FINANCE & GENERAL PURPOSES COMMITTEE MEETING
MINUTES PART 1
Date: Thursday 10 October 2019
Venue: Tower Hamlets Campus
Boardroom
Time: 5.30p.m.

Chair	Stephen Critoph
Corporation Members	Gerry McDonald, Marilyn Hawkins, Rob Hull
Officers	Suri Araniyasundaran: Deputy CEO Jamie Stroud: Finance Director David Holmes: COO Jamie Stevenson: Group Director Apprenticeship & Business Development Peter Armah: Group Director HR Allan Cruthers: Deputy Director Marketing Ruth Lomax: Group Director Communications
Director of Governance	Fiona Chalk
In attendance	Richard Bint – Prospective committee member

Item No	Item of business
1.	**Chair's Welcome & Opening Remarks** The Committee appointed Stephen Critoph as Chair.
2.	**Apologies For Absence** Lutfey Siddiqi
3.	**Declaration of Interests** None recorded.
4.	**Minutes of the Last Meeting Held on 19 June 2019** The minutes were signed as a true and accurate record.
5.	**Matters Arising and Action Points from the Meeting** **Budget – key items mapping and stress testing** 16-18. Governors noted that student numbers impact on the financial plans for next year. The 19/20 recruitment figures are in line with the allocation last year. 20/21 funding will be flat due to no growth in student numbers this year, but there will be rising costs i.e. pension costs. Governors asked when the financial planning begins for 20/21. Planning starts in November 2019 with curriculum planning, which then give indicative financial figures to come to F&GP in March 2020. Financial plans have to be submitted to the ESFA by January. There is a 3-year forecast in place. The Chancellor has promised £198 rise in base rate funding for each 16-18 student from 2020/21. Including London uplift, this equals £250, giving a £2.5m increase overall. This increase will go against a deficit budget this year and increased costs and pressures on pay. HE. This provision will be reviewed, but currently it is assumed that the current HE sub-contracted provision with UKCBC will remain at similar levels as for the current year. This is projected to provide a contribution of £2,083k for 2019/20. Any underperformance against recruitment targets or any change to the agreed delivery arrangements will significantly impact the viability of the budget as it stands. This is high risk as there is significant reliance on an external partner. Employer responsive: The growth in Full Cost Recovery is essential to the college group's ability to diversify its income base. The 77% increase assumed for 2019/20 to £792k will be challenging and the emphasis will be to attract new clients.

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	Pay costs – The NCC Budget includes savings assumed from restructuring and efficiency gains, which are difficult to deliver, plans have to be robust and supported through improvements in systems and processes, and good management of staff utilisation. The concerns around the rate of pay and how to fund pay rate increases poses a significant risk within the sector and this requires close monitoring. The Employer costs of pensions is a significant risk for 2020/21, if there is no support from the Government for the rate increases in the TPA. Capital investments – significant investment is required across the group. The level of capital investment required in the College Estates and IT poses a significant risk as the College has limited access to capital funding from other sources Governors asked management what the single biggest area of risk on income is. Both HE and Employer Responsive are currently significant risks on income. **Governors requested an updated forecast and management accounts to come to the next meeting and asked to receive the management accounts ahead of the meeting.**
STRATEGIC MATTERS	
6.	**Marketing Report and KPIs** Governors noted the spend for the year, the structure of the team and the responsibilities of the team delivering the service that gives marketing updates to SMT; discusses strategies for the coming year and presents recommendations for marketing activities, aligned to strategic business needs, campus growth strategies and corporate objectives. The budget figure was noted and the areas to which it is allocated. The 'environment' in which the college operates within London is noted as being highly competitive with many choices for young people and adults. The challenges faced by New City College in marketing and brand building are: 1. Reputation 2. Perceptions and belief 3. Competition 4. Brand hierarchy 5. Delivering growth The KPIs for marketing were noted, as is the progress against them. The current KPIs are: 1. Driving applications/enquiries through the website, at external events and to the customer service teams at each campus 2. Building reputation of the college group (and a strong brand identity) and generating high levels of interest in the college's offer across the group as a whole. There is a constant change of organisations coming in and out of the market i.e. new performing arts school in Stratford. As a college group, it is important to ensure local identity for each campus. 3. Increasing footfall across the campuses at college events, including open days/evenings/welcome events 4. Driving regular high traffic to the college's website, ensuring it is a repository of current and accessible information on courses 5. Supporting customer service teams in delivering school visits and taster sessions, ensuring these deliver memorable engagement and applications 6. Delivering a keep warm strategy with all 16-18 applicants throughout the application and enrolment journey 7. Generating new business leads in specific campaign activity that are fed back into the wider business channels – customer service/curriculum – and converted to applications/enrolments A presentation was given and the following were discussed: Applications: Numbers have increased significantly on last year by about 1500

