

CORPORATION BOARD of UNITED COLLEGES GROUP
Wednesday 14 December 2022, 6 pm – By Zoom

Members Present: Stephen Davis (CEO), Alex Fyfe, Tony Johnston (Chair), Derrick Betts, Colin Smith, Max Maalimey, Nadia Babar, Ross Mackenzie, Elom Tay, Franklin Asante, Patricia Aquino (student governor), Grainne Brankin, Grethe Woodward, Liz Jones, and Alastair Procter.

In attendance: Zoë Lawrence, Claire Collins, Amanda Thorneycroft, James Wilson, Angela Jackson, Paul Bradley.

| | |
|----------|---|
| 1 | <p>PROCEDURAL</p> <p>Welcome and apologies for absence Apologies had been received from Jessie Turnbull, Laura Griffin, Amish Nathwani, Angela Drisdale Gordon, Desmond Bishop, Jessie Turnbull and Kieran Joseph.</p> <p>The Chair welcomed new governors Grethe Woodward, Liz Jones, Alastair Procter and Patricia Aquino to the meeting.</p> |
| 2 | <p>Declarations of Interest in the agenda items None where declared.</p> |
| 3 | <p>I. Approval of Corporation minutes <i>(Draft minutes were circulated in advance)</i> The draft minutes of meeting held on 19 October 2022 were approved as an accurate record.</p> <p>II. Matters arising The only matter arising concerned extending the invitation for the Black Leadership Group training to all governors. This had been completed and the first of the two sessions had taken place.</p> <p>III. Governor appointments TJ updated the Corporation on the resignation of Natalie Dweh as a governor with immediate effect due to personal and work-related reasons. Members thanked Natalie for her time and commitment to the college during her tenure as a governor and hoped that she would remain involved with the college. The appointment of Grethe Woodward and Liz Jones as co-opted members of the Corporation to become full independent members with immediate effect had been recommended by the GSR Committee. The appointments were ratified by the Corporation.</p> <p>IV. Request to raise Grey Box items Members were asked if they would like to raise any items in the Grey Box which were provided for information. No items were raised.</p> |
| 4 | <p>STRATEGIC</p> <p>I. CEO Report / Balance Score Card <i>(Paper circulated in advance)</i> SD's paper included some student vignettes for each career cluster. Some of these demonstrated the obstacles overcome by certain students to be able to succeed in their course of study. SD also highlighted the supported internships and partnership working with</p> |

other colleges and employer representative bodies. AF asked how the partnership with one of the colleges would benefit UCG students. SD explained that it would enable student progression, and end point assessment for apprenticeships through the sharing of specialist equipment and facilities saving additional capital investment. TJ said that he was impressed by the determination of the Ukrainian student mentioned in the vignettes and that it was rewarding to see the impact the college was having. He also asked about whether the engagement with employers was consistent for all career clusters. SD explained that there was less engagement with digital and health and social care industries. Ofsted concluded that employer links were good, but it was delivery in the classroom that was inconsistent. SD also mentioned the transition to T levels, and that the introduction of T levels was happening slower than the applied FE programmes were being withdrawn. The uptake of T levels was also not at the rate anticipated so this may impact income in future years. It was noted that over 80% of students had moved to a positive destination post studying at UCG.

SD highlighted progress made on the BSC and in the four strategic areas. This was intended to provide clear metrics and transparency on performance throughout the organisation. He said it was the intention for the SAR gradings to be good by the end of the academic year with improvements to achievement and attendance. It may not be possible to reach the Value Added target. The financial health ratings were impacted by borrowing for the Wembley redevelopment which had been anticipated. SD was pleased to announce receipt of capital grant funding of £1.8m, plus the £12.5m for the Wembley project had also been confirmed that day. This may help with the decant cost at Willesden and provides some security for the project overall. TJ thanked the SLT and other managers for their hard work on the grant bid which had spanned more than one academic year. AT highlighted that the payroll ratio was behind but was expecting this to level out.

AF asked if the re-phasing of the income for Wembley Park would be beneficial later in the year but acknowledged that it would not impact the financial statements for 2021/22. AT said that it was too early to speculate at this point as they had only found out about the additional grant money that day. It may be a possibility that the grant funding could be used in place of the RCF, but this was currently uncertain. The ONS reclassification of colleges had also included a re-profiling of payments evenly over the year to prevent the cash flow swing in Spring each year, but this would be phased in and would not be immediate.

ET challenged the RAG ratings in the short and longer term for the financial health grade. It was stressed that the poor financial health grade was a direct result of loans and cash flow for the Wembley Park Project and was not an indication of poor financial control or risk of insolvency. SD reminded members that the BSC linked directly to the SPH objectives.

II. College Operational Plan

(Paper circulated in advance)

PB provided a summary of the progress made in developing the college operational plan. The aim of the process was to ensure transparency and triangulation across leadership and management and a cohesion of approach throughout the organisation. It was a new process with the BSC as the starting point. The college operational plan had been developed with input from 100 managers. This was a new approach for many people and the current version needed more harmonisation and moderation before there was alignment between the BSC and individual objectives which would be taken forward through the performance review cycle. There was focus to ensure that the plan was central and that work to deliver it was prioritised. Further work would include a performance dashboard. The risk control, and internal audit groups were linking with the plan to provide business assurance.

ET commented that this was a useful plan and congratulated the work of the SLT. He asked what the impact was of certain lines being rated amber, and that there would be interdependencies which need to be recognised. He suggested MIS and technology initiatives to support other areas of business as examples. PB welcomed these observations and acknowledged more work needed to be done on the risk profiles and interdependencies. SD commented that there were also capability issues to manage as this was seen as being quite complicated by some managers. There was a need to keep it as simple as possible. It would be an iterative process and need to link with workforce planning and CPD.

III. Strategic Risk Register

(Strategic risks circulated in advance)

SD highlighted that the new risk management policy had been audited and received significant assurance. The report was included in the papers for this meeting. Overall, the risk register had not changed significantly since the October meeting, except for one risk being removed, and others reduced slightly. Members noted the risk register.

5 COMMITTEE MATTERS

Teaching Learning and Skills Committee

(Papers circulated in advance)

I. Ofsted Inspection

SD provided some context for this recent inspection which was UCG's first full inspection since December 2019. During the intervening period there had been changes in leadership and the pandemic which had slowed progress. However, the inspectors did identify that progress had been made and they had welcomed the BSC, performance delivery review, College Plan 2024, and that business was being taken forward in a holistic and focussed manner with reconfigured curriculum centred on the world of work. AJ presented slides which provided a summary of the inspection which involved 14 inspectors across 4 days in all campuses except Kings Cross. She highlighted the main strengths and weaknesses identified and the actions that were being taken forward. One of the main themes for improvement concerned the quality of teaching including teaching techniques, giving students feedback so they know how to improve. Strategies for attendance and punctuality were also not consistently embedded. The Ofsted report was expected in mid-January.

CS commented that the SAR validation meeting was scheduled to be at the time of the Ofsted Inspection. He asked how closely aligned it was to the Ofsted grades? SD said that there was general alignment, though the grade for high need learners was unexpected and it was pleasing for apprenticeships to be graded good. CS followed up by asking if SD thought that middle managers would accept the Ofsted ratings. SD said that the feedback on leadership and management was better than 2019. The initiative to 'grow your own' was gathering pace, but still needed more time. Some of these managers needed the right support and would develop over time. At the previous Ofsted inspection all middle managers were underperforming. For this one it was a far smaller proportion. It was noted that adult and apprenticeship provision was rated as good which constituted 72% of the college's provision so a vast majority was good. SD said that what was needed was a forensic review of teaching, learning and assessment in the classroom to ensure consistency.

AP asked if there were any similar underlying issues which were affecting middle managers and teaching skills or were there no patterns. SD said that some of the issues were legacy ones regarding labour mix of permanent and hourly paid staff. There has also had not been

| | |
|---|---|
| | <p>the infrastructure to manage capability. The current PDR process had not been in place very long. RM had similar questions regarding why UCG had not reached certain actions, plus how the outcome might impact UCG’s competitive position in London. SD said that he was aware of other recently inspected colleges in London receiving good gradings. One of these offered significantly higher teacher salaries. Overall, it was hoped that the planning processes in place would be a key driver to improving performance and generating accountability. MM asked how the impact of SLT on middle managers was assessed. SD explained that inspectors noted that the intent was good, but implementation and impact were inconsistent.</p> <p>TJ thanked the SLT for the huge amount of work and commitment that went into the inspection days, particularly thanking the nominees AJ and JW.</p> <p>II. Self-Assessment Review</p> <p>Much of the SAR had been covered in the discussion on the previous item. TJ asked if a review of the SAR could be undertaken towards the end of this academic year to judge progress made. SD said that an abridged version would be possible as the datasets for achievement and destination would not be available at that time. GW asked how the actions from the SAR would be monitored. SD said that this vehicle for this was the College Operational Plan and there would also be reports to the TLS Committee.</p> <p>III. Link Governor Feedback</p> <p>In the interest of time this item was deferred to the Strategy Event on 21 January 2023.</p> |
| 6 | <p>Property & Infrastructure</p> <p>I. Project Update <i>(Paper circulated in advance)</i></p> <p>SD provided an update on the project and highlighted the main outstanding issues. He confirmed that the £12.5m capital grant had been awarded to UCG. Overall, the project was on track with planning expected to be ready for mid-January. Discussions with the council had centred on the landscaping of the area in front of the building in a way that would minimise problems on match and event days at Wembley Stadium. Consideration was also being given to this area for safeguarding, access and security purposes. The architects were also looking at the use of escalators, which whilst being more expensive than stairs provided more ease of travel through the building minimising the need for additional elevators. A cantilever bridge had been removed which saved money as part of VE. The overall functionality was still being achieved with the lower square footage though more conversations were needed on the configuration of teaching spaces. A public consultation event had taken place on 7 December. There was a low turnout. The next Property & Infrastructure Committee was on 8 February 2023. Members noted the update report.</p> |
| 7 | <p>Finance & Resources Committee</p> <p>I. ONS Reclassification <i>(Letter circulated in advance)</i></p> <p>Members were aware of the ONS reclassification of FE Colleges which came into immediate effect on 29 November 2022. As part of this it was now necessary for FE Colleges to have DfE permission before entering into or drawing down on any commercial borrowing. This was directly impacting UCG as it would be necessary to draw down on the RCF for the first time in the coming months to fund the decant at Wembley and manage cash flow. A request for permission had been made but a response was not expected until mid-January. AF commented that generally it was not practicable to wait for a month for permission to drawdown on a facility and asked how this could be escalated within the ESFA/DfE. AT said</p> |

