



**USP College Corporation
Finance and Resources Committee**

**Minutes of the Meeting held on Tuesday 13 October 2020
Meeting held via Microsoft Teams
Meeting commenced: 16.00hrs
Meeting ended: 17.30hrs**

Present

Phillip Lennon	Independent Member	Chair
Gordon Haines	Independent Member	
Ralph Henderson	Independent Member	
Dan Pearson	Principal & Chief Executive	

Not attending

John Baker	Independent Member
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In attendance

Steven Hendy	Chief Operating Officer (COO)
John Revill	Vice Principal Partnerships, Funding & Business Planning (VP P,F&BP)
Clare White	Deputy Principal Corporate & Student Services (DP C&SS)
Murray Higgs	Head of Estates & Facilities (HofE&F)
Lorraine Stoten	Head of Human Resources (HofHR)
Molly Makota	Head of Finance (HofF)

Clerk

Sue Glover	Clerk to the Corporation
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FRC.29.20 Declaration of Interest

Members and officers were reminded of the need to declare any personal or financial interest in any item to be considered during the meeting.

Ralph Henderson advised that he is a Director of Rugby at Thurrock Rugby Club, President of William Edwards' Alumni and a member of the William Edwards' Trust.

There were no other declarations of interest.

FRC.30.20 Apologies for absence

There were no apologies received for the meeting, but it was noted that John Baker was not attending.

FRC.31.20 Unconfirmed minutes of the meeting held on 23 June 2020

The minutes of the meeting were approved and signed as a correct record.

FRC.32.20 Matters arising and action points from the minutes of the previous meeting

Members reviewed the action points arising from the meeting, noting the items that would be dealt with under this agenda.

The COO advised that the College had appointed legal advisers to review the initial Heads of Terms for the sublease for HARP and subsequently, at the request of the William Palmers Trust, were appointed to conduct the full review process of the lease. The delay in the process had been due to the Letter of Engagement with the legal advisers being put in place. It is anticipated the review of the lease will be complete by early next month and will then be presented to the Committee.

It was agreed that all actions had been satisfactorily completed and that there were no other matters arising from the minutes of the previous meeting.

FRC.33.20 Health and Safety Report – Autumn Term 2020

The Head of Estates & Facilities (HofE&F) presented for consideration a report to update members on the current Health and Safety position and activities at the College since June 2020.

Members were advised that the report was presented in two parts, giving the position and activities at the College before and after the Covid-19 lockdown.

Members reviewed the detail of the reports, noting:

- a total of two accidents have been reported through the College's internal reporting system up until the College closure
- the College remains adequately covered with first aid trained personnel, although more volunteers are still actively being recruited to train to ensure individuals are not overburdened with calls affecting their normal key operational functions. First Aiders are receiving additional support and PPE throughout the current situation
- the fire alarm installations and firefighting equipment function correctly and have been tested and inspected as required throughout the shutdown period. There have been no fire drills during this reporting period due to the College closure
- statutory and service inspections have continued to be carried out during the shutdown period
- following actions taken to remove the presence of legionella at the Palmer's campus, water systems were considered suitable for re-opening across the campuses
- a recent Environment Health inspection at Seevic achieved a five star rating
- the Covid-19 reopening risk assessment has been reviewed and updated following confirmation of operational and management decisions
- a number of confirmed Covid-19 cases have been identified among staff and students and swift action taken in accordance with NHS guidance, which has resulted in self-isolation of staff and students in certain areas of the college including some curriculum areas adversely affected, but the curriculum has been able to quickly switch to online delivery in these areas

Members discussed the issues raised and, in response to questions, were advised that:

- the five star rating for the Seevic catering was achieved whilst the College was preparing to re-open the areas for students and a complete change of menu; the Palmer's campus has already achieved a five star rating
- there are no significant building operations underway at the College
- there has been one RIDDOR reported accident during the term

- once Covid-19 cases are confirmed in writing, they are shared with either Essex or Thurrock NHS Test and Trace teams, depending on the campus, who have continued to advise on action to be taken with confirmed cases
- the Business curriculum 'bubble' and the A level year 2 'bubble' at the Palmers campus were the areas adversely affected resulting in the eventual suspension of onsite activities. The curriculum was able to quickly switch to online delivery in these areas
- the student population as a whole have adapted well to online delivery and are compliant with the processes in place to safeguard their welfare and safety
- a fire drill is recommended to be carried out during the autumn term, details of how this is to be carried out without breaking Covid-19 'bubbles' and ensuring social distancing in assembly areas is currently being assessed

The Committee agreed that the health and safety and security measures put in place to safeguard the College, staff and students following the reopening of both campuses continue to be appropriate. Members took the opportunity to thank the (HofE&F) for the excellent work that he and his team continue to do during this period and asked that thanks on behalf of the Committee and Board are passed on to his team.

Health and Safety Policy

The HofE&F presented for consideration and approval the Health and Safety Policy.

Members reviewed the document, noting the amendments made. It was agreed there were no further amendments required and that authority is delegated to the Chair of the Corporation and Principal to sign the Statement of Intent in order to remain compliant.

Resolved

The Finance and Resources Committee

- agreed to receive and note the report
- approves and recommends to the Corporation Board for approval the Health and Safety Policy
- delegates authority to the Chair of the Corporation and Principal to sign the Statement of Intent (page 1 of the policy) prior to formal approval of the whole policy by the Corporation Board, in order to remain compliant

Murray Higgs left the meeting

FRC.34.20 Annual Report on Human Resources – 2019/20

The Head of Human Resources (HofHR) presented for consideration and approval the annual report on Human Resources for 2019/20.

Members were advised that the report identifies key activities undertaken by the Human Resources function in relation to staff related matters during the academic year 2019/20, including Covid-19 related activities and to highlight areas of priority in relation to activity for 2020/21.

Members reviewed the report, noting details with regard to the many aspects of the staff profile.

Members discussed the issues raised and, in response to questions, were advised that:

- as the Association of Colleges (AoC) workforce survey publication has been delayed due to Covid-19, the benchmarking statistics are taken from the 2018/19 USP college data and the AoC workforce survey for the academic year 2017/18. The AoC Workforce Survey was expected in the Summer 2020 and is not yet available
- the total number of leavers in this year compared to last year has decreased from 127 leavers; overall the workforce has decreased by 4.25%
- the average number of sick days lost in 2019/20 is broadly in line with the AoC Workforce Survey 2017/8 and, although the total sick events in 2019/20 is higher than in 2018/19, there is a decrease in Total Sick Days of 11% from the previous year
- the reduction in temporary agency spend was achieved through direct recruitment of staff at the beginning of the academic year, as opposed to the previous year which relied on long term cover by agency staff
- recruitment of teaching staff had been delayed from earlier in the year due to Covid-19, and took place in September which has fallen out of the scope of this report and therefore may have given a deceptive indication of losing curriculum teaching staff
- some further analysis will need to be done to better understand the reasons why staff are leaving

Members reviewed the Covid-19 Strategy, noting the number of new initiatives and adapted processes put in place to support staff during campus closure, which included

- Staff training and safeguarding induction
- Safer recruitment
- New Staff Bereavement Policy
- Wellbeing and Engagement
- Self-care one to one sessions
- Government Job Retention Scheme

Members discussed the issues raised and, in response to questions, were advised that

- Over the summer break, HR have continued to support staff, to give advice with a 1:1 meetings and have managed to continue to operate business as usual
- The main concern is the health and safety of staff and their mental health
- Staff have found the communication and collaboration with HR to be reassuring and very supportive
- The regular staff bulletins have been positively received by staff. It was noted these have also been circulated to governors who have found them helpful in being kept up to date with issues relating to Covid and staff of the college

The Committee commended the continuing support given to staff and range of initiatives in place to support staff during the Covid-19 pandemic and the College closure.

Resolved

The Finance and Resources Committee approves and recommends to the Corporation Board the annual report on Human Resources for 2019/20

Clare White and Lorraine Stoten left the meeting

FRC.35.20 Financial Reporting – Management Accounts to July 2020

The Head of Finance (HofF) presented for consideration the management accounts to 31 July 2020.

Members were advised that these accounts are a first draft and subject to adjustments resulting from the ongoing year-end audit and the final financial statements for 2019/20 would be presented to the next meeting.

Members were advised that

- the outturn for 2019/20 shows an underlying operating deficit of £749k, before exceptional items
- after exceptional items, the operating deficit is £910k, (compared to a forecast operating deficit of £602kk
- the current overall adverse variance against the forecast outturn is largely due to the adverse impact of Covid-19 and relates to the reduction in Tuition Fees income and Higher Education income and increase in depreciation costs
- the FRS 102 adjustment has not been processed and will form part of the further work to be completed
- the group cash position at the end of July 2020 was £977k
- the group is showing net current liabilities of £301k, although this position is likely to change as a result of ongoing work being carried out to finalise the end of year accounts

Members reviewed the detail of the report, noting in particular

- financial KPI dashboard
- financial performance summary
- monthly comparison of key performance indicators 2019/20
- Income & Expenditure account
- summarised consolidated rolling year cash flow 2020/21
- Balance Sheet
- Cash flow reconciliation
- Analysis of curriculum area and support area performance
- analysis of significant year to date variances
- Capital programme performance summary
- ITEC Apprenticeship Provision
- College financial health

It was noted that the ITEC management accounts are currently under review in the light of Covid-19 with early predictions showing targets will not be met.

Members discussed the issues raised and, in response to questions, were advised that

- as previously indicated, members had been advised that one of the bank loan covenants was predicted to be in breach and the bank had planned to issue a waiver letter. As advised recently to the Board, the bank has advised that the college is not in breach and have provided this in writing, which has been shared with the auditors. In addition, the bank have been asked to provide their calculation of how they have calculated whether the college is in breach or not so that it can be aligned with the college's calculation
- the number of creditor days had increased to 59 days, which is above the funding body requirements of 35 days; however, this position has subsequently improved

- cashflow still shows negative by next March, which is the normal 'pinch point' in the academic year. The recent Capital Condition funding of £800k, although required to be spent by the end of March, will enable the College to manage its cash flow through this period and, in addition following renegotiations with the bank, there will be additional cash available
- although still an initial draft, the main element contributing to the 'worst-case scenario' in the year end outturn is the depreciation adjustment of £245k. This is due to the issue with fixed assets as highlighted by Buzzacott in last year's audit report, where a number of items had not been capitalised and/or depreciated correctly. Following a reconciliation exercise by Finance this issue has now been resolved, resulting in the depreciation charge being adjusted for these items
- the year-end Audit is proceeding well so far with no issues

FRC.36.20 Financial Reporting – Financial Update October 2020

The COO presented for consideration a report detailing the updates to key financial matters in addition to the latest Management Accounts already presented and discussed.