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	Open Day: Uplifts in attendance at all campuses on last year Enrolment (figures year on year): Traffic to the website up by 800,000 page visits in July – September. Enrolment page views up by 20,000 GCSE results day website traffic up by over 30,000 Course and campus page visitors up across all campuses Social media: Impact of each area was noted, and that advertising click through rates have significantly increased. Areas of advertisements – marketing channels show a wide variety of areas students engage through. The contribution of marketing to enrolment was significant. Governors agreed this year's campaign had been a good one but queried the lack of conversion of interest to enrolment. Students have a lot of choice and some apply to up to 10 different colleges. Significant marketing effort is required to keep enrolment numbers level. Epping – The enrolment pattern was very different to previous years, with this year's focus being right student right course. The college has had a poor reputation in the community, but management are optimistic recruitment will improve as reputation improves, as has happened at Redbridge. Governors noted that currently, the Havering marketing team and budget will remain separate for the next couple of years. Governors raised questions on the issue of group branding – are there surveys to assess reputation of New City College brand over local influence? How strongly are people attached to campus brand as opposed to the group brand? There was research done after the Redbridge merger that asked stakeholders what does NCC mean to them. **Governors suggested that such stakeholder engagement should take place on an ongoing basis across all stakeholder groups as to what the NCC Group brand means.** Governors asked how the Havering marketing programme is being linked to NCC. Management have decided to transition the integration of marketing over 2-3 years to ensure campus identity is not lost as part of the merger. Senior managers work closely together. Havering marketing strategy will be integrated into the NCC one in due course. 40% of HSFC students come from East London, so it is important to keep these cohorts. 60-70% of HCFHE students live in the Borough. Primary school numbers are increasing, and new housing is being developed in the Havering Borough, so a rise in student numbers is predicted. **Governors requested that Havering marketing information come to this committee in future so strategic decisions can be made.** The Group's size allows economies of scales, such as on purchasing of billboard space etc. Governors asked how local to each community does NCC advertise. Fairly locally, and the college now produces their own newspapers. This allows the college to control its own narrative. Surveys show that it has had a positive impact. Governors asked if Curriculum leaders have a role in recruitment and if not, should they. No, it is all managed through marketing. Curriculum leaders attend events which allow them to be involved in the process. ROI figures were noted as having a positive impact. Although not the biggest income generator, newspapers also have an impact on reputation improvement, which is not easy to measure.