that she was not sure at this point what the outcome of the request would be, whether DfE would provide the funding or permission would be granted. She thought the former may be possible but on an incremental basis as daily cash flow information had been requested. It was a possibility if the £12.5m capital grant was provided that this could be used and the RCF would no longer be needed. AF commented about taking the proceeds from the sale of Queen's Park back into reserves at the end of the project and whether this would be impacted. SD said that it was likely to be used for capital assets so would be within requirements.

ET asked if the bridging loan from Brent would be impacted. AT confirmed that it would as it was a commercial arrangement. This would be addressed in due course, but it may be possible for UCG to borrow directly removing the need for Brent's involvement. DfE may also provide the bridging finance. DfE and EFSA have been appraised of the project throughout with detailed financial information shared.

II. External Auditors Report: Financial Statements Audit and Regularity Findings Report 2022 *(Report circulated in advance)*

Following the F&R/Audit Committee meeting on 30 November, the external auditors were content with their report and to sign off the financial statements pending two issues. The first of these was the GLA AEB audit. Confirmation had now been received from the auditors that there would be no adjustments. The second issue regarded the ONS reclassification, and the impact of permission needed to draw down on the RCF on the college as a going concern. Due to the DfE being unable to respond to the request for permission until mid-January, it had been agreed with them that the deadline for submitting the financial statements would be extended to 31 January 2023. It was anticipated that in this time period that either permission would be granted for the RCF, or alternative arrangements made which would enable the external auditors and the Corporation to confirm UCG as a going concern. It was agreed that pending this outcome and therefore the conditionality statement as a going concern being removed, with no changes to the numbers, the financial statements, and letters of representation could be signed. It may also be necessary to update any post balance sheet events. It was noted that the trigger that would usually place a college into intervention if financial statements were submitted late no longer applied. SD reported that UCG was not the only college in this position, there were numerous others.

It was also now not possible for the Corporation to authorise a letter of support to a subsidiary company without DfE permission. This would now be done through the Corporation minutes. This minute thereby confirm that it is UCG's current intention to provide financial support as required to CWC Enterprises for a period of at least 12 months from the date of approval of the financial statements of the company for the year ended 31 July 2022.

III. UCG/ CWC Enterprises Financial Statements for year ending 31 July 2022 *(Financial statements circulated in advance)*

As referred under the previous item a conditionality statement as a going concern had been included in the current version of the Financial Statements. Once the position on borrowing was resolved, this would be removed, and the statements signed and submitted by 31 January 2023. Further cash flows would be provided to account for these changes in due course.

Members approved the financial statements on this premise.

IV. Management Accounts (October) *(Accounts circulated in advance)*

| | |
|-----------|--|
| | <p>AT reported that the management accounts for October were generally positive being strong on income. There was a positive variance on payroll, but this was likely to erode over time. TJ asked when the pay award and increased utility costs would be reflected in the management accounts. AT said that the pay award would be made in December so it would be in the December accounts. A further full reforecast would take place in the Spring term based on the December management accounts. Members noted the accounts and commentary.</p> |
| 8 | <p>Audit Committee</p> <p>I. Audit Committee Annual Report <i>(Report circulated in advance)</i></p> <p>DB presented the Audit Committee Annual Report to the Corporation. The Committee had met four times with 100% attendance. The external auditors were in their second year, and new internal auditors had been appointed in 2021/22. Disappointment was expressed regarding the delay to receiving a cybersecurity audit report, but members welcomed the deep dives and the improvements to the risk management policy. Members approved the report for submission to the ESFA.</p> |
| 11 | <p>AoB</p> <p>The date of the next meeting 29 March 2023</p> <p>The meeting closed at 8.09 pm</p> |

Minutes taken by Zoë Lawrence 15/12/2022

SIGNED: **Date:**

Tony Johnston, Chair

ACTIONS

| Ref | Action | Owner | Status |
|-----|--------|-------|--------|
| | | | |
| | | | |