CORPORATION BOARD of UNITED COLLEGES GROUP
Minutes of the Finance and Resources Committee
Monday 20 March 2023, 6 pm – by Zoom

Members Present: Franklin Asante (Chair), Stephen Davis, Tony Johnston, Nadia Babar, Ross Mackenzie Laura Griffin, Alastair Procter.
In attendance: Zoë Lawrence, Amanda Thorneycroft, Claire Collins.

1	**Welcome and apologies for absence.** There were no apologies. 100 % attendance.
2	**Declarations of Interest in the agenda items** No declarations of interest were made.
3	**Minutes of meeting held on 30 November 2022** Sections A and B of the minutes of the above meetings were approved as accurate records. **Matters Arising** There were no matters arising. **Grey Box** A letter of comfort concerning future borrowing arrangements following the reclassification of colleges as central government sector was included in the grey box for information only.
4	**HR - PEOPLE CULTURE AND GROWTH** *(Papers and circulated in advance)* **I. Gender Pay Gap** CC explained that last year the gender pay gap had increased though it continued to be within the range of similar London colleges. She highlighted that the figures may be skewed by two higher paid SPHs during that year who were male, and also the directly employed housekeepers at one of the campuses who were all female and lower paid. No bonuses have been paid during this reporting period. LG asked if in appointing the housekeepers the college was advertising appropriately to attract a diverse range of people. AT explained that these members of staff were longstanding and when they leave, they would be replaced through the contract cleaning service as the college was trying to phase out housekeepers who were directly employed. TJ asked if an EDI pay gap report was being prepared and when this would be ready for the Committee. CC said that it would be included on the agenda for the June F&R meeting. **II. Staff Survey** CC presented the results of the staff survey. The response rate had increased from 27 to 41% compared to the same point the previous year. This increase had been in part a result of setting aside time for staff to complete the survey and raising its profile through discussion. PDRs and career progression, together with catering and use of equipment were the main areas of concern. Most other areas had increased in satisfaction to a small degree. The action plan was also provided.

AP noted the differences in response rate between the different campus sites and asked why this was. CC said that this was due to increased engagement at Paddington and Willesden particularly through the SLT roadshows. AP also asked if it was possible to segment the results into groups of staff. CC said that the only segmentation was by campus and whether the role was student facing or not to protect confidentiality and build trust to be able to increase the response rate.

LG welcomed the encouraging set of results and noted the difference between the responses for local line management and senior leadership, and if there was a way to capitalise on this to overcome this trend. CC acknowledged this and referred to the staff away days which was aiming to bring these management layers together as one team. There was also still work to do in bringing together the teams from the legacy colleges.

TJ said that it was good to see the progress and the figures moving in the right direction but challenged the response rate which showed 6 out of 10 staff were not sufficiently engaged. He asked if there were ways in which this could be accelerated and what response rate percentage we would expect to see. CC said that a 60-70% response rate would normally be expected and accepted that 41% was still of concern. She felt that trust and confidence with staff took time to build.

TJ highlighted that communication within the organisation continued not to be at the level that staff wanted to see. He asked how much of this was outsourced and how much led internally. CC said that there was some external support for the staff consultation on the decant at Willesden and Wembley as part of the new build project, but otherwise it was internal. The new staff intranet and sharepoint had made some improvements, plus newsletters. She acknowledged that there may be a lack of consistency through the line management chain. TJ asked how the results of the survey were communicated to staff. CC said that she presented them at the SLT roadshows (which were attended by 110 staff in Paddington), and they were issued on sharepoint.

LG commented that the action plan appeared to be quite binary and she thought there could be a more nuanced approach about how staff feel, that there was a sense of ownership and being valued and that communications were two way – almost a change in the tone of voice. CC acknowledged this and highlighted the focus groups and manager discussions which had worked well.

SD commented that the survey had been highlighted at SLT roadshows, in particular the importance of staff completing the survey to ensure that the actions being taken in response were based on a majority rather than minority view. He referred to a cultural inertia that some mandated training for example was not completed, and how they were working to overcome these challenges. Members noted the report and welcomed the direction of travel.

III. People Culture and Growth Risk Register

CC set out the three risks on the risk register which were recruitment and retention of staff, case work, and staff engagement. LG suggested that delivery of good quality teaching and learning possibly also needed to be included on this risk register and what UCG was doing to improve teaching and learning with staff.

RM noted the dependency on agency staff and HPLs and the ability to attract and retain staff and the impact of this. CC said that it was the intention for UCG to build our own bank of staff but this was for the longer term. She said that the difficulties with recruitment had

	somewhat eased and the college was currently receiving better applications for vacant posts, and there was less need to re-advertise. A further recruitment officer had also been appointed through restructuring so within the same cost envelope. TJ referred to the risk register provided to the TLS Committee and how this provided greater detail and more risks were included. He felt that some of the known workforce challenges being experienced did not come across in this risk register. Though he was pleased that the employment market appeared to be changing, he asked that the next version of this risk register be expanded and more detail be provided. Workforce development was a significant area of focus and it was important that it be understood by the governing body and the people-side was right. **IV. People Culture and Growth, Balance Score Card** CC talked the committee through the metrics on the BSC which were all generally progressing well against in-year and future targets. **V. Harassment and Bullying Policy – review** This policy was first issued 2 years ago and was due its first review. CC said that it was working well and there were only minor changes made to nomenclature. She explained that the policy had been used usually in response to line managers addressing performance or conduct issues. Only one case had been upheld and additional training had been offered as part of the resolution. This was showing the change in culture within the organisation of staff being held accountable. SD highlighted the competency of managers who were overly relying on the policy rather than dealing with issues at a local level. AP sensed that the PDR process was not yet strong or universally in place. CC confirmed this and the struggle with staff engagement. Overall, the policy had worked well and people were being treated more fairly. **The Committee resolved to recommend the policy to the Corporation for approval.**
5	**FINANCE – ROBUST FINANCIAL HEALTH** *(Papers and policies circulated in advance)* **i. Budget reforecast** AT highlighted to the Committee the main changes in the budget reforecast as set out in her paper. These included the changes to income which showed an overall increase, and the overheads position. The main issue concerned £1.7m overspend on payroll which was being addressed through a recruitment freeze and an assessment of teacher hours. TJ noted the delay to the capital expenditure on cyber security and asked if this exposed the college in any way. It was confirmed that it did not. The costs of the decant were already being incurred to some degree even though the main contractor had not yet been confirmed. Options were being considered on timing and impact on student experience with costs to align with other parts of the programme. AP highlighted the reliance on agency staff and asked what proportion of staff this covered and what the impact would be of not having this reliance. AT explained that use of agency staff in support areas was more expensive than permanent staff due to VAT. However, this was not necessarily the case for teaching staff as it would depend on the number of hours.

An assessment of delivery hours was taking place and the option of collapsing teaching groups together. Some agency staff had already been converted to permanent.

TJ asked about the current position with utility costs. AT said that the college currently had a one-year contract which would expire in October and at the moment the rates after that point were unknown. A meeting with the Estates Team was to take place the following month which would cover this issue and inform the budget for 2023/24.

Overall, AT said that it was not the intention to run a deficit budget, and efforts had been made to minimise this and these would continue. SD said that he would also be looking at the relative profitability of courses, for some practical courses for example there was a limit on class size. There were also difficulties with not knowing from one year to the next the mix of students being recruited and their funding structure, but also not having the systems to look at curriculum costs. **The Committee resolved to recommend this budget reforecast to the Corporation for approval.**

ii. Management Accounts (January 2023)

Members noted the management accounts. Many of the issues relating to these had already been covered under the budget reforecast item.

iii. Financial Risk register

AT highlighted the main risks on sources of income particularly a replacement for the GLA procured contract, the 16-19 funding decrease for 2023/4 and the two red risks (above tolerance) on the banking covenants and financial health grade. SD said that these issues were being addressed in-year including through adult growth and income mix. RM thought it may be appropriate for the risks to be accepted on a temporary basis or to have a balance sheet verses profit and loss account view. The Committee noted the risk register.

iv. Finance Balance Score card

AT set out progress against the BSC targets. She highlighted that there were a number of these RAG rated red which were all interconnected with the budget reforecast which was currently forecasting a loss. The EBITDA and income per FTE were not where they should be due to increased staff costs. The banking covenants and the financial health grade targets would also not be met in year due to the need to draw down in full the RCF. All these matters had also been set out clearly on the financial risk register. She accepted that the position did not look overly positive, but was able to clearly explain why this had occurred. Work was being taken forward to look into these areas to make improvements in-year.

TJ asked why the income per FTE was lower, if this was driven by payroll and agency costs. AT explained that it was due to the overall costs of staffing particularly in curriculum. It was a combination of class size, student mix and delivery hours largely driven by student recruitment. SD said that there were difficulties monitoring this as the college did not yet have the systems in place to do so, but this was hoped to be resolved for the next academic year.

RM took into perspective the costs of the redevelopment project and that this was likely to have an adverse impact at the current time. He wondered if there was a timing impact. AT said that her focus was on the position at year end and noted that a spot measure may be useful. SD commented that there may be potential to delay some of the decent costs at Willesden into the next financial year. AT said her aim was to be transparent and warn the Committee and plan in advance. The loan position on the capital project as a result of the

	ONS reclassification had complicated matters in year that were unplanned for. These included the drawing down of the full RCF in July, which would be replaced by a term loan from the DfE. **v. Standing Financial Instructions** AT explained that the SFIs had been amended to reflect the adoption of Managing Public Money which now applied to FE Colleges following reclassification. She said that the main impacts were on borrowing and potentially with respect to writing off tuition fees, though the level of tuition fee write off in the prior year was significantly below the threshold. **The Committee resolved to recommend the policy to the Corporation for approval.** **vi. Tuition Fees Policy** AT explained that there were no significant changes to this policy other than the increase in fees for HE courses. TJ asked about the improvement in collecting tuition fees. AT said that there was an improvement last year, but was not sure of this position this year. **The Committee resolved to recommend the policy to the Corporation for approval.**
7	**AoB** **Letter of Waiver Variation** This waiver letter concerned a breach of the banking covenants dating back to July 2020. It refers to negative reserves on the balance sheet due to the valuation of pension liabilities which was a matter outside the college's control. The letter amends the loan facility documentation to exclude the impact of these reserves and is in the college's favour. **The Committee resolved to recommend the signing of the letter to the Corporation for approval.**
	Date of next meeting **28 June 2023** Meeting closed at 19.49 pm

Minutes taken by Zoë Lawrence 22/03/2023

SIGNED: ………………………………………….. Date:

Franklin Asante, Chair

ACTIONS FROM PREVIOUS MEETINGS

Ref	**Action**	**Owner**	**Status**
4iii	To expand on the People, Culture and Growth risk register to include quality T&L, and other risks and more detail on drivers and mitigating actions.	CC	