New City College

FINANCE & GENERAL PURPOSES COMMITTEE MEETING MINUTES
Date: 21 October 2021
Venue: Poplar and online
Time: 5.30 pm.

Chair	Stephen Critoph
Corporation Members	Gerry McDonald; Marilyn Hawkins, Rob Hull
Co-optees	Brij Patel
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.	**Appointment of Chair** The Director of Governance had received the nomination of Stephen Critoph as Chair. This was seconded and he was appointed Chair for the academic year. 1.1 **Chair's welcome & opening remarks** The Chair thanked everyone for attending and introductions were made.
2.	**Apologies for absence** All members were present.
3.	**Declaration of interests** Marilyn Hawkins declared that she had been doing some voluntary work with the City Links charity which delivered cultural and educational exchange programmes around the world. NCC had been successful with a bid to link students between host Olympic cities but the Vice Chair was not involved in the bid process.
4.	**Minutes of the meeting of 17 June 2021** The Finance and General Purposes committee agreed that the minutes of its meeting of 17 June 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 and a paper on capital project appraisal would come to the November meeting of the committee. **Action - Capital project appraisal paper to be presented at November meeting**
	STRATEGIC MATTERS **for discussion, decision or action**
6	**Finance Outturn Report** The outturn was in line with the forecast at £0.522m with COVID effects in excess of £2m. The budget had been set at break even. The depreciation charge, applied as set out in the policy, had contributed to the surplus and these were reasonable results given the circumstances. The cash position was very positive at just short of £10m. In response to questions, the Deputy CEO confirmed that there would be no further benefit from the

	depreciation recalculation. Page 3 of the paper stated the deficit of around £8m resulted mainly from pensions costs as well as some restructuring costs. The scale of the pension costs was considerable and contributions would be reviewed at the next triennial review covering the LPFA scheme. The College had no control over these costs. The audit was now in its second week. A business case had been submitted to the ESFA for the AEB clawback which was around £150k and the outcome should be known in mid November. The CEO explained that the ESFA had just concluded an investigation into some subcontracting provision pre-merger at Epping. The CEO would speak to the Vice Chair about the matter as she had been the Deputy FE Commissioner dealing with the merger. The Deputy CEO confirmed that the RCF had only been used for 2 days in April during the first lockdown and not at all during the 20-21 financial year which was reassuring. **Action – CEO to send details of the ESFA investigation to the Vice Chair**
7	**Learner Numbers and Budget Update 2021/22** The CEO explained that R04 was that week, which was day 42 when 16-18 student enrolments were counted for funding purposes. Numbers were down by around 500 and with lagged funding, this could be significant for next year with a drop of around £3m for 2022/23. If all campuses had hit enrolment targets, the college would have exceeded allocation but only Redbridge and Epping had held up on last year's numbers. Havering Sixth Form recruitment was level, but numbers were down at the GFE. SMT had commissioned an internal report to understand what was happening. There was some short term retention by schools, but the College needed to understand if there was a structural change or other factors such as new provides or reputational issues. Other colleges were also reporting lower numbers and many had lost the gains from last year as students could get into work easily with some turning part time jobs into full time due to labour shortages. Adult funding was claimed each month and was live in year. There would be some further enrolments in small numbers in November and January enrolment. The College had been affected by a technical change to guidance from the Home Office as the family of British nationals were no longer eligible for free training. However, the GLA had devolved powers and had overruled this change. This should result in around 300 further enrolments later in the term. There was a discussion about the quality of provision at Havering and work was needed to encourage enrolment. The CEO explained that knife arches were used from time to time across all campuses to reassure staff, students and the local community that campuses were safe but one local MP had suggested that this meant that there was a knife problem even though nothing had been found. Curriculum areas such as Health and Early years had enrolled lower numbers and the programmes offered with the Job Centres that led to guaranteed interviews had very low take up due to the low salaries on offer. A full quarter one report would be brought to the November committee meeting. **Action - Quarter one outturn to November meeting** **Apprenticeships** Over the whole year, 273 starts had been planned with 90 by October and 200 by December. There were already 278 starts currently which was very positive. The funding incentive from the government had been extended to employers to the end January 3000. The main growth areas were construction trades and engineering. Areas such as digital marketing, business administration and marketing were normally strong but as many had not returned from home working, there were low levels of provision. Governors asked about employers and how the College recruited new companies. The Group Executive Director for Apprenticeships and Business Development explained that there were good links with the business community and employers also approached the College. Many delayed starts from last year had come onstream in September and there was a strong

emerging picture. Governors thanked the team for their achievements with a significant increase from £1.9m to £2.7m.

