

CORPORATION BOARD of UNITED COLLEGES GROUP
Minutes of the Finance and Resources Committee
Wednesday 04 October 2023, 6 pm – by Zoom

Members Present: Franklin Asante (Chair), Stephen Davis, Tony Johnston, Laura Griffin, Alex Fyfe, Nadia Babar,

In attendance: Zoë Lawrence (Director of Governance), Amanda Thorneycroft (Chief Finance Officer), Claire Collins (Director for People and Communications).

1	<p>Welcome and apologies for absence. Apologies had been received from Ross Mackenzie and Alastair Procter.</p>
2	<p>Declarations of Interest in the agenda items No declarations of interest were made.</p>
3	<p>Minutes of meeting held on 28 June 2023. Pending a small change on the first page, the minutes were approved as an accurate record.</p> <p>Matters Arising Matters arising were included on the agenda.</p> <p>Grey Box The recent report of the internal audit into staff sickness absence was provided in the grey box for information.</p>
4	<p>STRATEGIC <i>(Papers circulated in advance)</i></p> <p>I. Balance Score Card 2022/23 Outturn CC provided a summary of progress against the People, Culture & Growth KPIs, which had been met and which had not. Progress was still being made on the staff mix between HPL and permanent staff and efforts would continue. The KPI for the proportion of staff from diverse backgrounds in management posts and the staff survey results to be in the C quartile had been met. The remuneration KPI would be dependent on the ongoing pay negotiations. LG congratulated CC on the achievements on EDI and sickness absence and sought clarification on numbers in the appendix for staff mix. It was acknowledged that the baseline was an estimate.</p> <p>TJ asked how the outcome of achieving the C quartile for the staff survey had been judged and how this was affected by the low response rate. CC said that it was an average. TJ asked what CC's views were on the continued low response rate and why she thought this was the case. CC thought that those who did not respond were not motivated to do so and did not see what was in it for them. She acknowledged that this was a wider issue affecting other areas including the completion of PDRs and mandatory training. There seemed to be better compliance in areas of good leadership which cascaded within that part of the organisation. When time was set aside for survey completion the response rate increased to 41%. She intended to discuss engagement with staff. There did continue to be a greater issue at the Paddington Campus.</p>

	<p>AF asked for clarification on the reward and remuneration KPI. This measure was to be in the top 50% of colleges for pay, so was a KPI comparing UCG with competitors.</p> <p>SD covered the financial KPIs reminding members that this provided an interim target and a final target for the end of the strategic plan period. Financial KPIs were on track except for 16-19 growth and income per FTE. Not taking forward the expenditure on decant at Willesden had benefited cash in hand days and current ratio KPIs.</p> <p>TJ thanked SD and commented how the BSC showed useful workings of the organisation and it was pleasing to see so many of the finance KPIs as green. He asked SD to explain the importance of the income per FTE KPI. SD said that this was a measure of productivity, and it was often related to class size. There was an ideal number for this indicator which would deliver a break-even budget. It could also inform the viability of curriculum. TJ noted the headcount numbers in the Workforce Report and the split between teaching and non-teaching staff. It was noted that the Learning Support Assistants were included in support staff and that those figures related to headcount and not FTE. AF asked about the inclusion of agency staff in these calculations and whether they would skew the figures. It was noted that the income per FTE was a useful tool for decision-making.</p> <p>II. Finance Risk Register</p> <p>SD said that the only new risk on the risk register related to workload pressures on the finance team. This could be remedied through the appointment of a project accountant and the adoption of a new finance system which would release staff time. TJ was aware that a recruitment campaign to appoint to a finance position recently failed to appoint. SD said that this was due to a delay in responding to candidates. AF suggested an emerging financial risk about the Wembley Park Project, SD acknowledged this and that it would be reported through the capital projects risk register.</p> <p>III. People Culture and Growth Risk Register</p> <p>CC highlighted the main HR risks which included a new risk of potential strike action in relation to the pay award. Recruitment, case work and staff engagement risks were also noted. FA suggested that external intervention be considered to address engagement of staff. SD said that he was considering a culture study which would be externally commissioned. The scope of this was still being decided. He was currently conducting anti-racists sessions with staff. Members discussed the visibility of leadership in a larger merged organisation and that some of this had been delegated to the next management level. TJ said that he was pleased to see recruitment to an internal communications role – and asked if this had been successful. CC explained that this had been put on hold following the appointment of a new interim head of marketing. LG agreed that lack of staff engagement would impact discretionary effort and retention, but also commented on the impact on the quality of teaching and learning and that this had to be the focus. SD welcomed this view and commented that there had been a shift from graded to developmental lesson observations in an attempt to support and engage teaching staff and promote their development. Improved staff engagement would have a positive impact for learners and this was the valid point.</p>
5	<p>HR – PEOPLE, CULTURE AND GROWTH <i>(Papers and policies circulated in advance)</i></p> <p>i. HR Workforce Composition Report</p> <p>CC provided the main points from the report. FA asked if CC thought there was a link between the low response rate on the staff survey and the lower uptake of exit interviews.</p>

	<p>CC thought that this was a possibility and said that the reason for leaving being recorded would be broken down further and assessed by department to see if there were any themes. LG suggested to continue monitoring case work from male members of staff and also the numbers declaring a disability. It was noted that the percentage of people declaring a disability had increased.</p> <p>AF congratulated CC on a useful paper and noted that 60% of staff had worked for UCG under five years. Members discussed whether this was beneficial or not post-merger in bringing about a new culture. AF also noted that staff turnover was greatest in the management group and asked if this had been advantageous or not. SD said that it had not presented issues. It was noted that there had been a significant and necessary turn over of staff in the business area which may have influenced these figures. Clarification was also provided on the difference between sick days and sickness rate.</p> <p>ii. Recruitment Campaign</p> <p>CC presented the main learning points from the recruitment campaign which included the timeliness of processes, larger advertisements with multiple posts, and the need to start the exercise earlier in the academic year to be able to attract the best candidates. LG asked if all the appointments made had been external and whether the quality of these had been good. CC confirmed they were all external and the quality of the appointments was good to date.</p> <p>iii. Staff Survey Results</p> <p>The staff survey had been discussed under other agenda items. Members asked about the timing of the proposed culture study. SD said that he hoped that this would be commissioned by Christmas. TJ asked if it was possible to see the full results of the survey including quartiles and for this also to be included in the grey box for Corporation. This was agreed. It was also queried if this information could be provided for just London colleges for comparison purposes.</p> <p>LG noted that similarities with the results of the student survey which showed better results for areas of procedure verses relationships. SD also considered whether the buildings had an impact on staff communication and how people related to one another, and that consideration of that should be borne in mind for the new Wembley building.</p> <p>iv. Staff Conference (EDI Theme)</p> <p>The report of the staff conference from July 23 which had an EDI theme was noted. There would be follow-up involving smaller groups of staff.</p>
6	<p>FINANCE – ROBUST FINANCIAL HEALTH <i>(Papers provided in advance)</i></p> <p>i. July Management Accounts 2022/23 outturn</p> <p>SD highlighted the exceptional income item of the Right to Light. He noted that when this was stripped out there was still a positive variance against reforecast (thought still in deficit). This variance was a result of better controls on agency costs, and from the delay to the decant works which meant the college had more cash at the end of the year. FA asked if the college was benefiting from higher current deposit rates in respect of this cash. SD said he was not sure but would take this up with AT. The accounting treatment of the income from the right to light was noted, and the impact this would have on savings that would need to be made this year.</p>

	<p>AF commented on the changes to the subcontracting rules and whether this had impacted UCG’s ability to subcontract. SD distinguished between ESFA and GLA provision and that some of the latter would be delivered internally and not sub-contracted. The changes to tuition fees which would mean that more courses were fully funded would be positive and would provide increased certainty of tuition fee income. AF also noted expenses and the large variances towards the end of the year. The additional costs for catering, and marketing were noted. SD commented on the aim for all 16-19 students to have free meals, and how this could impact learning.</p> <p>II. Enrolment numbers Enrolment numbers were currently above that of the funded and growth targets though the census point was due on 20 October so this position could change. Should attrition remain at current levels it was possible that there would be additional funding in 2024/25 which would support the planned break-even budget position. Adult enrolments were at the expected level for this point in the year, as were apprenticeships. HE was struggling but this may be supported by Free Courses for Jobs which included HE access programmes.</p> <p>TJ congratulated SD on a positive enrolment campaign and looked forward to a further update at Corporation on 18 October. He asked if SD was aware of the position on enrolment across London. SD said that he was not sure but thought that recruitment had recovered post-pandemic and the AoC would report on this soon which could be shared with governors.</p> <p>III. Staff pay negotiations CC provided a verbal update to the Committee on the position of the current pay negotiations. 6% consolidated had been offered which was just below the AoC level. It was noted that over the past two years the pay offer when combined was the same as that recommended by AoC. Nationally UCU had rejected the 6.5% offer. Feedback from the unions was currently awaited.</p> <p>IV. Banking Covenants A paper on banking covenants was considered by the Corporation in July which related to the loan agreement with the DfE. It was anticipated at that time that the banking covenants would be breached and the Corporation granted approval for the signing of an amendment letter to permit the draw down of the loan at the end of July. At the time of the Corporation meeting the paperwork was not yet available so it was agreed that this would be brought back to committee and Corporation at its next meeting. The amendment letter was provided for review. The F&R Committee recommended the amendment letter to the Corporation for retrospective approval.</p>
7	<p>AoB No items were raised.</p>
8	<p>Date of next meeting 29 November 2023 (joint with Audit)</p> <p>Meeting closed at 7.55 pm</p>

Minutes taken by Zoë Lawrence 05/10/2023

SIGNED:

Date:

Franklin Asante, Chair

ACTIONS FROM PREVIOUS MEETING

Ref	Action	Owner	Status
05iii	The full results of the survey including quartiles and for this also to be included in the grey box for Corporation.	CC/ZL	Complete
06iv	The amendment letter for the banking covenants to be approved by the Corporation on 18 October	ZL	Complete