

CORPORATION BOARD of UNITED COLLEGES GROUP
Minutes of the Finance and General Purposes Committee
Wednesday 20 March 2019, 5.30 pm
Boardroom, Paddington Green Campus

Members Present: Tony Johnston (Chair), Keith Cowell, Peter Child, Franklin Asante, Alex Fyfe, Simon Haben, Lee Horsley.

In attendance: Zoë Lawrence, Amanda Thorneycroft, Jackie Grubb, Adrian Quester (for relevant agenda item only).

1	<p>Welcome and apologies for absence Apologies had been received from Stephen Davis. Alex Fyfe arrived at 17.50.</p>	
2	<p>Declarations of Interest in the agenda items No declarations were made.</p>	
3	<p>Minutes of meeting held on 30 January 2019 The minutes of the meeting were approved as an accurate record.</p> <p>Matters Arising These had been completed, or were covered elsewhere on the agenda.</p>	
4	<p>STRATEGIC i/ii Analysis of digital marketing spend / Marketing plan <i>(Paper was circulated in advance)</i> AQ spoke to his paper setting out the digital and print marketing spend for 2018/19. He explained that during that year, a different approach had been taken with each college. CWC sustained their marketing effort throughout the year, and CNWL had focused on the period prior to enrolment. AQ said that he had been surprised that spend ended up being quite similar given the different approaches. PC asked AQ if he thought marketing the colleges separately was working. AQ was of the view that the colleges' audiences were quite different and the branding of the individual colleges was stronger than that of the Group; it was of more benefit to maintain the separate college branding for the public. FA asked if it was possible to have an analysis of the effectiveness of the marketing spend? AQ said that it was possible to track the impact of digital media with hits on the websites, plus the spike of hits that may be a result of advertising in the local press. However, the impact of the effectiveness of printed media was generally difficult to measure. Data was collected on how students heard about the college when they enrolled and through other surveys, but predominantly this was influenced by locality, word of mouth and family influences. LH challenged the benefit of outdoor print marketing if it was not possible to measure its impact. It was considered too high a risk to stop doing it. Other colleges had done this and their enrolments were affected. Parents were also targeted through Facebook. AF asked if return on investment could be calculated from marketing spend. AT said that this was possible, though it would not relate to all income and it might be possible to identify</p>	

	<p>trends. Members thought that this type of analysis would be useful and it may be able to assist with future projections and what to expect if marketing spend was changed, though it was acknowledged that there were other variables to be considered. TJ noted that only 1.3% of turnover was spent on marketing, which was low compared to the HE sector. Members asked for an analysis of how much of the marketing spend impacts on the numbers of applications. AQ suggested that a separate session on marketing takes place with governors to look at the issues in more detail. This would be considered for the training event on 11 May.</p> <p>ii Business Continuity Plan <i>(Paper circulated in advance)</i></p> <p>AT explained that this policy was significantly different from the previous one, so therefore it had not been provided with track changes. This policy was across the Group and replaced those for the separate colleges. The gold, silver and bronze arrangements in the former policy had been replaced with strategic, tactical and operational teams. It set out a framework which covered a significant range of potential incidents, and was scalable. The lockdown process at Paddington was included as an example, though there was a procedure like this at each campus. The policy was not widely distributed to staff, but provided to relevant people in paper and encrypted copies, and a copy held off site. The lockdown procedure and fire evacuation procedures had been tested though other elements had not. LH recommended from his experience that scenario, and role play testing was very helpful and provided contact details of companies who may be able to assist the college with this. TJ asked whether it would be possible to use virtual classrooms. This was considered to be a potential option depending on the students' access to technology. It was also considered unlikely that all campuses would be affected so there may be alternative accommodation available. TJ suggested that it included the shutdown of automated social media feed. The Committee acknowledged the contribution of Lakis Katsaras and Floyd Milligan in the preparation of this policy. The Committee were content to recommend the policy to the Corporation for approval.</p>	<p>AQ</p> <p>ZL</p>
<p>5</p>	<p>FINANCE</p> <p>i. Management Accounts <i>(Paper and financial dashboard provided in advance)</i></p> <p>AT highlighted the key concerns in respect of the January management accounts which were tuition fees being below expected levels and unlikely to improve, and increased funding to subcontractors for adult provision. The over-delivery on AEB, an increase in apprenticeship income, and payroll savings through vacancies were positive impacts on budget. On cash flow, members were aware of the profile of payments, resulting in the lowest point on cash flow in March/ April. Members noted the written resolution for the Letter of Variation with Barclays to alleviate this issue. AF asked what the longer-term impact of the reduction in tuition fees would be. AT explained that this would be an issue for budgeting and curriculum planning. It was acknowledge that it was difficult to identify the</p>	

nature of students applying to courses. Trends were showing that adults were less willing to pay for or take loans for their tuition. A claw back on the bursary was also expected in April. AF asked about the comparative information between the two colleges on tuition fees. AT explained that this was possibly unreliable at the moment, as she was not sure of the timeliness and accuracy of the CNWL data due to ProSolution being set up differently in both colleges.

ii. Budget Reforecast

(Paper and spreadsheet provided in advance)

AT brought to the Committee's attention the main changes to the forecast, these included:

- Increase of £328k for over-delivery of AEB
- Increase of £500k from Borough for high needs students
- Capacity funding for T levels to be received by the end of the year
- Increase in apprenticeship income
- Significant fall in tuition fees across both colleges.

It was noted that payroll was £294k below budget despite high levels of agency costs. Attempts were being made to reduce the use of agency staff, and to negotiate reduced costs. Members discussed the trade-offs between the costs of permanent staff, agency staff and quality. It was acknowledged that the on-costs for pensions for permanent support staff were becoming comparable to the level of agency fees. HPLs presented good value as they tended to be £19k cheaper per annum than the equivalent permanent staff. Members also recognised the forthcoming increases in teacher pension contributions and how this would affect budgets in coming years once the additional funding support ceased after the first year. The £500k legal fees covered consultancy for GDPR, payment for the interim clerk and the contract with Tenet to provide procurement services.

It was currently expected that the budget position would be met at year end which would sustain the Group's financial health score, and have minimal impact on banking covenants. Members were content to recommend the budget reforecast to the Corporation for approval.

iii. Review of Financial Standing Instructions

(Covering note and SFI with track changes were provided in advance)

AT's covering note set out the main amendments to the policy. It was agreed that the following additional amendments be made:

- 9.9 - the recoverable debt level for approval by the F&GP Committee be £25k
- 7.4 - Inland Revenue be amended to HMRC
- 10.3 - F&GP Committee approval be amended in line with current practice that loan agreements be approved by the Corporation

Pending these changes being made, the Committee was content to recommend the Standing Financial Instructions to the Corporation for approval.

	<p>iv. Tuition Fees Policy <i>(Policy provided in advance)</i></p> <p>JG explained that this policy was across the Group, and may need in-year changes in light of Brexit. The different sections for FE and HE were intentional as the processes were different for HE because of the requirements set down by the Office for Students. The tuition fees had been kept at a similar level to the previous year.</p> <p>Members approved the policy.</p>	
6	<p>ANY OTHER BUSINESS</p> <p>i. China Report See confidential minute. Exempt from disclosure under S43 of the FOI Act – Commercial Interests.</p> <p>ii. SPH Appointment See confidential minute. Exempt from disclosure under S40 of the FOI Act – Personal Information.</p>	
7	<p>Date of next meeting Wednesday 26 June 2019, 6 pm Paddington Green.</p> <p>Meeting closed at 8 pm</p>	

Minutes taken by Zoë Lawrence 21/03/2019

SIGNED: **Date:**

Tony Johnston, Chair

ACTIONS

Ref	Action	Owner	Status
4i/ii	AQ to provide an analysis of marketing spend in relation to number of applications received by College.	AQ	
4i/ii	ZL to consider including a session on marketing at the 11 May Governor training event.	ZL	
5iii	For the agreed amendments to the SFI be made and for approval by the Corporation.	ZL	