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	PERFORMANCE
7.	**Learner Numbers and Funding update** Governors noted that the College recruitment patterns across the borough and campuses have been varied. The biggest increase in learner numbers is at the Redbridge Campus, followed by Hackney and a small increase at Epping. There have been decreases at all other campuses. The key focus for the next few weeks is to ensure that withdrawals are minimised, to retain as many learners as possible within the six-week deadline set, to secure funding levels for next year. 1. Across all campuses, the 16-18 learner recruitment is forecast to be between +50 and -10 of the college R04 target and may well be just short of allocation as well as falling short of the growth targets. The overall income from this stream is £25.9 million (excluding Havering), which is secure for 2019/20, however any shortfall/increase will impact 2020/21. 2. Adult enrolments, although not a fixed picture, enrolments are currently higher than planned at this stage. The Adult position will be reported at the December Committee in more detail. The overall income from this stream is £17.7 million. 3. The Apprenticeship targets which are profiled with starts all year, will be reported at the December meeting in more detail. The overall income from this stream is £3 million; the strategic direction for 2019/20 was to reduce the level of subcontracting on the Apprenticeship provision. 4. HE targets. Looking to be lower in recruitment at Havering. Governors asked where the risks are for student drop-out. For 16-18 after the RO4 date, as the funding is fixed at that point. Any fall in retention after this point will then affect achievement. For adults and HE, retention will be an ongoing threat.
8.	**Language School Acquisition Proposal** See confidential minute
9.	**Financial Matters** <u>Forecast Outturn 18-19</u> The Committee noted the Board set a target for 2018/19 of a £296,000 operational deficit. The forecast based on the May accounts and reported to the June F & GP was the overall figure was likely to be at or around the budget. The current forecast for year end is likely to be within a range of target set and breakeven position. The main variances that have arisen from known movements since June 2019 are as follows: 1.Clawback on the OfS grant related to the UKCBC work for previous years, where the audit and the clawback was confirmed to the College in August of this year by the OfS. The impact of the clawback will be to reduce income and the bottom line effect is circa £120,000. The data sets with the OfS are now far more robust based on the data cleansing that has taken over the last 6 months. 2. There has been a movement in pay costs mainly related to agency costs, which were under estimated by circa £300,000. While pay costs overall are favourable against budget by over £1million, the forecasting process required improvement. The systems were put in place at the latter part of last year, however, these will only improve our forecasting for this year. 3. There are positive movements in income, however most elements are compensated by corresponding movements in costs through partner delivery charges or recharges on service costs. 4. The depreciation costs have reduced and this is likely to yield at least a £300,000 benefit on the bottom line. The figures are being finalised for early next week. 5. The figures for the demand led work with the ESFA and SFA are being completed for the final returns to be submitted by the 17 October, these will provide the basis for the final adjustments on the income figures. **Following the finalisation of these figures next week, a spot figure for the forecast will be circulated to the Committee.**

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	The Committee expressed its thanks to the Finance Director and his team as following the three-way merger, there is a huge workload, but the team are about 2 months ahead of where they were this time last year. Governors noted: • The final outcome figure takes into account £6m depreciation • Operationally there may be a small surplus. • Substantial statutory surplus due to land sale at Epping. • Annual change in pension liability adverse by £2.5 million. There was a new scheme introduced which was legally challenged and now has a judgement. Actual pension scheme deficit share on the balance sheet is £38m and NCC have given security to the pension funds against this. This was given to avoid an exit payment at point of merger. This is disregarded as part of financial health ratings **Governors requested a report on the pension issues and their financial implications to come to the next meeting.** **The NCC Board will need to decide if it wants to write off £900k costs incurred in 18/19 for Property Redevelopment. This will be treated as an exceptional item. A report will come to Corporation in December on this matter.**
10.	**Capital Projects** Minor Capital Projects Report 19/20 Governors noted the overarching budget for 2019/20 agreed by NCC Corporation and Havering Corporation respectively were as follows – £4.4 million – NCC excluding Havering Colleges (these exclude the Poplar project and the Wellness Centre at Epping). £3.8 million – Havering Colleges Estates – NCC (excluding Havering Colleges) The Estates Team working with other Directors are delivering the projects within the budget of £2.294 million. The proposed spend by campus was as follows – • Epping - £0.518m • Hackney - £0.771m • Redbridge - £0.783m • Tower Hamlets - £0.222m The planned summer estate works have been completed apart from two projects at the Redbridge campus. The Estate projects are planned through to the end of April 2020, and the forecast spend is likely to be kept within this budget. IT – NCC (excluding Havering Colleges The IT Team working with other Directors are delivering the IT projects within the budget of £1.881 million. The proposed spend by campus is as follows – • Epping - £0.925m • Hackney - £0.133m • Redbridge - £0.367m • Tower Hamlets - £0.222m • Group - £0.227m

