



**USP College Corporation
Finance and Resources Committee**

**Minutes of the Meeting held on Tuesday 25 June 2024
Via MS Teams
Meeting commenced: 16.00hrs
Meeting ended: 18.00hrs**

Present

Phillip Lennon	Independent Member	Chair
Paul Wakeling	Independent Member	
Louise Aitken	Independent Member	
Ben Akande	Independent Member	
Dan Pearson	Chief Executive	

In attendance

Steven Hendy	Chief Finance Officer (CFO)
Lorraine Stoten	Director of HR (item 6 only)

Clerk

Sue Glover	Clerk to the Corporation
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FRC.13.24 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.14.24 Apologies for absence

There were no apologies for absence.

FRC.15.24 Unconfirmed minutes of the meeting held on 12 March 2024

The minutes of the meeting were approved and signed as a correct record, subject to minor typo amendment.

FRC.16.24 Matters arising and action points from the minutes of the previous meeting

Members reviewed the action points arising from the meeting and agreed that all actions had been satisfactorily completed and that there were no other matters arising from the minutes of the previous meeting.

FRC.17.24 Termly Health and Safety Report

In the absence of the Executive Director, Estates Operations (EDEO), the CFO presented the termly Health and Safety report.

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 actively continues to recruit new volunteers
- the fire alarm installations and firefighting equipment function correctly and have been tested throughout this period
- statutory and service inspections have been completed during the term with no matters of concern raised
- the current live construction project works based at Seevic have been incident free to date
- the summer schedule of refurbishment works at Palmers and that the planned programme at Xtend is maintenance only

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

- landing doors at Palmers in E Block have a mechanical issue, but this does not present a fire risk
- although there is a leak to one of the boilers in the Xtend plant room the boiler in question is under guarantee and it is only the gas pipe that currently needs replacing for which a quote is being obtained

Members raised concern at the high volume of first aid calls at the Seevic campus and were advised that this is, in the main, centred around the logging of accidents, and it was suggested this could be made clearer in future report.

Members agreed that the report is now much more succinct and should continue in this format.

Agreed

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

Ben Akande joined the meeting

Lorraine Stoten joined the meeting

FRC.18.24 Termly Human Resources Report

The DofHR presented a report to update members on the Human Resources activities for the period 1 January to 30 April 2024.

Paul Wakeling joined the meeting

Members were advised that:

- starters in the period were slightly less than the same period last year in both Curriculum and Business and Learning Support. Leavers have also reduced in both areas compared to the previous year
- total average sick days per sickness for 2024 is lower over the period than in 2023 but higher than in 2022, with long term levels again higher
- there were two grievances raised in period (one formal and one informal) which have been concluded

- there were no employment tribunal applications during the period, but the tribunal notice of claim received in January 2024 is at the preliminary stage hearing and is being actively managed with an external employment lawyer
- the staff pay increase of 6.5% with effect from 1 April has been well received by staff
- during the term the appraisal cycle for staff was completed, which was moderated independently by the HR team and pay increments for exceeding outcomes, subject to budgetary signoff, were approved
- the 'Even Better Place to Work' platform for the staff survey continues to be developed

Members reviewed the report, noting the progress made in term 2 against the HR KPIs in place for 2023/24 and agreed that good progress has been made against each of the targets set.

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

- long term sick levels are higher again, which relates to the number of serious health concerns, requiring longer periods of treatment and/or recovery
- there has been 100% completion rate for annual appraisals and outcomes give the opportunity for any training and CPD issues to be addressed where necessary
- there has been a marginal variation change in the gender pay gap
- the staff survey through the 'Even Better Place to Work' platform is planned to be carried out three times year and is designed to capture how staff are feeling at a particular time allowing managers to instantly see what areas people are scoring highly and focused areas for development
- the HR and Recruitment Team continue to work hard at new and innovative ways to fill vacancies through the College's enhanced recruitment strategies

Members agreed that the report presented a positive position with staff and asked that thanks are passed to the HR team for their continuing hard work in supporting all staff. It was particularly pleasing to note the 100% completion rate for the annual appraisals and asked if the outcome from the staff survey could be shared with the Committee when available.

Agreed

The Finance and Resources Committee agreed

- to receive and note the report
- that the outcome of the staff survey is presented when available

Lorraine Stoten left the meeting

FRC.19.24 ESFA letter dated 13 May 2024

The Committee received, for information, a letter issued by the ESFA, which confirmed that, following a review of the College's audited financial statements and assurance returns for the year ended July 2023, it was concluded that the College's financial health grade for 2022/23, based on the outturn forecast, was Good. Following a review of the College's audited financial statements, external auditor's management letter and the annual report of the audit committee there have been no significant financial control concerns identified. It was also confirmed that the issues outstanding from the previous year have now been resolved with the ESFA.

FRC.20.24 Financial Reporting – Management Accounts to 31 May 2024

The CFO presented the management accounts to 31 May 2024

Members were advised that:

- the original budget approved for the year was an operating deficit of £390,000, the Board then approved a revised budget in March 2024 of an operating surplus of £213,00k and the College is on track to achieve this
- the consolidated management accounts for the period to May 2024 show an operating surplus of £120k for the period to date
- the College has been selected for a funding audit which will be taking place in September
- the Office for Students (OfS) have notified the College they intend to clawback grant of £105k relating to 2022/23 as student numbers were below forecast
- the expected year end cash position is £2,256k and the financial health remains on track for 'good'

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

- Financial KPI dashboard
- Financial performance summary
- Financial performance tracker
- Income and Expenditure account
- Summarised consolidated rolling year cash flow 2023-2025
- Balance Sheet
- Cash flow reconciliation
- Analysis of curriculum area and support area performance
- Analysis of significant year to date variances
- Capital expenditure summary
- Financial Bank Loan Covenants 2023/24

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

- as previously reported, the change in the 16-19 funding rates benefitted the College considerably together with the additional funding received for recruiting additional students above the threshold targets in 2023/24, which largely addressed the approved deficit budget and allowed a pay award to be paid to staff in April
- the OfS clawback aligns with the ending of the OBC partnership, but it has taken the OfS 12 months to review the position and advise that repayment is required. The impact has been mitigated with grant funding from the Local Skills Improvement Partnership and additional income from local authorities for High Needs
- the College has been selected for a funding audit through the normal schedule of audits planned by the ESFA and there is nothing to prompt any real concern
- there are still a number of items which will financially impact the outturn position and will be closely monitored over the remaining months

The Committee were pleased to note the positive position presented.

FRC.21.24 Financial Reporting – Financial update for June 2024

The CFO presented members with an update on key financial matters which are in addition to the May management accounts and highlight key changes since the last update provided to the Committee in March 2024.

Members were updated on:

- Loan Arrangements
 - Additional borrowing
 - College Loan Refinancing
 - Loan Capital Repayment Holiday – Barclays Bank
 - Capital Projects
- Medical & Sports Sciences new building – Seevic Campus
- T Levels Wavde 5 – Engineering
- Local Skills Improvement Funding (LSIF) – Theatre projects
- Library Project – Seevic Campus
- Land Sale update
- Enrolment numbers for 2024/25

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

- as previously advised, the value of the capital loan requested from the DfE to support the match funding element of the Medical & Sports Sciences new build at Seevic was £1m against the forecast project cost of £2.3m and DfE funding of £1.6m. This loan has been approved and funds are expected to be drawn down from July 2024. Although a loan of £1m has been approved, expectations are that the actual drawdown will be significantly less due to the main contractor coming in lower than forecast
- the Borrowing Request submitted to the DfE to replace the Barclays loan which the bank would no longer refinance following the reclassification of colleges to the public sector, and which was approved in December 2023, has been formally approved and the Barclays loan repaid. Going forward, the College will make capital and loan interest payments to the DfE on a quarterly basis from July 2024
- the relationship between Barclays and the College has changed due to the loan being repaid and the College is no longer required to report its financial performance to them. However, the bank has indicated they would still like to receive our management accounts, but this is at our discretion
- an option agreement with Persimmon Homes has now been signed and exchange of contracts is awaited
- Bloor Homes have approached the CFO to discuss the latest position regarding the land sale and it was agreed the CFO would report back to the Committee following discussions
- the final account for the T level Wave 4 projects has not yet been agreed due to the main contractor going into administration. The CFO is currently working with the Administrator to agree the final account
- student applications for 2024/25 are currently showing an overall increase of 22% compared to last year, with 24% increase at Seevic and 20% at Palmers; if applications convert to enrolments at prior year levels, then the College would be eligible for further in-year funding this time next year

The Committee thanked the CFO for a comprehensive update on College matters and asked to be kept informed of progress on the various matters discussed, as appropriate.

