NEW CITY COLLEGE

FINANCE & GENERAL PURPOSES COMMITTEE MEETING MINUTES
Date: 17 June 2021
Venue: Online
Time: 5.30 pm.

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

Item No	Item of business
1.	**Chair's welcome & opening remarks** The Chair thanked everyone for attending and thanked them for attending in person.
2.	**Apologies for absence** All members were present.
3.	**Declaration of interests** None recorded.
4.	**Minutes of the meeting of 11 March 2021** The Finance and General Purposes committee agreed that the minutes of its meeting of 11 March were a true and accurate record of the meeting.
5.	**Matters Arising and Action Plan** The actions had been completed as set out in the action plan.
	STRATEGIC MATTERS for discussion, decision or action
6	**HR – Workforce report** The Group Executive Director for HR joined the meeting and introduced his report. There had been little change to the headcount since the previous report with 1787 members of staff. The workforce percentages were 47% support staff, 42% lecturers and 11% managers which was in line with the sector. The average age was 46. The report broke down ethnicity by staff group across the 6 campuses. Further details were available. The percentages changed from support to lecturer to manager with the number of black staff decreasing. In response to questions, it was confirmed that the number not disclosing was around 27%. Staff were encouraged to self-declare and staff had been emailed to update their declarations on the iTrent system. It was confirmed that new recruits were asked to self-declare and it was longer serving staff who needed to be encourages to declare. By campus, the breakdown was based on where staff taught or were based although there was more complexity for some staff – more movement. Work was being done with staff to understand why people wouldn't make declarations and this was being discussed in the BLM group. Gender was 66% female. Redbridge had the largest number of female staff at 75%.

	The analysis of starters and leavers showed that more white staff were leaving which would help to improve diversity. Governors were interested to know more about the age profile of those leaving. Turnover was at 13% against 14% last year. Pay averages were reviewed and more work would be done look in HR to look at any disparities between different groups and how salaries were assessed and aligned. Governors asked to be updated on this work. There was a discussion about how the data was used. The conversations with those in the BLM working group were developing some lines of inquiry which included the work on salaries and pay gaps. It was important to signal to the organisation, where staff were being promoted. Sickness rates were low, and levels of training were high with gaps due to long term sick leave or hourly paid staff who were not currently working. Staff could be sanctioned if they did not complete compulsory training, but managers could see when staff were due to complete their training and had a few months' notice to ensure this was done. The gender pay gap stood at 12.4% which was in line with the report in October. The committee was updated on the work that the college was doing with staff on BLM. There had been a long listening process to ensure there was shared understanding of the issues and concerns. Work was beginning on the de-colonisation of curriculum and staff development and training was being informed by the process. A learner voice survey would look at questions around institutional racism and then repeated in a year's time. This was an area that would take time and required more dialogue. There would be an update for Corporation at the meeting in November **ACTION – Director of Governance to note for Corporation agenda in November. NOVEMBER** Neil Yeomans had done some reverse mentoring with students which had been incredibly useful. **Recruitment** Follow up work included trialling blind recruitment which was a process the Director of Governance explained had been used for the recent governor recruitment. There was further work to do on the E&D action plan which would be reported to the committee in October. The college was a diverse organisation and the prospectus and videos on the college website reflected this. Peter Armah left the meeting at 6.02pm
7	**Health and Safety termly report** Governors had reviewed the termly report. There were no incidents to report and the changes were in line with expectations.
8	**Annual Subcontracting report** The Group Executive Director of Apprenticeships and Business Development joined the meeting. 16-18 provision – March learner numbers had been met by all partners except Access to Music. Apprenticeships were almost complete with Croydon College. In year draw down was at £1.4m against a budget of £1.5m and if all achievements were to come in this may exceed the budgeted amount. There was a discussion about over recruitment by sub-contractors but anything over the agreed level would not be paid automatically. There could be a £200k clawback of AEB but tolerance would not be finalised until after the year end. AEB would be at £1.5m with the same partners, subject to annual due diligence checks and the final year outturn. There would be a decrease from £450k to 400k for Dynamise as the college brought more delivery in house. Governors confirmed that the proposals for 2021-22 were for no major change. There had been an extensive tender process two years ago with partners now operating locally or offering a speciality where the College could not be as responsive as it would like. The college was working to support people who were unemployed and there was provision funded by both the GLA and ESFA. Post merger, the College had been on a journey to improve the quality of subcontracted provision and to bring courses in–house where possible. A number of legacy contracts were now being completed and new provision was much more closely aligned with the curriculum. The 16-18 provision offered through the orthodox Jewish Schools gave young people access to good quality education. It was unusual and required a high level of supervision. There were strong planning processes in place which were monitored throughout the year. The committee

