

CORPORATION BOARD of UNITED COLLEGES GROUP
Minutes of the Finance and General Purposes Committee
Wednesday 12 February 2020, 7.30 pm
Boardroom, Paddington Green Campus

Members Present: Tony Johnston (Chair), Nick Bell, Franklin Asante, Alex Fyfe.

In attendance: Zoë Lawrence, Amanda Thorneycroft

1	<p>Welcome and apologies for absence Apologies had been received from Lee Horsley. It was acknowledged that this was a shorter F&GP Committee meeting with the main purpose to review the budget reforecast, management accounts and information that would be compiled to complete the Integrated Financial Model. A full agenda would be taken at the F&GP meeting on 25 March.</p>	
2	<p>Declarations of Interest in the agenda items No declarations were made.</p>	
3	<p>Minutes of meeting held on 4 December. The joint and Finance & General Purposes Committee sections of the minutes were approved as an accurate record.</p> <p>Matters Arising It was agreed, with the exception of January, that the management accounts without a narrative would be issued to governors by the end of the following month to which the accounts referred. The management accounts for December would be circulated following the meeting. Other matters arising had been completed.</p>	
4	<p>STRATEGIC</p> <p>i. Finance KPIs The Finance KPIs were included in the management accounts and were covered under that item.</p> <p>ii Financial Risk Register <i>(Paper circulated in advance)</i> AT presented the Financial Risk Register which showed that three risks had increased in the last period. These concerned the impact of funds being used for the Wembley project on overall financial viability and control; the impact of the Ofsted grading on student numbers and income; and the difficulties in running two financial systems and its ability to provide financial information effectively. These risks may not have an immediate impact in the current year, but may in future years, hence they were being raised in advance. Members noted the register.</p>	
5	<p>FINANCE</p> <p>i. Management Accounts (Nov) <i>(Dashboard and narrative provided in advance)</i> Members noted the management accounts which fed into the discussion on the budget reforecast.</p>	

ii. Budget Reforecast

(Paper provided in advance)

The reforecast had been developed based on RO5, and the December management accounts. The outturn of the reforecast was still to produce a small surplus, though there was divergence in both directions from the original budget. It was stressed how important this budget position was in order to be able to borrow money for the Wembley project and in respect of the current due diligence which was being undertaken. AF commented on this importance, but also how this would need to be balanced with spend on curriculum following Ofsted on new posts. AF had recently attended the TLS Committee as an observer, which had made reference to new business intelligence systems which were being considered. AF asked whether permanent full time resources had been factored in to support the system, as it was likely to need it. This was being considered in line with the budget and workforce priorities.

AT articulated the key divergences from budget as set out in her paper. Payroll was one of the key pressures, and some vacancies would need to remain unfilled. Close attention would need to be given to restructuring and any redundancy costs. The improvement actions in response to Ofsted were yet to be costed out. It was anticipated that it may be possible to capitalise these and carry forward into the following year.

AT highlighted that tuition fees were down again this year, which may be due to poor assumptions being made, which was being looked into. For exams, it was apparent that some students were sitting exams more than once, which was also being looked into as it did not achieve VFM.

The level of depreciation was noted. It was also explained that when the new building was completed at Wembley there would be a significant level of depreciation that would come with it and this would be written down over 60 or possibly 70 years.

Members noted the reforecast.

ii. Integrated Financial Model

(Paper and excel spreadsheet provided in advance)

The new IFM from the ESFA required completion and submission by the end of February. Different versions of the model had been re-issued since the original, the latest being on 6 February which was making the completion of it very difficult. The timing of the submission was before the budget reforecasting was usually done. This was an issue across the sector, not just at UCG. The AoC had fed back to the ESFA. The IFM would use 2018/19 year-end information with the current reforecast, which was based on July's budget submission with some amendments to the assumptions. AT explained the changes to the assumptions and the premise for each one, where a line had changed and where these had been taken out. Members noted the increase in the LGFA contributions, which may be countered if it was possible to upgrade to A status through the offer of securities. This may reduce the contribution from 27% to 24%. Discussions on this were at an early stage. Members were content with the assumptions and were reassured that they were suitably prudent.

ZL explained next steps. The IFM needed to be submitted to the ESFA by Friday 28 February following approval by the Corporation. Given the time constraints and version

	<p>updates it had not been possible to provide the committee with a completed model. However, the information and assumptions that would be made in completing it had been shared, and ZL was seeking that the committee support a recommendation to the Corporation for its approval by written resolution. The written resolution would be issued on Monday 24 February for approval by Thursday 27 February so the model could be submitted by the deadline. Members were content with the inputs to the model to make the recommendation to the Corporation.</p>	
7	<p>AOB No items were raised.</p>	
8	<p>Date of next meeting Wednesday 25 March 2020</p> <p>Meeting closed at 8.55pm</p>	

Minutes taken by Zoë Lawrence 14/02/2020

SIGNED:

Date:

Tony Johnston, Chair