CORPORATION BOARD of UNITED COLLEGES GROUP
Minutes of the Finance and Resources Committee
Wednesday 22 June 2022, 6 pm – by Zoom

Members Present: Franklin Asante (Chair), Stephen Davis, Tony Johnston, Alex Fyfe, Nadia Babar, Lee Horsley, Ross Mackenzie, Laura Griffin.
In attendance: Zoë Lawrence, Amanda Thorneycroft, Claire Collins, Philip Moseley (Tribal)*

*for relevant agenda item only

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 March 2022** The minutes of the meeting held on 30 March 2022 were approved as an accurate record. **Matters Arising** The matters arising had been completed. The comparison gender pay gaps for other colleges were circulated with the papers. Ethnicity pay gap had been included in the commissioned analysis.
4	**STRATEGIC** *(Papers and circulated in advance)* **I. Tribal Benchmarking** SD introduced this item explaining how he was keen to have a better understanding of the business post-merger, including how UCG compared to other London colleges. Overall, the benchmarking exercise undertaken by Tribal had validated known views and provided useful insights. PM presented the method and findings of the analysis which included the expenditure profile and resource allocations. It was an activity based costing model. The main messages were that it showed teaching costs were proportionately lower, and non-teaching costs higher than comparison colleges. This may mean that there were efficiencies or a lack of investment in teaching. There was a larger managerial layer and greater use of HPLs at UCG compared to other colleges. Some aspects of non-pay were high which may be due to policy decisions (i.e. exam resits), or indicate poorer VFM. RM asked if the cost ratios were against an average or a percentile range. He thought averages may skew the analysis due to significant outliers and a different outcome may occur if percentiles were used. PM confirmed that it was an average. He suggested that the final report include percentile ranges to give alternative views for making judgments. TJ asked if the data that had been used was from a single academic year which may be influenced by of one-off investments. PM confirmed it was a single year and that it may be possible to remove single investments from the analysis. TJ asked SD and AT to what extent they were surprised by the report. AT said that she had not been able to review the detail, but commented that some of the variances could be explained. The high number of HPLs had been reported frequently. Efficiencies in teaching had also been

	made through teaching hours and class sizes. It would be interesting to look into the support costs. SD noted the difference in pastoral care compared to other colleges. UCG's was lower which was potentially concerning when taking into account the socio-economic status of the student cohort. He was interested in the proportions of investment in a high performing college. The full report was offered to governors for reference once available. AF agreed that the college had worked hard to achieve efficiencies on teaching and was interested to understand more about the definitions which had been used and their interpretation. The report was useful in considering VFM going forward. SD said how the report facilitated opportunity cost decisions where there were variances, plus skills mix and how this impacted on quality. **The Committee noted the report.** **II. Finance KPIs** AT shared the Finance KPIs which were largely met. She commented that the RCF had not been drawn down in respect to the cash position KPI. **The Committee noted the Finance KPIs.** **III. Finance Risk Register** The new risk register format was being used which included risk tolerance. The only risk above the risk tolerance level was banking covenants which would need review as part of the financing of the Wembley project to reflect loans. TJ asked about the due diligence being undertaken by PWC on behalf of Barclays. AT said that it was currently underway but a completion date was not yet known. **The Committee noted the risk register.** **IV. HR KPIs** CC said that the staff survey was currently being completed with a closing date in early July. This would be reported to the next committee meeting in the Autumn term. Other KPIs were generally on or above target. LG congratulated CC on this achievement and commented that the key issue was in recruiting and retaining staff, and suggested that indicators for this be included in future KPIs. SD said that the KPIs were currently being reviewed as part of a balance score card approach. The proportion of permanent and HPL staff would be a collective objective and KPI, along with % labour costs by category next year. **The Committee noted the HR KPIs.** **V. HR Risk Register** CC highlighted the main risk being recruitment and retention of staff. This had been covered under the KPIs item. **The Committee noted the HR risk register.**
5	**HR** *(Papers and policies circulated in advance)* **i. Pay Policy** CC explained how the pay policy set out how UCG deals with pay. This was a new policy which should have been in place post-merger. AF commented that it was comprehensive and she had a few detailed questions she would address with CC offline. TJ said that he was uncomfortable with para 9 relating to honoraria and that as worded there were no transparent criteria for the award, and it could be considered not to be fair. SD and CC agreed to review and possibly remove the provision. LG asked if it was the intention to embed and communicate the policies or soft launch. CC said that the approach on

dissemination varied depending on the policy. For example the Bullying and Harassment policy roll-out included supportive sessions with managers. What was agreed to be important was a central resource where all policies were located and for these to be easily accessible on Sharepoint. **Subject to the comments made, members were content to recommend the policy to the Corporation for approval.**

ii. **Staff Code of Conduct**
CC said that there had been very few changes to the Code of Conduct and that it was referred to in case work and proven to be fit for purpose. New staff received it on induction. LG and RM commented that it would be useful to link it to UCG values and also to encourage staff to speak out when they see misconduct, and that this should be without retribution. TJ commented that it might be useful to enhance the policy to include home working arrangements and video conferencing. CC agreed to make these changes. **Subject to the comments made the Committee were content to recommend the policy to the Corporation for approval.**

iii. **Statement on Obtaining the Views of Staff**
This statement sets out how UCG engages with its staff. It linked to the strategic plan and HR/OD strategy. CC commented that staff welcomed the Corporation's responsibilities regarding staff engagement as confirmation that it was taken seriously. CC set out some new EDI staff engagement initiatives. FA said he was encouraged by the policy and asked to what extent feedback was anonymous. CC said that this had been stressed as part of the recent staff survey. Staff would only be identified by their role as teaching or non-teaching staff and campus. **The Committee was content to recommend the Statement to the Corporation for approval.**

iv. **Appraisal / Personal Development Policy**
This policy set out UCG's approach to PDRs. The form included had started to be used and senior leaders were modelling its roll-out. CC commented that it was hoped the process would enable a change from this being seen as a once a year activity to ongoing dialogue with individuals. LG was in full support of this and how this was part of being a good manager. FA suggested the college developed a short video on how to complete the parts of the form. SD said that this process was still in immaturity and was not yet seen as a lever for change or used effectively. There was a collective objective for SPH's to embed it. **The Committee was content to recommend the policy to the Corporation for approval.**

v. **Recruitment Policy (inc. ex offenders)**
CC explained that this policy was necessarily detailed to take into account safeguarding procedures as part of recruitment. This also influenced the forms being used and checks undertaken. TJ said that it looked to be a comprehensive document, but asked if it was possible to reinforce anti-racism messages in line with the Black Leadership Charter in the document. **Subject to these changes the Committee was content to recommend the policy to the Corporation for approval.**

vi. **HR Workforce Composition Report**
CC presented this report to the Committee. She highlighted the increase in ethnic diversity in the management levels and the improved spread across age categories. 7.3% of employees had declared a disability. She said that going forward she intended to have an increased focus on mental health issues for staff, sickness recording and return to work interviews. FA commented on the use of the term BAME and that this was no-longer appropriate. It was agreed that the term ethnically diverse would be adopted going forward. **The Committee noted the report.**

6.	**Finance** *(Papers and policies circulated in advance)* **i. UCG Budget 2022/23 (3 year plan)** **a. Staff Pay Award** SD explained that at this point he was unable to present the budget to the committee. He was constructing a zero base budget and more work needed to be done to reflect the benchmarking and consider vacancies. AF appreciated the need for a zero base, but said that this often raised more questions when considered by the committee and it was important to understand the SLT's deliberations and how the conclusions were drawn. TJ and FA expressed concern about being able to review it prior to the Corporation meeting on 6 July when it would normally be approved. AT said that some of the difficulties were around costings for the mix of staff on different contracts and agency staff. The pay award had not been anticipated and it may not be affordable across all staff. Inflation was also impacting. SD gave a comparison in costs for a permanent staff member, and a HPL and how a balanced needed to be struck between financial savings and quality. Arrangements would be considered for a Special meeting of the F&R Committee to take place the following week once budget documentation was ready. **ii. Banking Covenants** The paper set out the current position on the banking covenants. It was anticipated that they would continue to be met until year end when they would be tested against the financial statements. They would need review in the Autumn term in line with requirements of the Wembley Project financial arrangements. **Members noted the banking covenants.** **iii. Management Accounts (April)** AT presented the management accounts for April. She highlighted the increase in subcontracted provision, the national skills fund, issues with the borough income which may be received late in the year. She said that the main risk to achieving the budget was payroll costs. Expected savings made over the Easter holidays were yet to be realised, but may come through in the May accounts. AF asked if the pre-pandemic level of learner numbers had been recovered in terms of profiling income streams. SD said that it was still below the 2019 enrolment level for 16-18 year-old learners. He also reported some additional GLA funding which would result in 103% of allocation. AF also asked if the service charges from the Olympic Office Centre would be capitalised. AT confirmed that these costs were starting to come through and the intent was to capitalise them. Non-pay costs were under-forecast which was hoped would provide some off-set against payroll. The cash position was strong even though it had not been necessary to draw down on the RCF at this point. Capital expenditure was slower than planned which was likely to impact on depreciation. It was anticipated that the reforecast surplus would be met but there were some risks. **Members noted the management accounts.** **iv. Subcontractor Fees and Charges Policy** AT explained that this policy which had been prepared for its annual review set out how UCG operated with its subcontractors. It was a requirement to publish the policy on the UCG website. The level of management fee remained at 20%. **Members agreed to recommend the policy to the Corporation for approval.**

	Date of next meeting **TBC** Meeting closed at 7.57 pm

Minutes taken by Zoë Lawrence 23/06/2022

SIGNED: …………………………………………..   Date:

Franklin Asante, Chair