	agreed to recommend the provision for 2021-22 to be approved as part of the overall College budget at the Corporation meeting. **ACTION – The Committee recommended the approval of the Subcontracting plans for 2021-22 as part of the budget.** Jamie Stevenson left the meeting at 6.14pm
9	**Financial regulations** There was one small amendment to the depreciation policy which was a good practice recommendation from the internal audit. The Deputy CEO confirmed that the regulations had been benchmarked by the IA recently this was the only recommendation raised. The opinion had been clean on both compliance and good practice. **ACTION – The Committee recommended the approval of the Financial Regulations by the Corporation.**
10	**Supply Chain Policy** There were no changes to the policy. This had been reviewed as part of the subcontracting audit. **ACTION – The Committee recommended the approval of the Supply Chain Policy by the Corporation.**
11	**April Management Accounts and Cashflow forecast** The paper showed a slightly worse position than the original budget. The College had lost around £1.5m commercial income due to the pandemic and there had been some gains in cost reductions with some furlough income for commercial activity. There had been a focus on cost control and the aim was to achieve the forecast. There was a risk of an ESFA claw back of around 200k but the College was optimistic that the tolerance might be reduced. GLA income from AEB was much larger and it was likely that the GLA would be more flexible and review a business case for each provider. The ESFA funding covered Essex only and there was less opportunity to make up the shortfall. Not all the tuition fund activity would be delivered in year. This should be reconciled by end of July. The College was on track for an operating surplus for the year but and would see benefit from the depreciation charge but not of scale that was expected. Cash days in hand were lower than in the budget as the £6.2m receipt was not likely to be received before the end July due to delayed planning. Cash days on 31 July would be at the low end of the forecast which would feed into the performance indicators.
12	**Draft budget** The budget was still a work in progress showing a £1.9m operating deficit with the aim of working to a break-even position for Corporation. There has been a significant shift between the last two years with income from UKCBC ending and the cost of living rise for staff adding £650k to expenditure as well as the £750k cost of staff increments. There was a Covid impact of around £0.6m. P148 of the pack set out the draft budget. There were shifts around operational costs. The proposed pay rise was 1%. There was a pay freeze in the school sector and the 2.75% settlement at NCC in the previous year had been the highest in the sector. Income was not increasing and the base rate rise from the previous year had not been repeated. There was flexibility with hourly paid staff in some curriculum areas, including ESOL to help offset the increased costs. The finance team had worked through the budget course by course with each curriculum lead. The key issue was to deliver a break-even budget to Corporation and the College would need to deliver on the income targets which were challenging. There would be another summer with limited income at Westbourne which was of concern. The apprenticeship team had worked hard to chase public sector contracts, but this was a long process. This was not a finished budget, but the direction of travel was right. Governors discussed the costs savings and the impact if they did not come through in year. These would be monitored closely and

	contingency plans were in place. The College had taken a firm line on with Local Authorities on high needs provision to reduce the risk of exposure. In response to questions, the CEO confirmed that the income projections were prudent, but they were dependent on a significant recovery and would be reviewed in mid-October. High needs income could increase as there was demand but the College wanted to ensure that costs could be recovered before agreeing to increase spend in this area. It was possible that apprenticeships could grow by £0.5m but any further lockdowns would have an impact and the College was being cautious. The aim was for break even before exceptional costs, but this might not be achieved this year. It was agreed that the committee would meet again on 29 June to review the updated papers before Corporation despatch. This would include cash flow and capital expenditure too. **Action – Meeting to be arranged for 29 June to review and sign off draft budget**
13	**Draft capital** The paper gave an update on live projects which had already been approved. Planning permission for the Epping project had been granted that week. ASHE were the preferred contractor and a paper would come to Corporation to approve the appointment. Costs were a factor but this would need to be tested as part of the process. £4.9m was guaranteed from the land sale but it was unlikely to impact have an impact on cash flow until 2022. The contract should be signed in July or early August but the frame was unlikely to be ready until January 22. There was an update on master planning in the paper but the outcome of the capital transformational bids was still unknown. It had been due on 17 May and there had been 200 bids from 130 colleges for £1.3bn. The bidding process created work and nothing could be finalised until the outcome was known. **Ilford** The College was looking at options to buy a long lease for the site. The independent valuation was now higher than the price being asked. The paper set out different options for the lease or purchase of the site. Option 4 showed a positive return over a 10 year period at 3.5%. There was a discussion about the impact on inflation on the rate. There were huge gains in moving and the location was key. Option 4 included incremental income across the site which was an increase of 16%. There were opportunities for learners to progress at Chadwell Heath but these could be delivered onsite. There was a strong curriculum case and presence on the high street would help to deliver the income target. The provision had met all its targets even in poor accommodation which was difficult to access. This would replace the provision that the College had been served notice on and the temporary accommodation. Cash was required for the fit out and the best approach was to purchase a long lease. The Deputy CEO would request tenders back from four banks to make a recommendation to Corporation. The Committee discussed the approach and mortgage options. The College had recent experience through the mergers of a fixed rate product and was keen to ensure that all known costs, including those associated with early repayment were known. The analysis should include some base rate sensitivity although it was agreed that a variable mortgage could be paid off if required. This was a major investment in community education and a 10 year pay back was relatively short for education. The committee would review the bids at its meeting on 29 June before making a recommendation to Corporation. **Action – Ilford proposal to be reviewed on 29 June to finalise the recommendation to Corporation**
14	**Committee self-assessment** The committee were asked to complete the self-assessment. It was noted that the recent Corporation recruitment had not found a qualified accountant and that a further recruitment round was needed.
15	**Terms of reference** The committee discussed the terms of reference which were agreed with no change and recommended for approval by the Corporation.

16	**Date of next meeting** The Chair thanked everyone for their input. There would be an interim meeting on 29 June to finalise the draft budget for Corporation. The next meeting would take place on 21 October subject to confirmation by the Corporation. The meeting closed at 7. 12pm

Agreed as an accurate record of the meeting

Signed:

Date: