New City College

FINANCE & GENERAL PURPOSES COMMITTEE MEETING MINUTES
Date: 24 November 2022
Venue: Poplar Board room
Time: 5.30 pm.

Chair	Stephen Critoph
Corporation Members	Gerry McDonald, Cynthia Griffin, Rob Hull, Sarah Bennett, Brij Patel
Officers	Suri Araniyasundaran: Deputy CEO Jamie Stroud: Group Director of Finance Alison Arnaud, Principal, Tower Hamlets and Hackney (item 5 only) Peter Armah, Group Executive Director Human Resources (item 5 only) Gary Woodrow, Group Head of Health and Safety (item 12 only) Ruth Lomax, Group Executive Director Marketing, Communications & Student Support (item 6 only) Laura De Vos, Group Director Marketing & Student Recruitment - Marketing (item 6 only)
Director of Governance	Elsa Wright
Apologies	All members were present

Item No	Item of business
1.	**Chair's welcome & opening remarks** The Chair thanked everyone for attending and welcomed Cynthia and Sarah to the committee.
2.	**Apologies for absence** All members were present.
3.	**Declaration of interests** None recorded.
4.	**Minutes of the meeting of 20 October 2022** The Finance and General Purposes committee agreed that the minutes of its meeting on 20 October were accurate.
5.	**Matters Arising and Action Plan** **5.1 Health and Safety** The Principal, Tower Hamlets and Hackney explained that the follow up work was now complete and the committee was shown photos of the new safe where specialist chemicals were held. All materials had been collected and certificates of destruction had been submitted. The specialist inspector had confirmed that all actions taken were sensible and appropriate. Action had been taken due to a law change in 2018 and the College had asked for a specialist visit to confirm compliance. Around 80% of schools and universities were not compliant at that point but the inspection had not taken place until this summer due to the pandemic and a scarcity of assessors It was confirmed that there was never any risk and nothing was deemed as dangerous; but the College should no longer store certain chemical due to the change in the law. The College was confident that people were tracking where all the chemicals stores were, what they contained and they were alert to changes in the legislation. In response to questions, it was confirmed that storage now went over and above what was required; a member of staff would track COSHH regulation changes as they were not communicated other than on a website; and, that the inspection request had been made in 2018 and booked in twice before it took place. Responsibility sat with the Principal, Tower

	Hamlets and Hackney and that was clear in the matrix. Governors thanked the Principal for her update and she left the meeting. **5.2 Workforce report – update** The Group Executive Director, Human Resources joined the meeting. Sickness rates reflected the national picture and there had been a spike in sickness absence amongst junior managers and support staff. This was mirrored across the sector and more widely post Covid. AOC statistics were not available but speaking to other HR professionals they were expecting the data to show a similar pattern. Further detail was given on turnover. At Ardleigh Green and Hackney turnover was high. The gap was closing and turnover should go down as achievement improved. There was a discussion about hybrid working and working remotely as this was an area mentioned by staff who were leaving. The College was student facing but further research was looking into this and there would be a paper to SMT to look at results of a survey and look at a way forward. Should the College increase the number of days and advertise it? Governors asked whether there was a correlation with protected characteristics but it was confirmed that this wasn't the case. The research would look at scope for extending this but there was a question about how much could be done remotely as students came to the staff room for support at any time. There needed to be a balance for the College and for staff as the College wanted to retain staff. The results of the staff survey were very positive and the same questions were asked over a number of years to show trends. It was self-selective with 39% of staff completing it. There was sector data available as the survey had been developed by York College. The results were good around strategic objectives, being a good place to work, safeguarding and EDI. There would be a full report in March to the committee when the full survey had been analysed. A staff group would discuss the results to try to mitigate against the low completion rate. Governors asked for the positives to be pulled out of the survey and to look at what could be learned and spread around the college. Governors thanked the Group Executive Director of Human Resources for his report and he left the meeting **ACTION – Group Executive Director of Human Resources to provide analysis of Staff survey for March meeting**
STRATEGIC MATTERS for discussion, decision or action	
6	**Annual Marketing report 2021-22** The Group Executive Director Marketing, Communications & Student Support and the Group Director Marketing & Student Recruitment -Marketing joined the meeting. The key message was that there had been greater impact with less money spent and a similar number of students had enrolled. 16-18 numbers were down 3 % overall but the number of new students had increased by 3%. There had been a 13% reduction in progression and applications across the group were down by 11%. There had been a 46% increase in walk ins and retention to day 42 was up by 6%. There had been a big reduction in numbers at Tower Hamlets where access into schools was difficult. There were increasing numbers of Sixth Forms and outreach activities were down. This would be a focus for the year along with raising the awareness of Attlee. Conversion rates were up by 3% and this would be a key are to build on this year. Communications were via email and an applicant portal and there was positive data showing it was well used and liked by students. Applicant events had been well attended where there was a vocational skills assessment with a 76% conversion rate for those who took part. Governors asked about the statutory obligation for schools to allow other providers in to give advice to students. There was no enforcement of the obligation and it could range from an in person assembly to a prospectus in the library. The borough wide recruitment events had not been well attended and the second event had been cancelled the next. Schools were schools not engaging. The College approach was to engage individuals via email and social media

	advertising. This was being increased and targeted alongside an awareness campaign for Attlee and Tower Hamlets, including a parents' campaign. New programmes such as E Sports were launched at open day to give a competitive edge and work was in hand to make partnerships with local businesses more explicit to applicants. In response to questions, it was explained that the team could see and track the engagement with potential students such as attendance at events and to identify those at risk and target marketing to engage with them. The College used social listening to see how NCC was talked about online and the team could see that the reputation of the College was improving. This was reviewed alongside other data from surveys and speaking to people. The approach this year had been to enforce robust entry criteria robust as it was important to get the right people on the right course and not set students up to fail. Lower grades might be accepted in some schools and by other providers but this was kept under review. There were 900 students who could have progressed but didn't. Around 30% went to another college and there was a far higher percentage who went into work than in the past. This was usually unskilled but provided an income. The climate was had but for some students, income was the priority. The focus had been on the subject to be studied by the applicant rather than on the level. There had been an increase in adult learners who were mainly part time and studied in the evening and were studying English, Maths and ESOL (which was far higher this year). These were not linked to directly to specific jobs but improved skills that helped with labour market entry. Governors asked about the monitoring of in year recruitment. Applications were already up 25% on last year with an increase in adults of 10% over the same period. The open day last week had been very positive with attendance 18% up across the group. Feedback from staff was that the students were engaged. The marketing team constantly evaluated, tracked and monitored the digital campaign to optimise and retarget it. There had been no increase in spend for 4 years. The College had hoped for a level playing field but the £2.3bn extra funding for schools would enable them to continue to subsidise their post 16 provision. Parental preference was a huge factor. Marketing would be earlier for A levels and the focus would be on conversion of applications as this was the key metric. Governors noted the report and thanked the Group Executive Director Marketing, Communications & Student Support and the Group Director Marketing & Student Recruitment Marketing who left the meeting.
7	**Financial Matters** **7.1 Financial Statements, 7.2 Management and Regularity Audit report, 7.3 Letters of representation** The Deputy CEO introduced the reports. There were three sets of accounts which were in line with the management accounts that the committee had seen at its October meeting. The papers included the annual report that would go to the audit committee and the reconciliation was also included which accounted for the pension liability. The report showed a £630k operating deficit, in line with the management accounts. The Letters of Representation were also included. The audit report covered all the work that the Finance team had completed and there was a clean bill of health for the audit with three minor improvements which were not material weakness. The surplus was as a result of the valuation of the pension having increased significantly. The discount rate was affected by bank interest rates and was now over 3% as opposed to 1.5% . The actuarial valuation determined the rates. If the ONS decision moved colleges into the public sector, one benefit was that this might not have to be done again. Governors asked about the impact of inflation on the liabilities. The rate used was average pay inflation which at 4% was not as significant. The triennial valuation showed the fund at 128% of assets and there was a discussion about whether the College could release some of the charge on the assets. Currently there was £70m assurance. The benefit was that the

	employer contribution for the 3 year period had fallen from 14.4 to 7% which was significant -and would be a benefit of £1m per annum. This did not affect employee contributions. Governors asked about the impact of rising interest rates and whether the College had any negative exposure. The rate for the RCF was 2.5% over the interbank rate (SONIA). The RCF had not been used since March 21. There was a discussion about OKN1 and New City Fitness. The target and aim for them was to break even and during Covid they had made a small loss. Both supported the curriculum delivery. OKN1 had been struggling and the College was trying different models as a training restaurant was needed to deliver the curriculum. The aim was to limit exposure and reduced staff costs and limited days had helped. NCF should break even this year and synergy with the new Epping Wellness Centre would help to drive efficiency. There were no adjustments and assurance would be given to the Corporation by the audit committee after they had reviewed the documents at their meeting. Financial health grade remained as good which was set out in the report from the auditor. There was a post balance sheet note on the acquisition of OSE. Goodwill would be brought in and written off. Appendix 4 gave some financial solvency data for the sector. There was a discussion about the accuracy of the cash days which looked incorrect. This would be followed up with the auditor. It would be helpful to know more about mix of colleges used for comparison. An average cash balance of £8-9m looked high and there would be some more work done to look at cash days, current ratio and the EBITDA before depreciation. It was agreed that the current ratio was the most pertinent. The staffing ratio was high. It was confirmed that letters of support for OKN1 and NCF would be provided by NCC and these would be reviewed by the audit committee. **ACTION – The committee recommended the accounts to the Audit committee as being in line with the management accounts that had been presented throughout the year** **7.4 Management Accounts and Cash Flow report – Quarter one** It was noted that High Needs income was better than expected by £1m at this time but that employer contributions were down by £300k and nursery income was also down. There was provision for a cost of living rise and it would be challenging but the team continued to work towards a break even position for the year. There were some income streams to be worked through including AEB, commercial and ensuring all the High Needs income was collected from the Local Authorities. Apprenticeships had a challenging income target. The Deputy CEO confirmed that there were a number of risks but there were also opportunities. There were frequent reviews of demand led income streams. The Language schools were looking positive but there was a lot of work to be done and all costs had to be kept under control. The statutory position was for financial sustainability and for the College to be a going concern. The College was an independent corporation governed by insolvency law. The twelve month cash flow would be presented at Corporation with the key driver being a financial health grade of good. The College sat in that category and was a good distance above the threshold. Governors asked about utilities and the cap at the end of March. The contracts ran beyond that timeframe and had been re-contracted in February 2022. Surplus capacity had been bought from Kent county council at a good rate. There was an additional £300k in budget to cover utilities and there would be a continuing focus on reducing consumption. It was noted that the dip in cash flow forecast in march was in relation to the way the government made grant payments as it was not a flat profile. **The Committee noted the management accounts** and thanked the Finance team for their work.
8	**Health and Safety Annual Report** (taken as final item) The Group Head of Health and Safety joined the meeting. It had been a good year with an additional member of staff appointed and a lot had been accomplished. There were five KPIs in place which were monitored and further indicators would be added over time. The

	committees and management meetings were going well and Rainham now had a separate committee to ensure there was a focus on high risk areas. All policies and procedures were reviewed at SMT. There had been a focus on fire safety with fire risk assessments taking place across all campuses and a live reporting system. Over the next 12 months all campuses would have been reviewed by the new assessor. Currently the College was looking for more staff to act as First Aiders to ensure there was good coverage. Accident reporting was good and the monitoring system ensured that there was a review when incidents occurred and investigations took place, when appropriate. There had been a small decrease at Hackney but there was often an increase with new students as they became familiar with the campus and the behaviour expectations on site. Next year would be a better comparator as there had been period where students were offsite in 2021-22. Table 5 gave details per campus and curriculum area. There had been 7 RIDDOR incidents with 5 in term 1. This was roughly the same as in the previous years and the detail given showed the nature of the events. There had been an Audit at Rainham in January and all fire safety issue had been resolved. It was confirmed that all specialist inspections would be complete by December as the strike action delayed some of these. Items for this year included a new DSE assessment module which would need to be managed across the college; ensuring all the training needs were identified using staff development days to cover specialist areas such as hoist training; bringing risk assessment and manual handling training in house and to ensure it covered the needs of all students and vulnerable adults. Occupational Health screening was in place across the College. Governors commented that this seemed to be a comprehensive programme and asked whether there were areas where there were concerns. The key was to ensure that the good progress that had been made was continued and that the action plan was implemented to make sure training was in place for new staff. It was important that this was identified at appointment and implemented quickly. KPIs would be monitored with a year on year comparison. **8.1 Health and Safety – Board role – Strategy day follow up** There was a discussion about gaining additional assurance about the effectiveness of the framework that was in place. The Deputy CEO agreed that a 2 day audit would cover this. The completion of all the specialist inspections and follow up on any recommendations would offer further assurance. **ACTION – Deputy CEO to identify timing for a follow up audit**
9	**Operational Contracts for approval** There were no items to approve at this stage but this would be a standing item on the agenda. There could potentially be two or three contracts to sign: one for the refurbishment of the property being considered for the Oxford School of English; another for new software for planning which might be over the CEO's delegated limit of £500k as the tender was for a 5 or 6 year term. In response to questions, the Deputy CEO confirmed that the rent was at a good rate but overall would be slightly more than the current contract as the space was larger and this would minimise the need to purchase additional space for use in the summer.
10	**Subsidiary Companies** The report proposed that the subsidiary companies should be dissolved. The College did not take the benefits of Limited companies and it was a burden for the team to keep them separate. Approval was for this to go ahead in February or March. For the OSE, putting the company down had benefits. Westbourne was already part of the college and this would give

	parity. There was a cost attached to the process but there was an audit charge every year as well as the administrative costs. The team would still monitor as a commercial entity and a contribution analysis would be helpful to see in the management accounts. **ACTION – the Committee agreed to recommend the proposal to the Board with the brand and name unchanged for OSE.**
11	**Treasury Policy** The Deputy CEO explained that the policy had been updated to include the revised RCF facility but there were no significant changes. In response to questions he confirmed that the policy was in line with good practice in the sector. The RCF was with Santander who offered a slightly better deal than Barclays with a similar cost but with more from the service. General banking was still with Barclays and this would be reviewed in due course. **ACTION – The committee agreed to recommend the policy for approval by the Corporation**
12	**Any Other Business** The CEO updated the committee on the use of the RCF. The sum of £2m would be drawn down over a 6 month period. It was prudent to ensure there was a contingency available as the College firmed up plans for the redevelopment of the Hackney site. If both Poplar and Hackney were to progress, cash flow could be tight on the basis that it had cost £1.9m to get to the current position at Poplar. There would be cost of around £10k net for a 6 month period. It seemed prudent to plan ahead and ensure there were no liquidity issues that would have any impact on the going concern of the College. This would protect future cash position against any unknown events. The committee thanked the CEO for the update and for informing the committee of the use of the RCF, as agreed.
13	**Date of Next meeting** The meeting would take place on 9 March 2023. The Chair thanked everyone for their input.