The Committee was advised that

- the current expected financial outturn before the pension liability adjustment is likely to be £800k, subject to final year-end adjustments
- the key reasons for the decline in the financial position include
 - lower Provider Relief Scheme funding
 - reductions to HE income
 - lower Apprenticeships funding
 - no annual capital support from the Trust
 - in-year adjustments to depreciation following a fixed asset review
 - reduction to full cost tuition income and other additional Covid-19 costs
- the impact of the pension liability on the year end is significant, and will show an increase to the current deficit of circa £3.7m
- an update on the 2020/21 budget and funding had recently been given to the Board, but since this meeting members were advised that a request has been received from the ESFA for an Independent Training Provider Financial Plan to be submitted for ITEC; this will be submitted by 9 October 2020
- Glenny LLP have been managing the land sale process, which has been delayed due to Covid-19. Discussions have now commenced again with Castle Point Borough Council and a meeting has been arranged during the first week of November
- Agreement has been reached on the lease for the Canvey Skills Centre for a break clauses every 25 years with an assurance given that the College can assign the lease to another educational provider prior to that date. In addition, confirmation has been given that the tenant break clause can only be implemented if the College is in breach of its service level agreement. The funding which is being redirected from SELEP for refurbishment will be secured once the lease is in place. It is anticipated that the final lease will be available for review by 20 October 2020 and members were reminded that the Board delegated authority to the Chair of the Corporation and Principal to sign the lease, following a review by this committee or the Finance Executive Group.

Agreed

The Finance and Resources Committee agreed to receive and note

- the July 2020 management accounts
- the financial update for October 2020

FRC.37.20 Financial Sustainability of Colleges – National Audit Office (NAO)

The COO presented for information a summary a report produced by the NAO on financial sustainability of colleges in England.

Members reviewed the detail of the report, noting

- Introduction
- Key Facts & Focus
- Key Findings
- Recommendations
- Full Report Link

In discussion, it was agreed that the report had been very helpful in providing context around the financial sustainability of colleges.

Agreed

The Finance and Resources Committee agreed to receive and note the report.

FRC.38.20 Insurance Review 2020/21

The COO presented a report which gave an update on the current insurance arrangements for 2020/21 following the recent insurance review.

Members were advised that despite the long standing and good relationship with Hayes Parsons Insurance Brokers, it was timely for the college to go out to market, particularly as a new insurance broker specialising in the education sector had been brokering significant savings for colleges.

Members reviewed the detail of the report, noting that

- invitations to quote were sent to
 - Hayes Parsons
 - FE Protect
 - Marsh
- Hayes Parsons and FE Protect submitted a quote, but Marsh declined
- the quotes received were
 - Hayes Parsons £108k (main insurer Travellers)
 - FE Protect £72k (main insurer Aviva)

The saving by Hayes Parsons against the 2019/20 premium was £7k and for FE Protect it was £43k. It had become evident during discussions that Hayes Parsons terms were based on more commercial terms, whereas the FE Protect included high discounts for the low claim rate established within the education sector which allows Aviva to offer more favourable terms. FE Protect also included cover for the Canvey Skills Centre, which was negotiated in July 2020.

The College appointed FE Protect in July 2020 as the new insurance brokers for USP College with insurance cover provided by Aviva. It was noted that the cover is in place from 1 August 2020 to 31 July 2021 and includes Seevic and Palmers campuses, ITEC and Canvey Skills Centre.

Members agreed that the outcome of the tender exercise had been successful in securing a more competitive insurance premium for the college.

Members reviewed the supporting insurance policy schedule and commented that cyber insurance did not appear to have been selected when it would probably have been sensible to in view of the college's digital strategy. It was also not clear whether ITEC's building was included under the building insurance. The COO was certain that these were both included, but would check the policy schedule and confirm to the committee outside of the meeting.

Post Meeting Note – confirmation circulated to members on 19 October 2020 to confirm that

- Cyber insurance is in place
- ITEC's building is insured by the landlord with costs incorporated as part of the lease

Agreed

The Finance and Resources Committee agreed to receive and note the report.

FRC.39.20 Any Other Business

There were no items of any other business.

FRC.40.20 Dates of scheduled meetings of the Finance and Resources Committee 2020/21

Tuesday 24 November 2020

Tuesday 2 March 2021

Tuesday 22 June 2021

All meetings commence at 4pm unless otherwise stated.

SIGNED AS A CORRECT RECORD:



DATE: 24 November 2020