



**USP College Corporation
Finance and Resources Committee**

**Minutes of the Meeting held on Tuesday 22 June 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
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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)
Malcolm Shearer	Head of Finance (HofF)
Lorraine Stoten	Head of Human Resources (HofHR) (item 10 only)
Murray Higgs	Head of Estates & Facilities (HofE) (item 9 only)

Clerk

Sue Glover	Clerk to the Corporation
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FRC.13.21 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.14.21 Apologies for absence

Apologies for absence were received from

- Ralph Henderson

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

FRC.15.21 Unconfirmed minutes of the meeting held on 2 March 2021

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

FRC.16.21 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 updated the Committee on the progress of the sublease for HARP. The 'licences to alter' have been agreed and the final sublease is awaited from the lawyers, which will be presented to the Committee at the next meeting for reference.

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.17.21 Financial Reporting – Financial update for June 2021

The COO presented for consideration a report detailing the updates to key financial matters, which includes the management accounts to 31 May 2021.

Members were advised that the management accounts will now provide a more comprehensive commentary for the Committee (and the full Corporation Board), incorporating the Financial Report which had previously been presented as a separate paper. Members confirmed that, between the management accounts and the Financial Report, they were satisfied that they had been receiving full and adequate information regarding the finances of the College. They welcomed the integration of this information into a single document (an expanded commentary to the management accounts) which meets ESFA requirements and is more efficient.

Members were reminded that, following the January budget review and subsequent Board approval, the college had restated its forecast year-end outturn to show a deficit of £335k as a result of the impact of Covid-19. It had been deemed appropriate to set a deficit budget and resist identifying savings by carrying out a staff restructure as the financial position was expected to improve as a result of lagged funding for 16-18 growth in student numbers and planned growth in HE delivery. In addition, the College was in receipt of external funding (£900k) to complete the XTEND project. The accounting treatment of these funds had not been confirmed at the time of the January budget and therefore was not included in the revised budget outturn.

The Committee were informed that:

- the College is currently showing a YTD underlying operating deficit before exceptional items of £208k (budgeted deficit £80k) and an overall YTD deficit of £335k including exceptional items (budgeted deficit £219k). The overall historic deficit after the revaluation reserve transfer is £277k (budgeted deficit £141k)
- the auditors have confirmed that the external funding (£900k) should be released to the I&E in the year they were received rather than treated as deferred capital, which means the College is now reporting a year-end forecast surplus of £540k
- the release of these funds will be made in July 2021, once the project has been signed off

Members discussed the issues raised, acknowledging that the treatment of the external funding represents a 'one off' benefit in this financial year and that the focus remained on the underlying operating performance. The Committee was informed that the College remained on track to achieve the forecast deficit outturn of £335k. It was noted that work will still continue to mitigate the risk of further income losses and a further review will take place in June 2021 to monitor performance for the final months of the financial year.

Members reviewed the detail of each of the following:

- 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 May is £2.144m, which is better than expected due to delayed costs relating to the XTEND project and College Condition Fund project. Cash in hand days have increased from 30 days to 35 as a result and is above the funding body requirement for outstanding financial health of 25. The end of year cash balance is predicted to be £1.115m compared to the prior year of £980k, but this is under review as part of ongoing budget monitoring work planned.

The Committee was advised that:

- ITEC continue to forecast a small surplus (£10k) for the end of the financial year, despite the adverse impact of Covid-19
- the ESFA have carried out a review of the College finances with particular focus on the 2019/20 financial position which indicates the College financial health as 'requires improvement'
- this has resulted in the ESFA placing the College under 'Early Intervention', despite our current financial outturn reporting financial health as 'outstanding'
- the College is now required to submit the new College Financial Forecast Report (CFFR) to the ESFA by 31 July 2021, which reports on the 3 year financial plan for the College and replaces the Integrated Financial Model for Colleges.

In discussion, members were advised that the ESFA will review the financial position after the year-end with a view to removing the notice if the financial forecast outturn for 2021/22 is confirmed. They have noted the assessment in the January 2021 financial statement that actions have been taken to improve the financial position and that the Financial Health Assessment for 2020/21 has been assessed as 'good'.

Members reviewed the summary of the financial plan, noting this reflects the financial position as reported, and will be presented to the Corporation Board together with the budget for 2021/22.

Agreed

The Finance and Resources Committee agreed to receive and note the management accounts to 31 May 2021 and the financial update

FRC.18.21 Draft Budget and Capital Plan for 2021/22

The COO presented the draft budget and capital plan for 2021/22 for consideration and recommendation for approval to the Corporation Board.

Members were advised that the budget presented is deemed to be a provisional budget for 2021/22 until a full budget review is carried out in November following the new academic year recruitment process.

The budget presented is rated as high risk, in the light of:

- uncertainty caused by Covid-19 and current and future risk of a further lockdown
- uncertainty of apprenticeships (ITEC) resulting from Covid-19
- unconfirmed value of funding for Tuition Fund for 2021/22
- the achievement of the forecast growth in HE income relating to Oxford Business College
- not achieving expected savings against staff costs in the first quarter of 2021/22
- increased costs directly linked to Covid-19 not already budgeted

Members reviewed each of the appendices:

- Appendix A – budget summary 2021/22
- Appendix B – remaining budget actions
- Appendix C - high risk budgets for close monitoring and review during 2021/22
- Appendix D – consolidated budget together with the USP College and ITEC budgets
- Appendix E – capital Investment 2021/22

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

- an operating surplus after exceptional items of £211k is planned
- Staffing costs has increased by £1.1m compared to 2020/21, mainly due to increased teaching staffing needed to deliver the curriculum
- Staffing as a percentage of income looks very positive at 60%, which is well below the sector target of 65%. However, when excluding HE delivery, this percentage changes to 72% and a strategy is to be implemented detailing how this position will be addressed over the coming year
- HE growth is included with a net income of £1.2m relating to Oxford Business College
- A small redundancy budget is held for 2021/22
- A full budget review is planned for November 2021 to establish whether the budgeted position has changed
- A pay award of 1% has been included payable from January 2022. Following the budget review in November a decision will be made whether to back date this award to August 2021 if the budgeted position has improved
- General contingency included to offset staff savings in quarter 1. If savings are achieved, the contingency may be removed to show an improving budget outturn
- No other contingency held at this time to cover unexpected financial challenges

It was noted that the new College Financial Forecast will report on the current financial position for 2020/21. There is no requirement to seek Board approval, but it must be signed by the Accounting Officer and the COO advised that he plans to present this to the Board at the meeting in July together with the budget.

Dan Pearson left the meeting

Members recognised the reliance the College now has on HE in the light of the Oxford Business College and the impact on the financial position should growth targets not be met and agreed this area would need careful monitoring.

Members were advised that it was felt there may be some areas of support within the College that may be overstaffed and a benchmarking exercise is being commissioned to establish if this is the case.

The Committee reviewed the proposed capital plan for 2021/22, noting this includes investment to convert the Canvey Skills Centre site for use by ITEC, an equipment contingency for the XTEND project and the approved capital renewal of IT equipment and other capital, and agreed these were appropriate.

RESOLVED

The Finance and Resources Committee recommends for approval to the Corporation Board the draft budget and capital plan for 2021/22 (acknowledging that this will be subject to review in November 2021 and any subsequent approval by the Corporation Board in December 2021).

FRC.19.21 College Policies and Strategies

Financial Regulations

The COO presented the Financial Regulations for consideration and approval. Members reviewed the schedule of amendments to the document and agreed they were appropriate with nothing further to add.

Fees, Loans & Refunds Policy

The COO presented the Fees, Loans & Refunds Policy for consideration and approval. Members were advised that the policy has been updated following the release of the latest guidance from the ESFA. The policy name has been changed from the Fees & Refunds Policy to Fees, Loans and Refunds as loans have now been added. Members reviewed the proposed changes and agreed these were appropriate with nothing further to add.

Financial Plan 2021-2026

The COO presented the Financial Plan 2021-2026 for consideration and approval. Members were advised that the plan is subject to change following completion of this financial year and the submission of the 2021/22 budget.

The Committee reviewed the detail of the plan, noting the key points of:

- Operational finances
- Financial sustainability
- Key aims
- Risk management
- Future planning
- Responsibilities
- Monitoring and review

In discussion, it was agreed that the plan sets out a good framework to help ensure the College meets the strategic aims set out in the strategic plan. An update of the progress against the key aims would be presented annually in March to the Committee.

Reserves Policy

The COO presented the Reserves Policy for consideration and approval. It was noted that this is a new policy as the college has never previously formalised its approach to building cash reserves.

Members reviewed the detail of the policy and agreed there were no amendments required.

Resolved

The Finance and Resources Committee recommends to the Corporation Board for approval the following documents:

- Financial Regulations
- Fees, Loans & Refunds Policy
- Financial Plan 2021-2026
- Reserves Policy

FRC.20.21 Terms of Reference and Annual Schedule of Business for the Finance and Resources Committee 2021/22

The Clerk presented a report which outlined the need to review, on an annual basis, the Committee's Terms of Reference and Annual Schedule of Business.

Members reviewed the highlighted changes to both documents which reflected the business conducted during the year and agreed to the proposed amendments.

It was noted that the effectiveness of the Committee for the year would be considered as part of the Governors' self-assessment process in the summer.

Resolved

The Finance and Resources Committee recommends to the Corporation Board for approval the Terms of Reference and Annual Schedule of Business for the Finance and Resources Committee for 2021/22

FRC.21.21 XTEND Project

The COO presented a report to provide an update on the status of the XTEND Project.

Members were advised that:

- as previously reported, some delays had been encountered due to Covid-19, but the main building work was completed in May 2021
- the kit out of the building is now taking place and is expected to be completed in July 2021 with the official opening taking place in November 2021
- following the decision to transfer ITEC Learning Technologies from their Basildon offices to the XTEND centre, a termination notice was issued to Basildon Council who have confirmed the lease will end on 4 October 2021

The Committee reviewed the latest project cost plan and it was pleasing to note that overall the project has come in under budget.

Members were advised that the decision to purchase a Media Wall at £97k was not part of the original plan and the cost of this equipment was subsequently leased rather than purchased outright. The cost has therefore been reflected and offset against the overall saving for information.

The Committee was reminded that there had been an action at the previous meeting for the Chair of the Committee under delegated authority to approve procurement for a highly bespoke screen wall from a single source supplier rather than having to go out to tender. Members were advised that the cost of the screen fell within the remit limit of the financial regulations and, therefore, the approval had been dealt with internally.

Members received for information the lease for the Canvey Skills Centre together with the Service Level Agreement (SLA), which had been deferred from the previous meeting due to the time constraints.

The Committee highlighted the number of conditions in the SLA relating to access and actions by an Advisory Board and were advised that it was not anticipated that these conditions would cause any concerns.

Agreed

The Finance and Resources Committee agreed to:

- receive and note the update on the XTEND project
- receive and note the lease and service level agreement for the Canvey Skills Centre

Murray Higgs joined the meeting

FRC.22.21 Termly Health and Safety Report

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.

Members reviewed the detail of the report, noting:

- the number of accidents reported through the College's internal reporting system for the year to date
- the College remains adequately covered with first aid trained personnel and that a number of volunteers have come forward to train
- the fire alarm installations and firefighting equipment function correctly and have been tested and inspected during the lockdown period
- statutory and service inspections have been carried out/completed, including:
 - lift service
 - MOT 07 mini bus (Seevic) - passed
 - 5 year electrical inspections (Seevic) – West Building and main server room
- asbestos containing materials have now been removed in the Seevic campus sports hall boiler room
- Covid-19 update - campus operations resumed in line with government and DfE advice and guidance

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

- a low level Legionella count in the showers at the Seevic campus in the north building was identified during recent periodic testing
- there have been no RIDDOR reported accidents during the term

Sean Cotter advised that he has a contact who may be able to assist with helping to identify the issues relating to the water pump and Legionella at the College. The Clerk would relay contact details to the HofE&F.

Agreed

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

Murray Higgs left the meeting

Lorraine Stoten joined the meeting

FRC.23.21 Termly Human Resources Report

The Head of Human Resources (HofHR) presented for consideration a report to update members on the Human Resources activities for the period 1 January to 30 April 2021.

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, by campus
- Short and long term sickness absence

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

- the number of starters in 2021 was 40% fewer than the same period in 2020 and the number of leavers has decreased by 23% compared to 2020
- during the period there was a decrease in each month of total average days per sickness for the same period in 2020, with the exception of April. A further analysis will be done to identify the cost of staff absence, linked to Covi-19 symptoms and included in the annual HR report
- there were no employee ACAS Early Conciliation cases or Employment Tribunals for the period and there were no formal grievances raised
- the staff survey undertaken during December 2020 had a response rate of 44%, an increase over the previous year. As requested at the previous meeting, a further summary of the questions was presented. The Committee noted the positive responses and that safeguarding arrangements remains the key focus for staff

In discussion, it was agreed that the report presented a very positive position with staff and it was pleasing to note that the turnover of staff had decreased during the period.

The Committee took the opportunity to commend the report and asked that thanks are passed to the HR team for their continuing hard work in supporting all staff throughout the Covid-19 and college closure.

Agreed

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

Lorraine Stoten left the meeting

FRC.24.21 Any Other Business

There were no items of any other business.

FRC.25.21 Dates of scheduled meetings of the Finance and Resources Committee 2021/22

Tuesday 12 October 2021
Tuesday 23 November 2021
Tuesday 8 March 2022
Tuesday 28 June 2022

All meetings commence at 4pm unless otherwise stated.

SIGNED AS A CORRECT RECORD:



DATE: 13 October 2021