



**USP College Corporation  
Finance and Resources Committee**

**Minutes of the Meeting held on Tuesday 2 March 2021  
via Microsoft Teams  
Meeting commenced: 16.00hrs  
Meeting ended: 18.00hrs**

**Present**

Phillip Lennon	Independent Member	Chair
Gordon Haines	Independent Member	
Sean Cotter	Independent Member	
Dan Pearson	Principal & Chief Executive	

**Apologies for absence**

Ralph Henderson	Independent Member
John Baker	Independent Member

**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)
Lorraine Stoten	Head of Human Resources (HofHR)
Murray Higgs	Head of Estates & Facilities (HofE)

**Clerk**

Sue Glover	Clerk to the Corporation
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**FRC.01.21 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.

There were no declarations of interest.

**FRC.02.21 Apologies for absence**

Apologies for absence were received from

- John Baker
- Ralph Henderson

The Finance and Resources Committee agreed to accept the apologies for absence.

**FRC.03.21 Unconfirmed minutes of the meeting held on 24 November 2020**

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

**FRC.04.21 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 work has been continuing by the lawyers on the sublease for HARP. During this work, the legal team realised that the main lease between Palmer's Trust and the College was still in the name of Seevic College and it was agreed not to finalise the lease with HARP until the original long lease has been amended to reflect USP College. This has incurred a cost of circa £2k, which the Trust do not wish to pay as they maintain it was our decision to change the name of the College, albeit there is the argument that it is the Trust's lease. In order not to delay the sublease with HARP any further, the College has paid the legal fee and, should the Trust reconsider making payment of the fee, they will reimburse the College.

Work will continue to finalise the sublease and be presented to the Committee at the next meeting.

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

**FRC.05.21 College Re-start Plan and Test Centre Update**

The DP C&SS presented a report providing an update on the College's Re-start Plan and Test Centre.

Members were given a summary of the:

- Covid-19 mass testing rollout plan
- completed key activity and key activity in progress, including College -wide risk assessments
- College re-opening (post national lockdown) plan
- proposed curriculum delivery plan

Members reviewed the detail of the report, noting:

- that students return to onsite learning w/c 8 March in line with current government guidance
- that testing up to 19 February had resulted in 1 positive result
- the current proportion of live lessons using MS Teams or Vscene
- that students will attend in line with their current timetables, the vast majority of learning for vocational students taking place on site and academic students receiving at least two thirds of their sessions on site

The HofE advised that all risk assessments have been updated and finalised to ensure the safe return to College for staff and students.

In discussion, the Committee agreed that all arrangements in place were appropriate and commended the hard work and commitment by staff involved and asked that thanks, on behalf of the Corporation Board, are passed to those involved.

**Agreed**

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

#### **FRC.06.21 Termly Health and Safety Report**

The HofE presented for consideration a report to update members on the current Health and Safety position and activities at the College.

Members reviewed the detail of the report, noting:

- there have been no accidents reported through the College's internal reporting system in 2021 to date as there has been little population on site due to the Covid-19 lockdown
- 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
- the fire alarm installations and firefighting equipment function correctly and are tested and inspected as required through the lockdown period. There have been no fire drills during this report period due to the College closure
- statutory and service inspections have continued during the lockdown

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

- there are some significant building operations underway at the Canvey campus and minor refurbishment works nearing completion at Seevic, including new lights to the Sports Hall
- fire drills will recommence when staff and students have returned to College and it is considered safe to do in the light of social distancing restrictions

Members took the opportunity to thank the HofE for the excellent work done during this period and asked that thanks on behalf of the Committee and Board are passed on to his team.

#### **Agreed**

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

#### **Murray Higgs left the meeting**

#### **FRC.07.21 Termly Human Resources Report**

The HofHR presented for consideration a report to update members on the Human Resources activities for the period 1 September to 31 December 2020.

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

- Total number of staff by gender and job role
- Starters and leavers, including by category
- Short and long term sickness absence

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

- the level of short and long term sickness saw a decrease in each month of total average days per sickness for the same period in 2019
- there was one ACAS Early Conciliation case relating to unpaid holiday during 2018/19 and no Employment Tribunals for the period
- there were no formal grievances raised during the period
- the Covid-19 response strategy in place continues to support staff during campus closure
- restructures that had been on hold due to the lockdown restrictions have now been completed with no issues arising

- there was an overall 44% response to the staff survey undertaken in December 2020, an increase of 1% on the previous year

The Committee agreed it was pleasing to note that there have been positive responses in the staff survey and asked if a summary of the outcomes could be presented at the next meeting.

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

### **Agreed**

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

### **Clare White and Lorraine Stoten left the meeting**

#### **FRC.08.21 Financial Reporting - Management Accounts to January 2021**

The COO presented for consideration the management accounts to 31 January 2021.

Members were advised that:

- the College is currently showing a YTD underlying operating deficit before exceptional items of £414k (budgeted deficit £249k) and an overall historic deficit of £453k (budgeted deficit £273k)
- the current overall adverse variance of £180k is largely due to the adverse impact of Covid-19 and relates to the reduction in apprenticeships, tuition fees and higher education incomes, although the latter is offset by savings made against partnership costs; other income lines impacted include catering and the sports centres
- the forecast is now an operating deficit of £395k

Members reviewed the detail of the report, noting in particular:

- financial KPI dashboard
- financial performance summary
- monthly comparison of key performance indicators
- Income & Expenditure account
- rolling year cash flow
- 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
- Financial Bank Loan Covenants

It was noted the cash position at the end of January is £1.125m, with the end of year cash balance now predicted to be £1.184k, a decrease of £380k against the revised position previously reported. Cash in hand days is 19 days, which is below the funding body requirement for outstanding financial of 25 days.

Members discussed the issues raised, acknowledging that the current deficit was, in the main, attributable to the lockdown restrictions surrounding Covid and, had this not occurred, the College would be on track to achieve budget. It was noted that work will still continue to mitigate the risk of further income losses due to Covid-19.

## **FRC.09.21 Financial Reporting – Financial Update March 2021**

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:

- following the budget review in November 2020, it was agreed that a further financial review would take place in January 2021 to ascertain whether the Colleges financial position had significantly changed, particularly in the light of Covid-19
- the review has resulted in further reductions to income with Apprenticeships and Higher Education seeing low levels of recruitment, with College income from the Sports Centre, Catering Service and Lettings reduced due to the closure
- areas of planned growth in commercial income from ITEC have not materialised due to the lockdown and confirmation has been received that the College will not receive in-year funding for over recruitment as previously thought, due to the funding formula penalising colleges for under recruitment in the prior year
- mitigating action has been taken to protect the financial position as far as possible with savings identified against staffing and non-pay costs. However, given the significance of the reduction to income, the likely scenario is the College will report a deficit at the financial year-end

Members reviewed the detail of the 'best', 'worst' and 'likely' case financial outturn and, in response to questions, were advised that:

- the likely deficit outturn is £335k
- consideration was given to implementing a round of redundancies to further mitigate the deficit outturn, but it was decided this would not be appropriate as current forecasts for the 2021/22 outturn were significantly more positive with additional funding of circa £1m expected
- advice is being sought from auditors as to the correct accounting treatment for the capital grant received for the XTEND project from the LEP. Once agreed, then the whole amount could be released in this financial year as other grant income, which would mitigate the forecasted deficit

Members discussed the issues raised and agreed that, whilst Covid-19 has significantly impacted the College's financial position, the following year is looking very positive. It was agreed that it would be prudent to approve the re-forecasted deficit outturn of £335k, acknowledging that this could be mitigated with the release to income of the LEP capital grant as discussed. The COO would keep the committee advised.

The Committee was advised that:

- the College continues to work towards improving the cash position by July 2021, helped by the 12 month capital repayment holiday now agreed with the bank, delaying capital investment until the summer period and reviewing IT leasing options for the Canvey campus rather than outright purchase
- as previously reported, the College was seeking additional borrowing of £500k as part of the proposed loan refinancing or alternatively an overdraft facility of £500k covering the period up to April 2021. Currently, neither have been agreed as the bank continue to review the position, but reassurance has been given that the bank will provide financial support if necessary

- the bank is only currently looking at refinancing our current loans and not the proposed additional borrowing or overdraft facility; the outcome is expected beginning of March once new revised bank covenants have been agreed
- the College has the option of short-term finance through Whitehall Finance of up to £500k
- the land sale has been delayed inevitably due to Covid-19
- the XTEND project at the Canvey campus is underway with Fusion Project Management delivering the project

Members were updated on the current enrolment position, noting that the College is currently 138 over its allocation.

### **Resolved**

The Finance and Resources Committee agreed to

- receive and note
  - the January 2021 management accounts
  - the financial update for March 2021
- approve and recommend to the Corporation Board for approval the revised forecasted deficit outturn for 2020/21 of £335k

### **FRC.10.21 Property Strategy 2021-2026**

The COO presented for consideration and approval, the updated Property Strategy for 2021-2026.

Members were advised that:

- the current Property Strategy had been prepared by Fusion Project Management for approval in 2018 and the plan was to update this by June 2021 covering five years in line with the current strategy
- the ESFA have recently released the next round of capital bids relating to the Capital Transformation Fund, which is funding available to colleges who wish to bid for capital funding to upgrade the college estate
- to be considered for funding, eligible colleges must have an approved up to date Property Strategy

Members reviewed the detail of the Property Strategy, noting that the strategy itself has not been amended significantly from the previous version at this time, but changes have been made where appropriate to dates and proposed projects. Updates relating to the Canvey campus and space utilisation will be carried out during the full review. It was agreed that changes made were current and relevant and there was nothing further to add.

### **Resolved**

The Finance and Resources Committee approves and recommends to the Corporation for approval the updated Property Strategy 2021-2026

The Chair of the Committee advised that as the meeting had reached 2 hours of discussion due to the length of time that had been required on the issue of the revised budget, it would not be appropriate to continue with the following remaining items on the agenda:

- the Financial Regulations
- Financial Strategy 2021-2026
- XTEND project

It was agreed that these would be deferred to the next meeting in June, but it was suggested that the Finance Executive Group could meet in April to consider the Financial Strategy in detail before it is presented to the Committee.

**FRC.11.21 Any Other Business**

The Principal advised that there is requirement for a highly bespoke screen wall to be purchased for the XTEND project at Canvey to enable multiple teaching disciplines. The cost is circa £60k. The Committee was asked to consider allowing procurement from a single supplier rather than having to go out to tender, which is the normal process under the College's Financial Regulations. The main reason for resorting to single sourcing was the lack of qualified suppliers for this highly bespoke equipment.

After discussion, members agreed to delegate authority to the Chair of the Committee to approve this single source procurement subject to the COO providing the appropriate documentation and rationale.

There were no other items of any other business.

**FRC.12.21 Dates of scheduled meetings of the Finance and Resources Committee 2020/21**

Tuesday 22 June 2021

All meetings commence at 4pm unless otherwise stated.

**SIGNED AS A CORRECT RECORD:**

A handwritten signature in cursive script, appearing to read 'Hemon', is written in blue ink.

**DATE: 22 June 2021**