FINANCE & GENERAL PURPOSES COMMITTEE MEETING MINUTES
Date: 20 October 2022
Venue: Poplar Board room
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
Apologies	Brij Patel
In attendance	Jamie Stevenson: Group Executive Director Apprenticeships & Business Development Peter Armah: Group Executive Director of Human Resources Richard Surtees: Group Executive Director

Item No	Item of business
1.	**Chair's welcome & opening remarks** The Chair thanked everyone for attending.
2.	**Apologies for absence** Brij Patel had sent apologies which were accepted.
3.	**Declaration of interests** None recorded.
4.	**Minutes of the meeting of 23 June and 12 July 2022** The Finance and General Purposes committee agreed that the minutes of its meetings on 23 June and 12 July were accurate.
5.	**Matters Arising and Action Plan** The actions had been completed or were on the agenda for discussion.
	STRATEGIC MATTERS for discussion, decision or action
6	**Oxford School of English** The purchase had been completed for £800k with £147k withheld as discussed. The owner was working as a consultant to the end of February but was not onsite. He was supporting and giving advice around agents and the key was to source new premises; to dissolve the company; to move staff onto NCC contract; to settle the business and to build the two schools into an income of £4m over the next 4 years. Staff would move across in December via TUPE and this would bring all staff onto a pension scheme (TPS or LGPS) as at Westbourne. In response to questions, it was confirmed that there had been a cost of £30k at Westbourne and slightly more at Oxford. Staff would be aligned to the College and it was important to be a good employer. The purchase had been completed via Chairs Action and this would be reported back to the Corporation. The aim was to generate 2.2m this year with a surplus of 200k for Oxford which would be additional to current budget. A surplus of £40k at Westbourne was planned but more was expected. Income was £4m and the aim would be to generate a 10% surplus. The accommodation manager post had been filled and a new post to support the finances of the

	two schools , a commercial manager, was starting in January. They had previously been the office manager at Westbourne. The key priority was to find a new premises from June 2023 and it would be confirmed in new year if there was any extension to the current lease that would cover the summer period. A number of agents and premises had been investigated and another was planned for the following day. The search was for a central property between 5 and 7,000sq ft with an affordable lease. The current rent was £150k but it might be slightly higher for better premises. A property would be needed by March if the June move was confirmed. Two thirds of bookings were juniors and space was used in Oxford colleges. There was potential premises in Cowley but new leases were coming available each week. There was a discussion about whether the brand would sell without the right accommodation. There was a strong brand and both the team and the British Council report commented that it was not to do with the location, but more about the teaching, management and the partnerships in place. Being central was a pull and there would be a back up plan for a temporary site. A plan would be confirmed by the end of December. Feedback from staff at school was positive about the potential options being visited the following day. The area was popular area with students but it would be important to keep an eye on costs. By teaching in slightly larger groups, costs could be reduced and this was key. There was limited demand outside the summer but there was scope to increase provision in the summer. The accounts would come to the November meeting. A new logo had been developed and the Principal was very impressive and behind the acquisition. He had visited Westbourne and was actively promoting the provision with the agents at Oxford. Staff were ready for a change.
7	**Subcontracting Update report** The Group Executive Director for Apprenticeships & Business Development joined the meeting. He updated the committee on the end of year positions with 95.8% achievement for 16-18. The grade profiles were included in the paper. The AEB partners overall rate was 92% with a budgeted spend of £1.5m and mid-year this had been raised to £2.1m to meet AEB tolerance. It had been exceeded by 13k and there had been no negative impact on achievement. Compared to last year, there had been a 1% decrease at A*. There had been 290 apprentices against the 420 target which would have an impact for next year. The OJs had not been getting referrals from the feeder schools. L2 IT provision was not funded for that age group and they had not found a suitable replacement. For AEB provision, due diligence and contracts had been completed by 1 August. £1.5m had been allocated but hope the aim was to keep it to £1m and it would be released in two phases. There was £406k to deliver from the ESFA allocation. Board approved in June meeting. The College had planned the provision and was working with trusted partners who were low risk but consistent monitoring was needed. There was a discussion about how the work was monitored between the two committees and the report would be split going forward.
8& 9	**Annual Workforce Report and HR update** The Group Executive Director of Human Resources introduced his report which gave an updated position on the previous term. There was a summary on the first page to give an indication of where the college was and the next stage was to identify any issues. The College was more diverse than last year and the direction of travel was improving. The report provided more context from both the sector and the boroughs to help identify the differences. It was important to understand what was happening in the College and identify how to move forward. There was a discussion about sickness absence. BHSF support was offered including counselling, there were health and wellbeing days and a workload strategy group had been set up. The last year before COVID was lower and data would be brought to the next meeting. It had risen to 7.2 from 4.4 last year. The last sector comparison was 5.6 last year but the 21-22 report was not available. The rise was significant and work related stress seemed to be the biggest factor. It was not new as a cause but the significant change was an increase in absence by support staff and support managers.

Turnover was quite high and this was an issues for the College to investigate and address. There had been a gap of people not being together and for some working from home was attractive. This was a growing issue with support staff. Turnover was at 30% on some campuses and the College was trying to understand why people were leaving and what could be done to prevent it. Working remotely was a big issue and multiple sites and the need to travel around was cited by some. The market had changed and there were more jobs at that level in the sector with more choice. There were a large number of support staff at Hackney which accounted for the volume being higher. There were also a large number of LSAs at Hackney and turnover had increased.

There was a discussion about the high costs of recruitment, training and induction. Exit surveys would be reviewed again but it was a complex issue which SMT had reviewed earlier that day looking at both absence and turnover. There would be an update for the December Corporation including an analysis of the staff survey.

The ethnicity pay gap had increased. It took time for new recruits to move through the system but new staff coming in had increased diversity. The proportion of BAME staff at management level was increasing (2% this year) There was higher turnover for white staff. It was noted that there had been no Asian managers recruited externally. The internal process showed significant increases with the same panel. Asian staff had been invited to discuss the survey and look at the issues.

There had been an increase in disciplinary meetings after COVID and behaviour had changed. Most were at a low level and sessions had been held with groups of staff to look at professionalism and to look at values and expectations.

Black staff recognised the positive outcomes from the work in response to Black Lives Matter. There was a self-managed black network that mees regularly and it was important to ensure that this fed into the wider picture. The College was moving in the right direction.

HR update
It was noted that an agreement on sickness at Hackney had been met with staff moving onto the NCC contract. Strike action had finished the previous day. 150 people had been at Tower Hamlets the previous day and this had included other colleges and union groups. There were 384 members of UCU with between 180 and 100 striking each day. Governors recognised the huge pressure on managers and teachers on campus and particularly on the senior manage team and it has been a huge effort by all.

Recruitment pressures were lifting slightly and the committee would review a proposal for a new approach. The staff survey would be analysed and reviewed by F&GP or Corporation in November/December

ACTION - Group Executive Director of Human Resources

Governors thanked the Group Executive Director of Human Resources for his report and he left the meeting.

10 Provisional Outturn 2021/22

Management Accounts and Cash Flow Report –
The Finance Director introduced the paper which presented the draft July management accounts which were subject to audit. There was a Q3 deficit of £773k, which included the £480k to deliver the AEB shortfall and 238k for pay from 1 June. The final outturn was £630k deficit. There had been some savings within non pay in the last quarter with income as expected and cash balances were as forecasted. Pension liability was down by £88m but the College had not control over this. A new report had been requested by the auditors due to the changes in inflation. The LPFA put out a statement confirming there were no derivative backed instrument and there were £7.8bn assets up by £400m.

The triennial revaluation was due in April and security had been used to reduce charges as signed off by the Corporation. The ONS decision on status had been delayed to end of November. There were no issues expected from the audit and all major item had been

	sampled. The committee noted the work that had gone inro reducing the deficit down to £0.6m and thanked everyone involved. The Financial health grade was still expected to be good based on the numbers **Action – The Management accounts were noted and would be reported to the Board**
11	**Learner Numbers and Budget Update 2022/23** The CEO updated the committee with day 42, when funding was secured, having been on Monday for most students. The expectation was that income would be about £800k down but this could be up to £1.3m maximum. The profile was spiky by campus with both Tower Hamlets and Arbour Square seeing increased competition from other providers. Enrolments were up 6% in Redbridge and down 6% in Epping. They were up 3% at the Havering Sixth Form. Attrition was better than last year but it was not low enough to keep numbers up across the groups. Governors reviewed the heat map which should recruitment by campus and subject. Numbers at Rainham looked low and there was a decline in construction driven by cost of living issues and increase in those going straight into the labour market. A report from GLA economics stated that unemployment had bottomed out but the claimant count was rising more rapidly in London than elsewhere. Redbridge and the Sixth form were the successes but the budget impact would be around £1m for next year. The expectation was that there would be no increase in funding rate next year but pay pressure would still be there. Work had begun on forensic and clinical planning with the need for some rapid investment in the Sixth form where there was unmet demand. Governors asked whether planned development would be affected. Plans would be developed as soon as possible to bring together a programme for 2022-23 and beyond. The Deputy CEO had built in a growth figure of £780k but had been clear that this would need to be cut to match the shortfall. The process to recover this had been started and resources would be removed by 3 November. Excluding the additional cost of living rise, the aim was still at break even. The committee discussed the ongoing cost of living pressures and options for pay. (see part 2 minutes) The Deputy CEO confirmed that the AEB target was for the whole year and funded differently according to the course. Enrolment was currently ahead of last year's numbers. ESOL students were on a semester programme and there were some concerns if semester 2 did not recruit which was the case last year. Areas such as catering and HE had been very disappointing. There was a risk that retention might fall in January if people needed to take additional work. There was the possibility that if initiatives increased to support the unemployed then programmes would increase and there would be an update on 29 November. It was noted that EBITDA was £5m and that the RCF had been completed. It would be reported annually and management accounts were sent to the lender half yearly. A short note would be added in the finance report on usage. **ACTION –RCF usage to be reported to the committee as part of the finance report**
12	**Procurement** The committee was asked to give delegated authority to the CEO for HR recruitment contracts. In the past one agency had managed the process and the plan was to use multiple agencies to improve success. There was not planned increase in spend overall which would be £2.5-3m (to cover the fees paid to the agency which covered the wage costs and the agency fees for temporary staff). For permanent recruitment a percentage of salary was paid as the recruitment fee. The spend was £2.4m last year. The Deputy CEO clarified that this was for contracts which ran over three years and if there was significant with one of the agencies, this could breach the £0.5m delegation per contract. The £3m was planned in the approved budget. The Committee recommended the arrangements for Corporation to approve The second item was the land sale which had been approved at Ardleigh Green. After discussion of the details, the committee agreed to delegate the final acceptance of the bid to the CEO and Chair. The aim would be to secure maximum value and completion within a four week timescale. If prolonged the committee agree that the second bid should be

	accepted. **Action – The Committee agreed to delegate the final acceptance and contract signature to the CEO and Chair, to be agreed by the Corporation**
13	**Modern Slavery Report** The Deputy CEO introduced the report. This was a legal statement which the College had to publish each year. There had been no need to make many changes. The College looked to improve the checks that were make through the contracting process. Due diligence was undertaken and the auditors did some checks on those contracts. The committee recommended the report to the Corporation to agree. **Action – The Modern Slavery Statement was recommended for Corporation approval**
14	**Health and Safety termly report** The pack included the termly report from July alongside the internal audit report which the committee had asked to see. All the recommendations had been implemented and there was continuing work on housekeeping and ensuring all risk assessments were completed in a timely way. There were a number to be completed by both the Health and Safety team and curriculum teams. The termly reported on incidents including two RIDDORs. The fire risk assessments were in hand and there was a good system across all campuses. Good progress had been made on specialist inspections using external contractors and this enables the College to seek independent views. Governors asked about further training for professional discipline which was raised in the report. This had been taken forward by GCDs in curriculum areas and it was confirmed that specialist inspections took place during working hours. Both technicians and lecturers were trained in the use of specialist equipment. There was a discussion about the increase in incidents at Wingletye Lane. The reporting systems had now been aligned into one system across the group There was a supplementary paper on an incident at Arbour Square. A plan was in place to remove the substances after it had been relocated from Hackney a few years ago. It had been stored correctly but not labelled. There had been a change in the regulations two years ago and an in-depth audit had been delayed during covid which should have identified that the substance could no longer be held onsite. There was a planned disposal programme and ventilation improvement had been made. The specialist inspection had now been completed which gave more confidence that there were no gaps. Disciplinary action had been taken and there was a discussion about the introduction of a new role to coordinate across the campuses and to keep abreast of the changing regulations including COSHH. The Deputy CEO confirmed that the internal audit report had given reasonable assurance for health and safety. External support had been brought in to finish the specialist inspection s and an additional person had now been recruited in house. There was specialist advice available and there were a number of low level recommendations to be implemented Governors asked whether there should be an independent audit of whole area of health and safety and it was agreed that there would be a further update in November after the Strategy Day. It was confirmed after the meeting that the person involved in the health and safety breach received a written warning. **ACTION – For follow up at November meeting**
15	**Any Other Business** There were no items to report
16	**Date of Next meeting** The meeting would take place on 24 November 2022. The Chair thanked everyone for their input. The meeting closed at 7.43pm