Tuition fees and charges for HE would fall short of the targets set. Cost pressures would include utilities and the National Insurance increase at around £200k and £150k respectively. Savings of around £2m or additional income were needed to rebalance which was around 2%. High needs recruitment was looking positive and there should be additional funds to be brought into the forecast after sustained pressure on Local Authorities. The cost pressures were hard and recruitment was a struggle. Pay had been controlled well and the College had held off from filling vacancies but there were around 42 posts that were business critical, and premiums would be needed in some cases to fill them.

MIS and finance systems were better linked and there were known fee issues that were being addressed. There was time to work through all the factors in relation to decreased income before the impact of the decrease in numbers came into effect. There would be an impact on staffing if additional income or savings were not found. The College could not respond to inflationary pressures with a price increase. There was a discussion about the budget, and it was noted that the AOC seemed to be lowering expectations about additional funding for colleges. The underlying funding rates were the same as in 2013-14 in cash terms and there had been circa 20% inflation increase in that time.

Full cost recovery courses were a challenge to sell when people were still working from home. The distance learning offer was still focused on getting people back into work and this might be an area which could developed with the new HE partner.   The Deputy CEO confirmed that High Needs funding was begin finalised on a case by case basis with each of the 16 Las that the College worker with. The final position would be known in Q2 and the current income target had been lowered due to the risks attached. Potentially there would be a £2m shortfall to manage this year which could rise to £5-6m in 2022/23. The impact of the Budget would be known and there would be an update for the Board meeting on 4/11. The Chair thanked the Deputy CEO and Finance Director for their reports.

8 Banking Arrangements

The RCF was currently LIBOR based and this would cease on 31 December ceasing. There were two options to either replace the rates with the Sterling Overnight Index Average (SONIA) or link the facility to the bank base rate with a credit adjustment. The Deputy CEO recommended the latter option and there was no plan to use the facility. The terms would not change in any other way. The full details were set out in the papers from Barclays along with the details of the resolutions required.

Action – The Committee agreed to recommend the preferred option to link to the bank base rate to the Corporation. A formal resolution would be taken to the 4 November Corporation meeting.

The mortgage to purchase the long lease at Ilford was agreed in principle in July and the papers set out the terms in full. The plan was to complete and delay draw down until the funds were required. The same covenant was in place as the RCF as the product was with Barclays. A formal resolution would be required.

Action – The Committee agreed to recommend the mortgage to the Corporation. A formal resolution would be taken to the 4 November Corporation meeting

9 Subcontracting update report

There was a strong picture with the provision only falling one learner short for 16-18s but overall the income target had been exceeded. There had been a 93.8% achievement rate in the previous year which was strong. Two of the Principals been to see the provision at the Orthodox Jewish Schools and had been reassured that quality was good. This was important as the OFSTED nominee would be asked about how the College ensured that issues such as safeguarding and mental health support were delivered at subcontracted provision.

AEB delivery was at 91% overall and the expectation was that the business case would be accepted and tolerance increased due to COVID. The main contracts had delivered £1.6m against a target of £1.5m.   The committee had agreed the principle contracts for 2022/23 at

	the July meeting and they had been signed off in early august after due diligence checks. 481 were enrolled against a 510 contract level. There had been a decrease in the numbers enrolled on Access to Music and the reduced target of 140 from 150 had not been reached with 129 students enrolled. The OJS had over-enrolled to ensure that they hit their contract value. In response to questions, it was confirmed that the achievement at OJS was exceptionally high. A rate of 87.2% for all 16-18 subcontracting had been delivered for R14. The Deputy CEO explained that the College had two different relationships with Access to Music both as a subcontractor and a tenant. The latest internal audit report had offered significant assurance at subcontracting and the College was keen to maintain this. The final subcontract with Croydon College now stood at £67k against an inherited contract of over £1million and this had delivered 65.8% achievement. There was a discussion about further delivery and there were some communities that the College could not reach or skills that could not be delivered without subcontracting. The College was working with the Construction centre at Stratford and was trying to grow an income in that way using a more strategic approach. The College was keen to continue to bring apprenticeships in house as they could be managed more closely for quality and achievement.
10	**Annual Workforce report** The Group Executive Director for HR joined the meeting and introduced his report. There had been no significant changes since the previous report with the previous year's data shown in brackets. The AOC was trying to collect data for benchmarking and there was a survey which might bring more comparative data. There were 1723 members of staff which was 1304 FTE. There were 182 hourly paid staff up from 162 and 141 (122) agency staff. Support staff included LSAs working in class with students. It was confirmed that the number not disclosing was around 22%. Staff were encouraged to self-declare and staff had been emailed to update their declarations on the iTrent system, but this could not be enforced. There was a discussion about the statistics for recruitment including applications, shortlisting and successful candidates and governors asked for clarification. The Group Executive Director, HR confirmed that the team were looking in more detail at the data to ensure there was no bias in the process and would report back at the next meeting. Staff turnover was around 15-18% with a slightly higher profile at Havering Sixth Form and at Hackney. Exit interviews would be formalised and it was confirmed that there was a restructuring which would have impacted on the figures at Havering. It would be helpful to have more details on the reasons given at each campus. Governors asked for some further analysis on protected characteristics where data was available to see whether the profile reflected the overall staff profile. There was a discussion about the aggregation of different ethnic groups and it was clarified that where there were small numbers, the College wanted to ensure that individuals could not be identified. The data could be broken down again for analysis by HR. Lack of declaration was a big issue in terms of ensuring accurate conclusions could be drawn from any analysis, particularly if self-declaration was low for any on ethnic group. The aim was to ensure there was a more diverse workforce which was reflective of the communities that the College served recognising that each campus would be different. Another key area was to ensure that the lived experience of black staff was understood and this would help the College to identify areas for change and improvement. A survey would be sent for all black staff to complete. It would be sent to all staff as records were not comprehensive. The next step would be a survey for all Asian staff. This was the approach that the College had decided to take. The College had access to data on the ethnic breakdown of local communities. The Equality and Diversity Action Plan had been updated for 2021-22 and included actions covering both staff and students. The committee noted the report. **Action – Group Executive Director HR to update the committee with further analysis at the next meeting.**

	Peter Armah left the meeting.
11	**HR Update** The update had been given by the CEO at the start of the meeting with the main issues around the difficulty of staff recruitment and pay including the need to pay market supplements in shortage areas.
12	**Modern Slavery Statement** The statement had been reviewed and there had been some small changes in relation to embedding the London living wage for the three main contractors: cleaning, security and catering. There had been reviews with the 12 main suppliers in the college supply chain in the form of questionnaires and policies had been requested to show how they met the requirements. In discussion, the Deputy CEO confirmed that suppliers had their own supply chain. A framework was used when contracts were tendered which included a due diligence process which all potential suppliers must complete as part of the risk assessment process. This helped to ensure the onward supply chain issues were addressed. The London living wage was paid at the Epping campus, even though it was not in London, and this did help with recruitment. **Action – The committee recommended the statement for approval by the Corporation at its meeting on 4 November**.
13	**Health and Safety termly report** The committee received the termly report. It had been a challenging start to the year with one member of the health and safety team not returning to campus. The College has used agency staff with facilities management team members supporting the H&S manager but recruitment was now in hand. Emergency shutdown drills were taking place and additional work would be done on communication systems. There was a built in system at Epping and the College was looking to replicate this where it could using the phone and IT systems. Security was good with staff enforcing the wearing of badged for all. The College also worked with the police and had access to Silver Command messages with deterrents such as knife arches used periodically across all campuses. Accidents and incident reporting showed more complete data with a common reporting system. There was a higher incidence of events at Hackney which had been analysed and could be accounted for by specialist areas such as construction and the large SEND provision The annual report would come to the next meeting.
14	**Any Other Business** **14.1 Draft Policy on Pension Salary Supplement** See Part 2 minutes
15	**Date of next meeting** The Chair thanked everyone for their contributions. The next meeting would take place on 25 November.

Agreed as an accurate record of the meeting

Signed:

Date: