – items 6 and 7 Jamie Stevenson, Group Director of Apprenticeships – item 9

Item No	Item of business
1.	**Chair's welcome & opening remarks** The Chair thanked everyone for attending.
2.	**Apologies for absence** Apologies had been received from Malcolm
3.	**Declaration of interests** None recorded.
4.	**Minutes of the meeting of 17.03.20** **AGREED: The Finance and General Purposes committee agreed that the minutes of its meeting on 17 March were a true and accurate record.**
5.	**Matters Arising** The actions had been taken forward. **5.1 Finance organisation chart** The External Auditor had raised this issue about the department being overly dependent on the Finance Director during the 18-19 audit. The team had been strengthened with a new Head of Management Accounts, who had made an excellent start. Management and Financial Accounts had been centralised, along with payroll and there had been much progress since November.
	STRATEGIC MATTERS for discussion, decision or action
6	**Workforce data** The Group HR Director joined the meeting. The paper gave an update on key workforce data across all campuses. There was now one data source across the group and the end of year report would be presented at the Autumn meeting. There were 1,787 staff and 1,297 FTE directly employed by the College. There were 197 hourly paid staff and 137 agency staff. 65% of staff were female, slightly above the sector average. The average age was 46 in line with the sector. The gender pay gap stood at 10.9% which was slightly higher than the sector average, with some roles at Havering still to be aligned with Group pay. The CEO pay ratio was unchanged at 6.2:1. Compliance was in a healthy position with 99% of staff completing compulsory training and

	95% completing GDPR training. Governors **asked** whether these were acceptable levels and the Group HR Director confirmed that the last few people had been contacted and would complete the training shortly. Sickness rates had fallen from 4 to 3 days aided by faster management follow up and these rates were below the sector average but could always be improved. Turnover stood at 9.9% against a sector average of 14%, with the most staff having good reason to move on. A full report would follow in the Autumn. Governors **asked** about protected characteristics and whether the College did an analysis of ethnicity. There would be more detailed reporting in the Autumn alongside other protected characteristics such as gender and age. Sector norms were difficult to obtain, but the College would look at comparisons over the years within the different constituent colleges. A voluntary redundancy programme had been launched and the expectation was that around 30 staff would leave. However, managers would need to be creative as there would be no further recruitment. The closing date was 3 July. There was a discussion about the proposed pay settlement which had been agreed with UCU and was set out in detail in the budget paper. The CEO explained that the settlement was affordable within the budget that the Corporation was being asked to approve. Sixth Form teachers' pay would be negotiated separately by the Sixth Form Employers Forum. Currently there was no agreement for 2020/21 for the 150 staff concerned. In response to questions, it was confirmed that the percentage increase per student could not be calculated as different groups were funded at different rates. However, the 2.75% settlement was affordable. In the current year the budget stood at £1.2m deficit and just under £1m of this was the unfunded pay award, that was agreed last year.
7	**Equality and Diversity report** The amber sections showed actions that were on track and should be completed by the Autumn. The Group Director HR confirmed that the College could look at the impact on different protected characteristics, but that there was no real comparison across the sector as the make up of each college was varied. The College would reflect on its own Diversity plans and look to develop these further over time. There had been 33 student interventions by the Safeguarding Team during lockdown and online monitoring of key words on the College system were followed up immediately by the Safeguarding Team. The Chair thanked the Group Director HR for his reports and he left the meeting. **Action – Group HR Director to attend to present annual report**
8	**Health and Safety** The termly report covered Term two until lockdown. The focus was now on risk assessment and the reopening of all campuses. There had been 4 RIDDORs but they were at a low level. Training continued and risk assessments had been completed and shared with staff. Governors **asked** for an executive summary for future reports which included trend analysis and asked whether the College had the expertise that it needed. The CEO confirmed that there was a strong team and consultancy support was bought in when specialist advice was needed. Governors **asked** about the mental health of staff and whether this should be covered in the report. The CEO confirmed that safeguarding reports covered this and that all staff had access to the Employee Assistance Programme, which offered counselling. It was **agreed** that Gary Woodrow, the Group Health and Safety Manager would present the annual report to the Committee. **Action – Group Health and Safety Manager to attend to report annual report. Future reports to include an Exec summary identifying material issues and trend analysis on the key areas**
9	**Subcontracting update** Jamie Stevenson, Group Director of Apprenticeships & Business Development, joined the meeting and presented his report. 16 to 18 partnerships would be in line with the targets and, in some areas, perform better than predicted. £1.7m of provision had been delivered

	against £1.9m on the ILR. There were no new apprenticeship contracts and those retained would complete in 2021 apart from a handful of students. The College was in a strong position compared with a few years ago. There was robust monitoring in place with staff checking in on provision regularly. This had continued virtually during the lockdown and provision had been tailored to the needs of learners. Printed packs supplemented by conference calls had been used by the Orthodox Jewish School as the students were not able to use IT. The College had supported the development of online delivery through a contract with Dynamis who delivered the programme from the Hackney campus. There had been good progression into jobs and Governors **asked** whether the programme would be rolled out to other campuses. This had been a pilot year and the aim was to deliver this on other campuses in an embedded collaborative delivery model. Participation rates were good, achievement rates were excellent and progress into jobs was good. The Chair thanked Jamie Stevenson for his report and he left the meeting.
10	**Supply Chain and Fee Policy** There were no changes and the regulations would be reviewed every 2 years. **Action: The F&GP Committee agreed the policy and recommended to the Corporation for approval**
11	**Treasury Management Policy** There were no significant changes and the Deputy CEO confirmed that it was aligned with CIPFA **Action: The F&GP Committee agreed the policy and recommended to the Corporation for approval**
12	**Health and Safety policy** There were some minor changes in relation to tenants and the Committee approved the policy. **Action: The F&GP Committee agreed the policy and recommended to the Corporation for approval**
13	**Financial Regulations** There were no significant changes and they would be reviewed alongside the 20/21 funding guidance. Governors **asked** about the development of KPIs and Benchmarking as covered in Appendix H. The Deputy CEO confirmed that the financial KPIs would be reported in the Annual Accounts. There was work to do on developing KPIs for areas such as procurement and contribution rates and he confirmed that it would be possible to provide a contribution rate per hour. Value for Money had now moved on to look at issues such as contribution to the local economy and this needed more work. There were benchmarks for further education and now that the College was more settled, post merger, it would be possible to look at some metrics against the DFE reporting tool. The CEO confirmed that the whole SMT had completed and the IOSH training, which had been extremely beneficial. The College would bring specialists in when independent reviews were required. **Action: The F&GP Committee agreed the policy and recommended to the Corporation for approval**
14	**Management Accounts** An initial assessment of the impact of Covid 19 had been presented to the March Corporation. This had identified an impact in the range of £2.4-5m. Demand led income had fallen and this had been seen in areas such as the restaurants, fitness centres and nurseries. There had been a decrease in both pay and non-pay costs, with around 40 staff from non-commercial areas on furlough. All budget holders were on essential spend only, until December. The shortfall in commercial and fee income stood at circa £8m. Governors **asked** whether the

	£2.4m deficit was accurate and whether there were any other big items unaccounted for. The Deputy CEO confirmed that there was some demand led income to secure including Apprenticeships and, **in response to questions**, advised that those staff on furlough were expected to return to employment. The College was expecting to receive income from land sales, including £6.3m due on 24 July as a contractual payment. There was a payment of £2.5m, subject to contract, for the land sale at Rainham. The aim was to maintain the balance that these sales would contribute to.
15	**Covid 19 impact assessment** Governors **asked** about the assumptions in the paper of a September reopening. The Deputy CEO confirmed that a prudent approach had been taken in terms of income from commercial activities next year. Funding for 16-18 year olds and for adults was guaranteed, however, cost control was key to ensure that the College was resilient. The approach to capital was to retain funds and maximise cash flow. Staff would be recruited on temporary contracts to ensure that there was some resilience for in year change. There was **a discussion** about lagged funding and the potential impact for 2021/22 if recruitment targets were not met. The impact would be felt if students put off learning or did not want to study online. The College had seen an increase in distance learning, which had been very successful, and hoped to add to this to improve resilience.
16	**Budget** The approach had been prudent, building in flexibility and the SMT had spent two long sessions testing the assumptions and flexibility built into the budget plan. Income had fallen overall if the 16-18 funding was removed, however the increase in the funding rate alongside pay savings had kept the budget steady. There was increased flexibility in terms of the non-regulated qualifications that the College could offer and a new Digital Skills curriculum was being introduced to drive this forward. Improved procurement in high costs areas such as Utilities, circa £2m and tendering for examinations circa £2.2m would help to control costs. There would be a full report to the Corporation on Capital spend alongside a full Cashflow and Balance Sheet. The increase of £4.9m in 16-19 funded was a 10% increase, however, this was the first increase in 9 years. The 12% decrease in operational costs resulted in decreased exposure to UKCBC. The CEO was grateful for the work being done by the Finance Team to put the budget together. The decrease in exposure to UKCBC had an impact on the bottom line. Governors agreed that it was a prudent budget, but it was important to ensure that the 3 year forecast was realistic given the uncertainty. The CEO confirmed that the College planned to cut staff costs in anticipation of decreased funding next year. The AOC was lobbying the government for extra income to deliver a skill led recovery and the College had already bid for GLA funds. The College and the sector as a whole continued to push for a rate increase for Adult Education. There were hints of a White Paper in the Autumn, however, this may look more at structural change rather than increased funding. The Finance Director confirmed that he had worked closely with the new Head of Management Accounts, who had looked at the budget line by line, and was confident that this was a well-developed budget. Commercial income should start to rise again in September, however, there was a risk of a second peak, which would have an impact on the budget. The picture should be clearer at the end of Quarter 1, in October, and the College would also have a better understanding of its 16-18 numbers and any impact they might have on the 2021/22 budget. The Deputy CEO explained that the approach to Capital was cash neutral and 25% of funds had been put aside for Covid 19. The priority areas were IT and Estates and the College had applied for funding from the GLA for SEND IT which the College would need to match fund and it had also secured funding for refurbishment of the catering and hospitality zone at Redbridge, which would be developed next Summer. A bid had been submitted to the GLA for £500k of match funding for T Level provision. The Property Committee had considered a property strategy, which would come to the Corporation, which included a series of master plans and a number of key areas to develop during 2021/22. The Capital plan included a cashflow forecast for the developments. These would include the Epping Wellness Centre, the CISIC project at Rainham, the next stage of development at Poplar and master planning for both Ardleigh Green and Hackney. There was also a renegotiation of a lease for the Adult Education Centre at Ilford, where investment was

	needed over a 5 year period. The Committee **agreed to recommend** the Budget to the Corporation, with the addition of Cashflow and Balance Sheet, which reflected the Budget. **ACTION – The Committee provisionally agreed to recommend the Budget to the Corporation, subject to receiving and being happy with the budgeted cash flow and balance sheet.** **Pensions:** The Corporation had received a report in October from the COO about securing assets in return for decreased employer contributions to the LGPF. There would be a paper for the Corporation which set out a further proposal, which would tie up assets as security. The Deputy CEO reminded Governors that in 2019 a charge had been placed over the Epping campus for security against the pension deficit. There was a discussion about what the implications of this charge would be. The paper should set out the options and what the implications would be for the assets at the end of the proposed 3 year period. Land values had increased significantly since merger, particularly in Hackney, and it was important to understand whether there would be covenants would be attached that might prevent development. The savings were around £500k per year, if security was given. The CEO commented that the LGPF needed radical reform. The TPS was an unfunded scheme. **ACTION - Deputy CEO to write paper for the Corporation meeting.**
18	**Committee Self Assessment** Governors were asked to complete the form and return to the Director of Governance as soon as possible. **ACTION – All governors**
19	**Terms of reference** There was a small change to reflect the fact that the Property Committee would make recommendations on the strategy, but that any financial implications would be considered by F&GP. There was merit in joint committee meetings when there were decisions to be made on large scale projects and the Chair of the Corporation thanked Richard Bint for attending the most recent Property Committee meeting. The terms of reference were **agreed**.
20	**Any Other Business** There were no items to report.
21	**Date of next meeting** The meeting would take place on 6 October 2020. The Chair thanked everyone for their input and, especially those for attending online from a distance. **The meeting closed at 7.25pm**

Signed:

Dated: