



**USP College Corporation
Finance and Resources Committee**

**Minutes of the Meeting held on Wednesday 13 October 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 9 and 10 only)
Murray Higgs	Head of Estates & Facilities (HofE&F) (item 8 only)

Clerk

Sue Glover	Clerk to the Corporation
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FRC.26.21 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.27.21 Apologies for absence

Apologies for absence were received from

- Ralph Henderson

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

FRC.28.21 Unconfirmed minutes of the meeting held on 22 June 2021

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

FRC.29.21 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 presented the 'licences for alterations' between the Trustees of the William Palmer College Educational Trust, USP College and HARP Essex Limited. Members reviewed the detail of the lease, noting that it is a 10 year lease allowing the drama block to be converted to a club house for HARP. The cost for legal work had increased from £2.5k to £4.5k, due to additional work requested by the Trustees of the William Palmer College Educational Trust.

The Principal advised that the benchmarking exercise commissioned has been completed and a report received. It would appear that there are some emerging issues but SMT have yet to fully review the report. Once this has been done and any points clarified this will be shared initially with the Finance Executive Group and then with the Board.

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.30.21 Finance Executive Group

The unconfirmed minutes of the meeting held on 1 September 2021 were received.

FRC.31.21 Financial Reporting – Financial update for October 2021

The COO presented for consideration a report detailing the updates to key financial matters.

The Committee was advised that:

- the current expected financial outturn for 2020/21 is likely to be a surplus of £10.4m, subject to final year-end adjustments - the revised budget approved in January 2021 forecast a deficit outturn of £335k, which was subsequently changed to a surplus of £540k following confirmation that the SELEP Capital Grant of £900k would be released in full in this financial year
- the College has received the latest Pension Liability Valuation from Essex County Council and positive asset returns in the second half of 2020/21 have reduced the size of the deficit on the scheme, which will have a £1.9m positive impact on the College's reserves
- a revaluation of the Xtend Centre on Canvey Island has been carried out with an initial estimate of £8m being included in the draft accounts
- there is a matter currently under review relating to a prior year funding accrual relating to ITEC apprenticeships. It has been difficult to reconcile funding received in-year due to changes to ESFA remittances not being clear with payments relating to 2019/20 and audit files with support files not being available. If the accrual is confirmed as correct, a possible further accrual of £120k will be required as a year-end adjustment giving a positive impact; if it is incorrect, there is a possible write back of this accrual giving a negative impact
- Cash held at year end was £1.5m, which is slightly higher than expected due to delayed payments relating to the Xtend project
- Financial Health is rated as good

In discussion, members agreed that, although this presented a very positive position, it was important not to lose sight of the fact that this is due to 3 exceptional items all of which were positive - the SELEP capital grant (£0.9m), the valuation of the Canvey campus on acquisition (£8.0m) and the FRS 17 year-end adjustment (£1.9m). As such, these items represent a 'one off' benefit in this financial year while the underlying position remained a deficit position of £421k (increased from £335k).

The Committee was updated on the proposed Land Sale, and were advised that:

- the Finance Executive Group met on 1 September and considered the recommendations made by Glenny LLP and the proposal of Persimmon Homes and Cala Homes, as detailed in the draft meeting minutes provided at this meeting
- the proposals had been given full consideration and the Group agreed that no decision would be made at the time with regard to engaging with a developer until further clarity was given
- a meeting with Glenny and the Planning Consultant is being arranged for the beginning of November and an update will be given following this

Members were updated on other matters relating to:

- Capital Transformation Fund – the College has been successful with stage 1 and progressed with submitting stage 2 of the bid – the bid was to build a new Medical & Sports Sciences building costing £2.4m to replace the K Huts and Caretakers House. The outcome of the bid is not expected until January 2022 with building work expected to be completed by 2024
- the bank are supportive of short-term borrowing for the Capital Transformation Fund
- the bank have stated they are content with the progress the College has made since merger and have confidence in the financial management. They have confirmed they will remove the additional financial oversight placed on the College once the financial statements have been signed off for 2020/21
- ESFA Early Intervention – there was the expectation the College would be taken out of this once the financial statements for 2020/21 were submitted. To accelerate this, the draft July management accounts have been shared with them and confirmation is awaited on whether the intervention notice has been removed
- the Xtend Centre project is now complete and a final reconciliation of costs is underway but indications are that the main Xtend Digital renovations are under budget with the ITEC renovations expected to be circa £300k
- Enrolment numbers for 2021/22 – current projection is 3,460 against a target of 3,630 and an allocation of 3,466

Members discussed the issues raised and agreed that the financial position at the College is a very positive one and all members of the finance team should be congratulated for their hard work over the year for what has been a very challenging time.

FRC.32.21 Management Accounts to 31 July 2021

The HofF presented for consideration the management accounts to 31 July 2021.

Members were advised that:

- the outturn for 2020/21 shows an underlying operating surplus before exceptional items of £8,583k (compared to a budgeted surplus of £201k)
- after exceptional items, the operating surplus of £10,324k, (compared to a budget surplus of £38k)

- the expected financial position has improved significantly from that approved by the Corporation, the main reasons are as indicated under the previous item at this meeting

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

- financial KPI dashboard
- financial performance summary
- monthly comparison of key performance indicators 2020/21
- Income & Expenditure account
- summarised consolidated rolling year cash flow 2021-2023
- 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

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

- the bank covenants will not be breached
- the financial health rating would remain good regardless of the outcome of the £120k accrual under consideration
- Staff ratio is high at 72% and work is being done to reduce this. It was noted that 65% is the FE benchmark and it was hoped that reducing the current level to 68% would be achievable given the amount of A-level provision within the College

Agreed

The Finance and Resources Committee agreed to receive and note the draft management accounts to 31 July 2021 and the financial update for October 2021

FRC.33.21 Draft Financial Statements 2020/21

The COO presented the draft financial statements 2020/21 for

- USP College
- ITEC Learning Technologies Limited

Members were advised that these accounts are draft and subject to adjustments resulting from the ongoing year-end audit, which had gone well so far with no significant issues arising. The final financial statements for 2020/21 would be presented to the next meeting.

The Committee reviewed each of the draft accounts and agreed that they were consistent with the financial position reported during the year.

Agreed

The Finance and Resources Committee agreed to receive and note the draft financial statements for 2020/21

FRC.34.21 Insurance Review for 2021/22

The COO presented a report which gave an update on the current insurance arrangements for 2021/22 following the recent insurance review.

Members were advised that:

- the College has reviewed and updated its insurances for 2021/22
- as part of this process, the current building valuations were reviewed to ensure the correct values were insured against, prompted by a recent bank valuation carried out as part of the College loan refinancing with the bank
- the outcome of the revaluation meant the sum insured was significantly increased

Members reviewed the summary of premiums for the year against the previous year, noting the increase as a result of the building revaluation.

In discussion, members agreed that it would be sensible to review the level of security at the Xtend Centre in the light of the amount of expensive and specialist equipment.

Agreed

The Finance and Resources Committee:

- agreed to receive and note the report
- asked for a review of the security arrangements at the Canvey campus

Murray Higgs joined the meeting

FRC.35.21 Health and Safety Policy

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

Members were advised that there were no amendments required to the policy from the previous year. The policy was reviewed and it was agreed there was nothing further to add and that authority is delegated to the Chair of the Corporation and Principal to sign the Statement of Intent in order to remain compliant.

FRC.36.21 Termly Health and Safety Report

The 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 throughout this period and periodic servicing has taken place as required
- compliance and testing has been carried out over the past few months
- Covid-19 update – the College returned to 100% on-site learning from the beginning of the new autumn term

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

- there has been one RIDDOR reported accident in September at the Seevic campus
- fire drills were planned now that staff and students were back on-site

- consideration would be given to the inclusion in future reports of the number of serious first aid incidents
- College processes and procedures follow the latest government guidance for students returning to education. Covid cases reported from the first day of term up to 5 October 2021 is 78

Resolved

The Finance and Resources Committee

- agreed to receive and note the report
- requests the inclusion of data on first aid incidents
- 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

Lorraine Stoten joined the meeting

FRC.37.21 Annual Report on Human Resources – 2020/21

The HofHR presented for consideration and approval the annual report on Human Resources for 2020/21.

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 2020/21, including Covid-19 related activities and to highlight areas of priority in relation to activity for 2021/22.

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:

- the College benchmarks against statistics and data from the AoC College workforce survey for the academic year 2018/19, published in November 2020
- the total number of leavers in this year compared to last year has decreased from 105 leavers; overall the workforce has reduced by 0.67%, compared to 4.25% for 2019/20
- the average number of sick days lost in 2020/21 is below the AoC Workforce Survey 2018/19 findings and have reduced on previous years
- Covid-19 absences – there were 55 positive cases of staff from September 2020 to August 2021, with the highest number of staff self-isolating during the period October to December 2020, which coincided with peaks of Covid-19 related sickness
- the College is committed to ensuring that its workforce is correctly skilled in order to deliver the most appropriate outcomes for its students and the community
- there were no Employment Tribunal applications in the period and 3 formal grievances
- a staff survey was undertaken during December 2020, with a 44% overall response rate

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

- there were 3 formal grievances, all of which were not upheld. One of these grievances was appealed with the appeal not upheld
- the College employed 143 qualified teachers in 2020/21, including 7 who became qualified at the end of the previous academic year. There are currently 26 staff undertaking a teaching qualification

The Committee commended the continuing support given to staff and the range of initiatives that supported staff during the Covid-19 pandemic and the College closure. It was agreed that for future reports, it would be helpful if there could be an Executive Summary with the very comprehensive data set out as an Appendix.

Resolved

The Finance and Resources Committee

- approves and recommends to the Corporation Board the annual report on Human Resources for 2020/21
- requests a revised format for future reports

FRC.38.21 College Policies

The HofHR presented, for consideration and approval, the Safer Recruitment Policy.

Members were advised that the policy has been reviewed and approved by the College's Policies & Procedures Committee and is presented to the Committee as part of the annual review cycle of the policy.

Members reviewed the detail of the policy noting that its purpose continues to ensure

- the safeguarding of all students and staff, which remains the highest priority
- appropriate checks are undertaken during the recruitment process to mitigate safeguarding risks
- all candidates are considered equally and consistently throughout the whole recruitment process
- compliance with all relevant legislation, recommendations and guidance

Resolved

The Finance and Resources Committee approves and recommends to the Corporation Board for approval the Safer Recruitment Policy

Lorraine Stoten left the meeting

FRC.39.21 Committee Effectiveness

The Clerk presented the outcomes from the Committee's self-assessment for 2020/21.

Members were reminded that the Board had conducted its annual self-assessment over the summer, which included a self-assessment of the performance of each of the committees. The Board reviewed the outcomes at the meeting held on 28 September and agreed that each Committee should consider the outcomes of its own self-assessment at the autumn meetings.

The Committee reviewed the outcomes for the Finance and Resources Committee, noting:

- the overall assessment of the Committee's performance is Good/Outstanding
- the impact the Committee has made in the last twelve months
- the areas suggested of how performance might be improved

In discussion, members concluded that the Committee continues to fulfil its function as a key committee of the governing body. The Committee will continue to play a proactive role in advising the Board on all aspects of College finance and to ensure there is an effective and efficient use of all resources.

Agreed

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

FRC.40.21 Any Other Business

The VP F&BP advised the Committee on an issue that has arisen with Oxford Business College (OBC), which is the College's subcontractor for HE provision. Members were informed that OBC has secured another partner for their HE provision.

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

- there is no issue with the quality of the provision provided by OBC
- the contract in place with them was for 1 year, which has now expired
- they had guaranteed 300 learners in year, there are currently 130 enrolled
- the impact of this will be circa £750k

It was agreed that the financial impact of this would be considered by the next Finance Executive Group due in the near future. Members were advised that the Docklands Academy London is now performing very well under a new team and any partnership arrangements could potentially continue with them. It was noted that a solution would need to be considered by January when a second cohort is recruited.

The Committee took the opportunity to say thank you and farewell to Sean Cotter who has resigned as a governor due to his work commitments. Sean agreed to continue to have contact with the HofE&F on any relevant matters as required.

There were no other items of any other business.

FRC.41.21 Dates of scheduled meetings of the Finance and Resources Committee 2021/22

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: 23 November 2021