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	The planned summer IT work has been completed, there are other projects planned during the next six months to complete the overall plans, and the forecast spend is likely to be kept within this budget. <u>Havering GFE Campus Developments</u> The Budget for 2019/20 minor capital estate works was £1.297 million and IT & equipment £0.437 million giving a total of £1.734 million. The Budget for Newcourt Phase 2 at Wingletye Lane was £2.1 million, giving a total of £3.834 million. Current forecast (including works in progress/deferred until later in 2019-20, namely: remaining Newcourt Phase 2 works; Ardleigh Green IT disaster recovery solution; laptops at Wingletye Lane; and, additional, Ardleigh Green secure line project) – building works £2.531 million, IT & equipment £1.065 million. Total = £3.596 million. Therefore, current potential forecast underspend = £0.238 million. <u>Quarles campus</u> This project has been repeatedly delayed due firstly to a failed merger and then the college entering into merger discussions with NCC. Governors noted that the Havering College of Further and Higher Education (HCFHE) sold the freehold of the Quarles campus in July 2017 as part of a strategy to rationalise the estate from three to two campuses. The transaction included a two-year rent-free period. A new lease for the 2019-20 academic year is, therefore, required. A range of engineering and plumbing programmes and provision for special educational needs and disabilities (SEND) continue to be delivered from the Quarles campus. Relocation of these curricula to other sites is contingent upon the completion of the Rainham CISIC project (engineering and plumbing) and refurbishment works at Wingletye Lane (SEND). Finalisation of a new lease agreement for 2019-20 is, therefore, essential. <u>CISIC project</u> The London Enterprise Action Partnership (LEAP) FE capital grant for the CISIC project is in the process of being novated to New City College following the merger with Havering College of Further and Higher Education (HCFHE). Tenders for the main construction contract were returned on 04/10/19, with contractor interviews scheduled for 15/10/19 with a view to awarding on 18/10/19. Contractors have been asked to submit prices for achieving practical completion in line with the current programme (December 2020) and an accelerated programme (September 2020). The proposed next steps were noted, including a request for delegated authority to be authorised to the Group Principal and CEO. A similar report was presented to the Property Committee on 3rd October, and that committee gave their recommendation that the required delegated authority be given. Governors stated that the required funding of £10m is now to come from NCC's capital, so asked if the spend had been approved by the Board as a strategic decision. This capital development was discussed as part of the merger process as work that will need to proceed post-merger, so the Board was sighted on it and it was an expected undertaking by NCC. It was also noted that there are potential land sale contributions from HCFHE to be made to contribute to this cost, of about £8m. Governors noted that the approval date is being driven by a very tight programme for completion in December 2020, this is the reason why there is a request for delegated authority. Governors asked that there be a decision in principle on a preferred contractor by 18th October, with the final decision being made by the Corporation on 31st October.

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	Governors suggested that management should seek a longer lease for Quarles to ensure NCC get this project finished on time without more expense by trying to complete over a shorter timeframe - it would be prudent to do so. Management advised that the timeframe will be clearer once the proposals from contractors are received. Governors noted that these developments are central to the borough's regeneration programme and based on this strategic relationship, the college could get a reduction in the lease cost. This has not been the case as it is run through a commercial subsidiary. The Quarles site has been sold for housing so it may not be a guarantee to extend the lease beyond September 2020, although Bellway Homes have not yet got planning consent. **Governors stated that they require a clear approval process for the spend on this project and requested a report be taken to the Board on 31st October, giving the clear rationale and strategic case. Due to the cash position later in the year, detail on the financial capacity should be included in the paper. Delegated authority, as per the recommendations, is therefore not given for these projects.** It was noted that the Property Committee received a more detailed curriculum case for this project, and Construction and IT skills are in short supply across London. This provision will meet that shortage and will be a huge asset which justifies the £10m spend.
11.	**Subcontracting Update Report** Governors noted the outturn for 2018/19 and the progress to date on 2019/20 subcontracting provision approved by Corporation in July 2019. Student recruitment and the financial position for provision for 16-18's and AEB were also noted. 16-19 provision. Achievement was noted between 91% and 94% AEB. This has generated income of £955k, with an achievement rate of 87% Apprenticeships. Achievement was noted between 53% an 100%, with a generated income of £1,261,869. Contract values for subcontracted apprenticeships were noted. It was acknowledged that due to the change in funding rules, there are high risks in the delivery of apprenticeships and the College is looking to deliver more provision directly, the College will only offer "run down" contracts to apprenticeship subcontractors. This will allow the providers to continue to support apprentices they have enrolled, but not recruit any new apprentices. Depending on the duration of the apprenticeship (i.e. electrical – 4 years), some of these partners will be working with the College for a further 2-3 years. SEND. The College worked with two organisations connected with special schools to deliver SEND provision, mainly to learners aged over 18. The arrangements have been in place for the past three years and have been developed on the basis of shared delivery rather than straightforward sub-contracted delivery. This means the College is more closely involved in the development of the curriculum in its delivery, that than relying on the partner's staff for all of the delivery Staffing overhead and return on subcontractors. Governors asked if NCC consider staff input costs when pricing. NCC usually take 20% but have charged more for some where there is a larger intervention required. When the contract is considered, staff costs are assessed. Staff support for this area has grown to ensure level of quality in partnership and subcontractor work.

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	For 19-20, the largest area of work is for AEB. As costs are over £615k, a tendering exercise has been undertaken and these were scored to ensure they are approved, have a track record, have been Ofsted inspection, and significant due diligence and cost exercises take place. These are followed up with more detailed scrutiny including observations of providers. AEB to be delivered in two phases to manage allocations between devolved and non-devolved and to manage direct delivery. Management advised that they have re-established relationships with Dynamise and CAT1, following a tender process. There has been very strong achievement and progression to employment from these partners. At present both partners are; • Delivering on the College's campus • Working directly with College staff to carryout recruitment activities • Using the College quality assurance systems and processes • Being monitored and supported through the College's TLA framework • All registrations, certifications and EQA visits are being managed directly by the College The College will continue to work with both these partners, but with an embedded joint delivery model. <u>UKCBC</u> See confidential minute.
12.	**Staffing Matters** <u>Industrial Relations update</u> Governors noted a letter to the Chair had been received from UCU. It was noted that Tower Hamlets members have been balloted for strike action and a mandate received to strike. No strike dates have been notified.
	COMPLIANCE
13.	**Health & Safety Termly Report** Updates on ongoing improvements in compliance through the Health & Safety committee and SMT, were noted. Details of H&S incidents across the group were reported. Further actions are: • Complete the outstanding actions from the summer term. • Focus on risk assessments to be completed for all areas, at all campuses. • Create inspection programme for the specialist areas of medium and higher hazards. • Carry out inspections of all higher hazard curriculum areas to be scheduled September – December 2019. • Harmonising of policies with the Havering Colleges. **Governors requested that they have trends on data in the next paper. It was acknowledged that due to the group's recent rapid expansion, like for like data has not been readily available.**

Item No	Item of business
14.	**GDPR Update Report** Governors were advised that the internal auditors carried out an audit and the report was received by the audit committee two weeks ago. The audit opinion was that there was limited assurance, with 11 recommendations. There was one high risk, 5 medium risk and 5 low risks recommendations identified. The action plan to address these issues was noted by members, including: • Cyber security insurance cover has been purchased • The DPO will be the previous Deputy CEO Data mapping was judged high risk but is nearly complete. This item will come back to audit for review in January.
15.	**Equality & Diversity Action Plan** Governors agreed that the purpose of the Equality & Diversity Action Plan is to monitor how the College is meeting its Equality and Diversity legal obligations. The 2018/19 action plan has been signed off and a new plan for 2019/20 is now in use. The action plans exclude the Havering Colleges as their action plan will be monitored through the Havering Colleges Equality & Diversity forum. This area will be merged over the next year. The action plan showed that: • The analyses of student achievement and student disciplinaries by equality strands demonstrated no adverse impact on any protected characteristic groups of students so all students have an equal chance to achieve. • Students have access to a range of appropriate support. • Gender pay gap for NCC 5.6% pay gap 17.9% pay gap is average. • Curriculum and support services deliver activities that support the promotion of Equality & Diversity and tackle discrimination. • Marketing activities and the promotion of the College positively reflect the College's ethos and commitment to Equality & Diversity. • Students feel safe, free from discrimination, harassment and bullying while using all aspects of the College's services. Knife arch, community support officers in place and managing antisocial behavior outside campuses. **Investors in Diversity. Governors asked that the college look at this. It was noted that this had been requested previously, but management bandwidth had not allowed for this prioritisation following integration post-merger.**
16.	**AOB** **Novated Havering Loan Redemption – see confidential minute** **Meeting Schedule for 2019-20:** Governors noted the date of the next meeting. 5th December 2019, 17th March 2020, 18th June 2020 The meeting closed at 8pm

Signed:

Dated: