

CORPORATION BOARD of UNITED COLLEGES GROUP
Minutes of the Finance and General Purposes Committee
Wednesday 26 May 2021, 6 pm – by Zoom

Members Present: Franklin Asante (Chair), Nick Bell, Lee Horsley, Tony Johnston, Ross Mackenzie, Laura Griffin.

In attendance: Zoë Lawrence, Amanda Thorneycroft, Claire Collins,

1	<p>Welcome and apologies for absence. Apologies had been received from Alex Fyfe and Nadia Babar.</p>
2	<p>Declarations of Interest in the agenda items No declarations of interest were made.</p>
3	<p>Minutes of meeting held on 17 March 2021 The minutes of the Committee held on 17 March 2021 were approved as an accurate record and would be signed by the Chair.</p> <p>Matters Arising The majority of matters arising were complete or covered elsewhere on the agenda. It was agreed that the action on the Cockpit Theatre would be taken forward by the executive and not involve governors at this stage. A more developed proposal would be brought back to committee in due course.</p>
4	<p>STRATEGIC ITEMS</p> <p>i. Finance KPIs <i>(KPIs circulated in advance)</i> AT presented the finance KPIs based on the March management accounts which included the revised benchmarks issued by the FE Commissioner at the previous meeting. The RAG rated amber items only indicated a minor difference which were not particularly material. RM suggested some changes to the column headings for clarity (actual RAG and forecast YE RAG). UCG's performance against the FE Commissioner targets was noted and that a number were better than benchmark. The Committee noted the KPIs.</p> <p>ii. Financial Risk Register <i>(Risk Register circulated in advance)</i> AT highlighted the two risks which had increased which concerned reduced income from attrition this year, which would attempt to be recovered the following year. At this point it was considered unlikely that the business case provided to the ESFA would be successful to recover this funding in year. The second risk was the impact on capex as a result of the investment in the Wembley Park project limiting available cash. Going forward this would be at a much lower level.</p> <p>TJ also raised an income risk relating to Westminster City Council which was also covered in the management accounts. The way that the borough income was claimed for high needs learners had now changed and Westminster City Council were liable for our charges, which they were having difficulty in paying. Meetings were to take place in the coming weeks to resolve the problem, though it was anticipated that the payments may be delayed.</p>

iii. HR Risk Register

(Risk Register circulated in advance)

CC explained that no HR risks had increased. Staff return to work following lockdown had gone well. The appointment to the role leading recruitment had been made. Work was progressing on harder to fill posts, and the majority of the staff restructuring had been completed. The behaviours consultation had been sent out to staff. A staff conference was planned for 2 July.

TJ asked if there were measures in place to monitor the time taken from a vacancy becoming available to it being filled and for this to be included in the KPIs. CC confirmed that there was an internal SLA which was being monitored. The time taken had reduced from months to weeks. It was agreed that a paper on recruitment linked with the reward strategy be a main item at the Finance & Resources Committee in the Autumn term.

TJ asked about risk 5.4 concerning union conflict. CC said that relationships with the unions had progressed well on the teacher contract and that negotiations had concluded to disaggregate the management guidelines from the teacher contract, and remission time had been renegotiated to be replaced by CPD. Relationships with the unions was positive and there had been regular meetings.

LG asked if CC considered the data from the HR Annual Report posed a risk particularly concerning the lack of diversity at SMT/SLT level, whether this was a risk to reputation, attracting and retaining staff. CC said that UCG was working towards National Centre of Diversity accreditation and had recently been included in the top 100 organisations. The EDI action plan was nearly completed and would be coming to the next meeting of the Corporation. CC informed the committee of the aspiring managers' programme which included a significant proportion of BAME managers, and a narrative from this was being developed to raise further awareness within the organisation. NB reminded members that diversity included other protected characteristics as well as ethnicity and it was hoped to be able to focus more on disability as well as ethnicity. Members noted the HR risk register.

iv. HR KPIs

(KPIs circulated in advance)

CC reported that the staff survey boxes were incomplete as the staff survey was due to be issued in June. The other KPIs were broadly on track. Members noted the HR KPIs.

v. Market Analysis Report

(Paper circulated in advance)

CC reported that this marketing analysis would be feeding into the Marketing Strategy which was on the TLS agenda the following month. The report was based on a survey of 800 existing UCG students and detailed student attitudes and behaviours. Key messages included the importance of curriculum design and enrolment processes in the recruitment and retention of students. A positive student experience and sharing of this through word of mouth from open day onwards were of particular importance. The influence of schools and school liaison were also considered a missed opportunity in the recruitment of students. The recommendations at the end of the report have been taken forward through the marketing strategy.

TJ asked how the Corporation can be confident that the issues from the previous year had been addressed and what early warning mechanisms were in place to address problems as they arose. NB explained that this year there was more time to plan and build in user-testing

	<p>to ensure that the customer journey is right (depending on the curriculum choice). The hybrid approach involved some of the process being online and some face to face, and it had been designed to allow pivot if this needed to change. The face to face element which would be done by appointment included fee assessment and it was hoped would address the lack of emotional attachment to the organisation experienced the previous year as well as secure income from fees. Non-attenders to these appointments would be followed up.</p> <p>RM noted that the survey was of existing students and as such only gained insights from those already captured. He considered that there would be merit in gaining more information on those who didn't enrol at UCG and why. He had compared UCG's website with a competitor and said that he found it difficult to navigate. Other college websites were more engaging. CC said that potential students who expressed an interest and did not enrol were being followed up through direct emailing.</p> <p>FA asked what steps were being made for early warning of issues, and how progress could be reported to the Corporation at intervals. NB confirmed that this would be in place through pro-monitor and reports either weekly or fortnightly could be provided to be Corporation.</p> <p>AT commented that it would soon be possible to report on the number of progressors. She considered it a potential risk for applicants to be seen by appointment if this was not part of the process at other competitor colleges. The key point would be after 42 days when the student numbers are used for funding allocations.</p> <p>TJ noted how the process translated to a classic sales process, and data capture at each stage was important to be able to assess which aspects were delivered well and which were not. Conversion rates and analytics would be key to making improvements.</p> <p>Members appreciated the degree of focus being put into the enrolment process and were generally re-assured of progress made.</p>
5	<p>FINANCE ITEMS</p> <p>i. Budget Scenarios <i>(Paper circulated in advance)</i></p> <p>AT set out the parameters of the three budget scenarios which had been presented in the papers. The Wembley Park Project cash flows had been incorporated including the receipt of the Pinnacle instalments two months earlier than originally offered. Cash flows were based on actual allocations and any one-off payments had been taken out. Scenario one included a number of redundancies which were hoped to be able to be done from reducing agency posts, HPLs, and vacant posts. Savings were also anticipated from increasing class sizes. A loss was not made in any year to provide for the need to borrow for the purchase of the OOC. A small provision was included for financing loans. There would be limited cash for capex, but a small staff pay rise was included each year. The mid-range scenario had been provided to Barclays with the application for a RCF and a meeting was to be held later that week for feedback on the application.</p> <p>RM commented on the level of detailed information provided and that the budget appeared to be uncomfortably tight. The outcome of the meeting with Barclays would be key. He asked if the cost of financing was fully reflected in the scenarios. It was confirmed that it was but at a low level. It was anticipated that the interest would be paid at the end.</p>

RM asked what the certainty was of the cash flows in each year and challenged that more could be at risk. NB agreed that there were some unknowns particularly in relation to the capital grant. Even if the college was successful it would present difficulties as the timing of payments was unknown. It was acknowledged that changes in cash flow even over a short period of time could present significant financial difficulties.

RM challenged the negative net asset position and that the value may increase during the project towards the end point in 24/25. This was considered a possibility but the assessment could not be made at the current time. RM suggested that this be reflected in the scenarios in case it would be helpful to liquidate this on the balance sheet. He also highlighted the cash flow swings in March 2022 and Feb 2025.

LH was concerned that the worse-case could be much worse. He expressed concern about the current cost of building materials rapidly increasing and a shortage of labour which was likely to impact the project. AT acknowledged that this was a problem. The college operations budget she said she felt confident about but the size of the Wembley Project was always going to be a significant risk. She recalled the level of due diligence already completed by Barclays, and considered that there would be additional assessment needed. However, Barclays were familiar with the college and the funding model which was helpful. The level of the loan was higher than that taken previously which she thought may be an issue. **Members thanked AT for the scenario planning documents.**

ii. Wembley Park Project – cash flows

NB updated the committee on the finance issues relating to the Wembley Park Project. Concern was expressed about cost inflation affecting the building sector at the moment as a result of Brexit, Covid and a blockage of the Suez Canal. The outcome of the bid for a DfE Capital Grant had been delayed until further notice. Options were being considered for additional value engineering, but not the use of the contingency until the project had actually started. It was also anticipated that decant costs would increase as the Crescent House site needed to be vacant on completion. Members noted the update. Further discussion would take place at the P&I meeting the following week.

iii. Management Accounts (March)

(Paper circulated in advance)

AT provided a summary of the main issues in the management accounts as set out in her commentary. RM sought clarification on depreciation that this should be linear. AT confirmed that different assets depreciated at different rates which may lead to a more uneven profile. AT agreed to have another look at this. RM also commented that he thought the £590k positive variance on staff costs was too positive to be accounted for as a timing variance. **Members noted the Management Accounts.**

iv. Supply Chain Fees and Charges Policy

(Draft policy circulated in advance)

AT set out the parameters of the policy in relation to how sub-contracting operates and that UCG top-sliced 20% which was the maximum permitted. TJ challenged the flat fee structure and asked if this should be differentiated depending on the contact. It was agreed to amend the policy to say that there would be a range of charges to a maximum of 20%. It was confirmed that subcontracting could not be further sub-contracted. UCG's preference was not to sub-contract as this produced a lower margin and the level of subcontracting was reducing. RM suggested amendments to para 7.2 to remove reference to contract in the

	<p>wording. Pending these changes the Committee was content to recommend the policy to the Corporation for approval.</p> <p>v. Visionnaires Community Interest Company <i>(Paper circulated in advance)</i> This proposal had been previously considered by the CEWG and GSR Committee. NB provided a summary of the proposal as set out in his paper which included the draft shareholder and licence agreements. Addleshaw Goddard had provided some advice on minor amendments to better protect UCG’s interests in the venture. LH asked what the main risks were. NB said that the key one was that UCG was unable to enrol to the courses after making an investment of £50k but this risk was considered to be relatively small and there was the possibility of recovering the funding from AEB. It was agreed that the venture would be a good reputational gesture. The members agreed to recommend the proposal to the Corporation for approval.</p> <p>vi. ESFA Letter and Dashboard <i>(letter and dashboard circulated in advance)</i> This letter and enclosures was for information and confirmed the college’s financial health as good, and provided benchmarking with other similar college groups. Members noted the letter.</p>
6	<p>HR ITEMS</p> <p>i. HR Workforce Composition Report <i>(Report circulated in advance)</i> Some of the content of this report had been referred to and discussed earlier in the meeting. Members noted the added categories for sickness absence and actions being taken on long-term absences. LG commented on the higher proportion of female BAME staff at Willesden campus raising cases and asked if this required further analysis. CC said that she was aware of historical issues in ESOL and Exams and that HR support was being provided to managers to deal with these. The HR function across the two sites was also now brought together which was helpful in providing a consistent HR service. Members noted the report.</p> <p>ii. Bullying & Harassment Policy <i>(Draft policy circulated in advance)</i> CC explained that this policy had been prioritised in response to the feedback from the EDI staff survey. This would be the group-wide policy. It includes provision for staff to talk to the EDI lead, and would be supplemented with training and awareness raising for managers. It is hoped that through this policy staff would feel secure and able to come forward with issues and they would be dealt with. UCG was in consultation with the unions on the policy. The policy included definitions of what constituted bullying and harassment.</p> <p>TJ asked how it was being rolled out and if there was a communications plan. CC confirmed that it would be sent out by email to each member of staff and not lost on the intranet. This would be done alongside workshops for awareness raising.</p> <p>RM suggested that it be renamed Anti-bullying and harassment and the zero-tolerance be included in the introduction. He also suggested that it is not bound within the college environment.</p>

	<p>LG suggested that the policy be linked with the staff code of conduct and behaviours making clear what expectations of staff were. It should emphasise the building of trust and confidence for staff to come forward and be written in a way that is accessible and understandable. She suggested some changes to the structure of the document and the inclusion of a process flow chart for clarity. Pending the suggested changes the Committee was content to approve the policy.</p>
7.	<p>AoB</p> <p>Assets Disposal Members noted this paper which set out the disposal of assets prior to decant at CNWL and the income that it may raise.</p>
	<p>Date of next meeting 30 June 2021</p> <p>Meeting closed at 8.45 pm</p>

Minutes taken by Zoë Lawrence 27/05/2021

SIGNED: **Date:**

Franklin Asante, Chair

Ref	Action	Owner	Status
4iii	A paper on recruitment linked with the reward strategy be a main item at the Finance & Resources Committee in the Autumn term.	CC	