

**CORPORATION BOARD of UNITED COLLEGES GROUP**  
**Minutes of the Finance and Resources Committee**  
**Wednesday 20 March 2024, 6 pm – by Zoom**

**Members Present:** Franklin Asante (Chair), Stephen Davis, Laura Griffin, Alex Fyfe, Nadia Babar, Ross Mackenzie, Alastair Procter.

**In attendance:** Zoë Lawrence (Director of Governance), Amanda Thorneycroft (Chief Finance Officer).

<b>1</b>	<p><b>Welcome and apologies for absence.</b>  Apologies had been received from Tony Johnston.</p>
<b>2</b>	<p><b>Declarations of Interest in the agenda items</b>  No declarations of interest were made.</p>
<b>3</b>	<p><b>Minutes of meeting held on 29 November 2023</b>  Sections A and B of the minutes of the meeting held on 29 November were approved as an accurate record.</p> <p><b>Matters Arising</b>  The matters arising were covered under the relevant agenda items.</p>
<b>4</b>	<p><b>STRATEGIC</b>  <i>(Papers circulated in advance)</i></p> <p><b>I. CWC Enterprises</b>  AT apologised that this paper was provided late. She reminded the Committee about the background to this item which had arisen following the external audit report and review of the financial statements of CWC Enterprises in December, principally that the company had been loss-making and there was an increase to that loss on the balance sheet. Prior to the ONS reclassification of colleges UCG would have provided a letter of support to the company to provide assurance as part of the external audit of it continuing as a going concern. However, Department of Education approval was now required for these letters, and AT did not want to seek this at that time. AT set out the plans for returning the company to profitability and to reduce the intercompany debt which was expected to be resolved within three to four years. It would be necessary to continue to have an operating subsidiary to be able to clear the debt. The intention was to move some of the more loss-making elements of the activities from the company into the Corporation and reconsider how these could be interpreted as part of the mission of the college, to support students and educational value in line with the charitable purpose. The activities of the company which were direct hiring of the Cockpit theatre to theatre companies for their performances and other short-term lettings were not loss-making and would continue to come through the company as commercial lettings. This income would be used to reduce the inter-company debt.</p> <p>SD clarified that this paper was focusing on the mechanism to reduce the intercompany debt and not a review of the purpose of the Cockpit Theatre. He said that a review of the use of the Cockpit and the estate overall was part of the current strategic review, and governors would be able to feed into that at the sessions organised in the summer term. He assured the committee that it was the intent to run the business as efficiently as possible and that he was cautious about disposing of any assets prematurely. He made clear acknowledgment that the</p>

	<p>level of intercompany debt and the loss-making elements of the company had to change and that this would not continue going forwards. Options to use the Cockpit and theatre productions as educational provision for apprenticeships for example within the curriculum were being considered.</p> <p>AF acknowledged that since the Sarah Siddons theatre was built there had been some element of duplication of resource with the Cockpit theatre. She was also clear that the current position should not continue. She asked under what premise the activity which was not hiring of the theatre could be brought under the Corporation and whether this related to the level of turnover. AT explained that these activities were closer in definition to having an educational purpose, could involve students and be included in the educational mission of the college, and not be classed as commercial activity. The straightforward hires would be regarded as short-term lets and the income taken through CWC Enterprises. AF asked that this be made clear in a document to set out how activities would be accounted for. This could be in the form of an MOU between the Corporation and CWC Enterprises. SD said that the legal advice provided alluded to this point. FA was in support of this and for that to be provided for the next meeting of this committee.</p> <p>SD commented that there were lots of potential educational opportunities for the Cockpit theatre which may include partnerships with the National Youth Theatre or other similar organisations. He hoped that the actions set out in this paper assured the committee that there was a clear mechanism to reduce the losses and bring the company back into profitability and satisfy the external auditors.</p>
<p><b>5</b></p>	<p><b>FINANCE</b> <i>(Papers and policies circulated in advance)</i></p> <p><b>i. Budget Reforecast</b></p> <p>AT explained that this budget reforecast was based on the January management accounts. They showed a reduction to the anticipated deficit for the year which was now projected to be under £1m. The main reasons for this were increased income for adult provision from the GLA, overdelivering on Free Course for Jobs, and an increase in the 16-18 year-old funding (though there were increased costs which offset this) and growth on apprenticeships. Payroll was over budget due to the pay award which had not been totally budgeted for, fractionalisation, and some overrun to deliver against allocations. Savings on payroll were being addressed including an admin review and removal of some senior posts. This was being done in preparation for 2024/25 when it would be necessary to deliver a balanced budget to protect cash. AT highlighted the positive variance on computing and that utility costs were expected to reduce.</p> <p>FA noted the positive movement in the budget and thanked AT for the hard work to get it into this position, compared to the original budget. RM asked if the executive had revisited the original budget and reconsidered the position now that there was potentially a bit of flexibility. He also asked if the savings on computing were sensible and whether investment should be made. AT explained that the original budget had not been reconsidered as part of the process. The focus had been on managing the cash flow going forwards for the capital project and the need to reach a balanced budget for 2024/25. Some of the reconsiderations would likely involve staffing and it was potentially too late in the academic year to go back on those decisions. The computing spend had not yet happened and it had been held back to see what the budget position was before investing. She agreed it would be sensible to revisit this. AP asked if the computing cost was a one-off or ongoing. It was thought to be on-going</p>

as it was part of the revenue not capital budget. SD commented that there had been some gains on productivity and therefore it may be possible to achieve the reforecast and honour the computing investment. AF asked what the effect would be on the banking covenants. AT said that this would depend on the loan position at year end and any issues could be met by a letter of waiver or amendment should it be needed. **The Committee resolved to recommend the reforecast budget to the Corporation for approval.**

**ii. Management Accounts (January 2024)**

As the budget reforecast had been based on the January management accounts this had been covered in the previous item.

**iii. Standing Financial Instructions (SFIs)**

AT reported that no significant changes had been made to this policy, authorisation levels or procedures. She did refer that the finance department were in the process of sourcing a new finance system which was expected to go live from the beginning of the next academic year. It was likely therefore that there would be changes to the SFIs as a result of that so it was probable that these would be reviewed again at the beginning of the Autumn term. **The Committee resolved to recommend the Standing Financial Instructions to the Corporation for approval.**

**iv. Finance Risk Register**

AT highlighted two new risks that were above risk tolerance which related to the impact of the Wembley Project on cash flow. One concerned the inability of colleges post the ONS reclassification to be able to easily access additional loans or credit facilities to address cash flow swings, and the other referred to the delays of the Wembley project and the uncertainty of the timing of when the income would be received from the sale of the land. She said that these risks were being managed through financial controls and close management of the cash flow. The Committee noted the risk register.

**v. Finance Balance Score Card**

AT reported on the progress against each of the Finance KPIs. AF asked what measure of turnover was being used for the staff costs as a percentage of turnover figure. AT confirmed that adjusted turnover was being used and this did not include subcontracting or capital grants. If the total turnover was used the percentage would be much lower. It was the FE commissioner's definition which was used for benchmarking. The Committee noted the progress against the KPIs.

**vi. Tuition Fees Policy**

AT explained that this policy was prepared by Management Information Systems (MIS) colleagues and was based on funding rules set by the regulators. The only change from the previous version was the increase in tuition fees for HE. Students could continue to pay their fees if above a certain level in three instalments. **The Committee resolved to recommend the Tuition Fees policy to the Corporation for approval.**

**vii. OOC Options Paper – running costs**

AT explained that this paper was an action from a previous meeting where the running costs for the Olympic Office Centre (OOC) were shared with the committee. The committee sought assurance that the option to 'moth ball' the building was the most cost efficient. The paper set out all options on letting, educational use, and demolition. The most significant cost was business rates which were in the region of £500k per annum. It was hoped that some relief from this may be obtained as the building was owned by an exempt charity. AT

	<p>expressed caution on this as she was of the view that the building had to be used for charitable purpose for the relief to apply. FA asked why there was such little interest in letting the building as office space in such a prime location. SD said that post pandemic there was little market for second hand office space, there was also uncertainty as to the length of the tenure for lets, and companies did not want to invest in refitting office space for a short time. AF suggested that reducing the number of units in the building may reduce the business rates as this was the case for retail units. AT agreed to look into this. It was agreed that this was a priority to reduce the costs as quickly as possible. The committee was in agreement that the option taken was the most viable.</p>
<p><b>6</b></p>	<p><b>PEOPLE CULTURE AND GROWTH - HUMAN RESOURCES</b> <i>(Papers provided in advance)</i></p> <p><b>I. Gender Pay Gap Report</b> AT explained that this report showed a positive picture, that the gender pay gap had reduced to 7% and was lower than several benchmarking comparators. If housekeeping staff which were directly employed at Willesden were excluded the percentage would reduce further. The report followed a set format and means of calculation. AT made clear that the bonus payments referred to were long service awards. LG suggested that other than the housekeeping staff it may be of value to look at staff groupings and see if there were any that showed a greater gender pay gap than others, or if the differences were across all levels of the organisation. SD thought this a helpful suggestion and worth considering for the newly formed SLT. It was noted that the report was based on data from the prior year. The Committee noted the improvement to the gender pay gap.</p> <p><b>II. Staff Survey</b> The staff survey which was completed in December 2023 included the same sets of questions as previous surveys to allow for longitudinal comparisons. The response rate was still quite low at 38%. Three areas were now in the A quartile (though percentages for these were still quite low). Positive progress had been made on appraisal, training and development. AT highlighted three areas where there was decline which were purpose and structure, EDI, and working conditions. FA noted that there did seem to be a corporate fatigue for EDI more generally outside of the college and that this may be an influence. He suggested that it would be key to focus on interventions that were most impactful and really mattered to colleagues. AT said she would feed this back into the EDI Steering Group.</p> <p>LG welcomed the positive progress in many areas. She suggested sharing the results in full through managers with staff to better understand why certain responses were low. She noted that communication was a persistently stubborn area which had consistently remained with a low satisfaction rating. AT said that the survey results were usually fed back at SLT Roadshows which not all staff attended. She welcomed the suggestion of feeding back through managers at team meetings. She thought that there may be some focus group and survey fatigue as the staff survey also coincided with the Investors In People (IIP) survey and that the timing of the survey if brought forward may achieve a better response rate. The distance travelled over the past three years was celebrated as this showed some significant change in some areas.</p> <p>AP supported LG's suggestion on feeding back results to the staff and that this process can be used to engage staff, gain their suggestions for improvements, and increase the response rate for the next survey. SD mentioned that he was currently doing a short</p>

	<p>pulse survey on happiness each week and that a new internal communications strategy was being developed. Health and well-being aspects of Health &amp; Safety were also being considered with strategies to reduce the amount of sickness absence from mental health related illness. The Committee noted the positive progress made.</p> <p><b>III. HR Risk Register</b> This risk register had not changed significantly from the previous version. The key risk was the failure to recruit to permanent vacancies. SD said that he was expecting this risk to diminish over time as a result of the pay settlement for next year, fractionalisation, improved curriculum planning, increases in productivity and being more skilled at recruitment. AP asked about the timing of this year’s recruitment campaign. AT confirmed that it was planned to go live straight after Easter.</p> <p><b>IV. HR Balance Score Card</b> AT presented these KPIs. Sickness absence had increased, but this was thought to be influenced by improved reporting and may increase further. LG asked what the staff turnover rate was to provide some context. AT was not sure and committed to finding out. The Committee discussed the remuneration and rewards KPI and concluded that this was not yet met though the college was in the middle (50%) of colleges nationally. It was discussed that a better KPI might be just to include London colleges as it was likely that ranking 50% nationally would place UCG in a lower position against London only colleges.</p>
7	<p><b>AoB</b> At the previous meeting a contract approval had been sought for the procurement of replacement decking at the Paddington campus. The estimate for this work was £350k. The preferred tender through an open procurement process had resulted in a price of £549k. AT sought the committees reapproval of this contract noting the expenditure would be met from grant funding which needed to be spent within a specific time period and could not be spent on other buildings that were not going to be retained in the medium term. <b>The Committee resolved to re-approve the contract.</b></p>
8	<p><b>Date of next meeting</b></p> <p><b>19 June 2024</b></p> <p>Meeting closed at 7.45 pm</p>

Minutes taken by Zoë Lawrence 21 March 2024

**SIGNED:** .....

**Date:**

**Franklin Asante, Chair**

**ACTIONS**

Ref	Action	Owner	Status
4	To provide a statement or service contract (or MOU) defining the commercial activities of CWC Enterprises and evidencing the power and authority of CWC Enterprises to enter into	AT/SD	

	arrangements in respect of UCG property. This paper should also set out the amount and type of non-commercial activity formerly accounted to CWC Enterprises which would be included in UCG accounts this financial year clearly setting out the reasons why this is a valid change. This paper is to be provided to the June meeting of this committee		
5vii	To look into the option of reducing the number of units in the OOC as a means to reducing the level of business rates.	AT	
6iv	To report the staff turnover rate for the next meeting	AT	