Agreed

The Finance and Resources Committee agreed to

- receive and note the:
 - management accounts to 31 May 2024
 - financial update for June 2024

FRC.22.24 Draft Budget and Capital Plan for 2024/25

The CFO presented the draft budget and capital plan for 2024/25, together with a separate powerpoint presentation, for consideration and recommendation for approval to the Corporation Board.

Members were advised that the budget is deemed to be prudent with certain growth income areas excluded until a higher level of confidence can be applied.

Members reviewed each of the appendices:

- Appendix A – draft budget summary 2024/25
- Appendix B – draft budget summary – best case, likely case, worst case
- Appendix C – remaining actions to be completed
- Appendix D – high risk budget areas – worst case
- Appendix E – capital plan 2024/25

It was noted that within Appendix B, the budget presented for approval is reported as 'likely case'. A full budget review will commence in February 2025 to ascertain the certainty regarding income growth and achievement of in-year targeted savings. Appendix B also presents the 'best case' budget if income growth and targeted savings are achieved and the 'worst case' budget if these are not achieved.

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

- no contingency has been budgeted and no pay award has been assumed
- the planned budget review in February 2025 will ascertain whether there will be any further in-year funding for over recruitment and, as in the previous year, should this be received then a pay award will be considered
- a surplus budget of £163k is presented for approval which incorporates the following
 - net increase to income is £2.25m compared to the original 2023/24 budget
 - increase to higher education £87k with new Docklands and Arts1 contract
 - inclusion of expected claw back to Adult and T Level funding – circa £100k
 - impact of full year pay award made in April 2024 (6.5%)
 - impact of new posts required to meet increased learner numbers for 2024/25
 - exam costs increase of £136k due to rising costs and increased student numbers
 - additional Castlepoint Office Rent Costs £70k to help address capacity issues at the Seevic campus

Members discussed the risks associated with the draft budget, noting that the in-year targeted staff savings is £175k compared to £400k in 2023/24 and that where appropriate 2.5% inflation has been applied to non-pay budget lines. Cash is forecast to be £2.5m by 31 July 2025.

The Committee considered that the budget presented was a healthy and realistic one with medium risks. The proposed surplus budget of £163k was agreed and should be presented to the Corporation Board on 9 July for approval. The Committee were keen to support a pay award for staff if possible, acknowledging that this would be considered once the planned budget review in February 2025 has been completed.

The College's financial health would remain as 'good' under this budget forecast.

It was noted that the College Financial Forecast will report on the current financial position for 2023/24. There is no requirement to seek Board approval for this, but it must be signed by the Accounting Officer and the CFO advised that he plans to present this to the Board at the meeting in July together with the budget.

The Committee reviewed the proposed capital plan for 2024/25 of £1,279k, noting this was in line with the College's financial plan, and agreed this was acceptable.

Agreed

The Finance and Resources Committee recommends for approval to the Corporation Board the draft surplus budget and capital plan for 2024/25.

FRC.23.24 College Policies

Fees, Loans & Refunds Policy

The CFO presented the Fees, Loans & Refunds Policy for consideration and approval. Members were advised that a full review has been carried out by the Executive Director of Information Systems & Funding and the Director of Finance.

The policy has been updated so that it is more streamlined and signposts to the updated ESFA guidance given the significant change in 2024-25 for Adult Skills Funding (ASF), formerly Adult Education Budget (AEB) and with further changes due regarding the access to loans through Lifelong Loan Entitlement (LLE).

The Committee reviewed the policy and agreed there were no further changes necessary.

Reserves Policy

The CFO presented the Reserves Policy for consideration and approval. Members were advised that the policy presents the current short term and long-term targeted reserves position for the next 5 years.

Members reviewed the detail of the policy and suggested that there should be some reference to acting with reasonable care and skill and that consideration is given to using something about prudence. The Committee agreed this was a sensible inclusion and the CFO would update the policy outside of the meeting.

Treasury Management Policy

The CFO presented the Treasury Management Policy for consideration and approval. Members were advised that there are no significant changes to the policy.

Members reviewed the detail of the policy and agreed there was no further amendments required. However, it was agreed that in the light of requirements to the DfE guidance on managing public money, there would be a caveat included regarding how any monies from receipt of land sales would be reinvested in the College.

Financial Regulations

The CFO presented the Financial Regulations for consideration and approval. Members were advised that the regulations have been updated following the new financial handbook that has recently been published. Members reviewed the proposed changes and agreed these were appropriate with no further amendments required.

Agreed

The Finance and Resources Committee recommends to the Corporation Board for approval the following documents, subject to further amendment as discussed:

- Fees, Loans & Refunds Policy
- Reserves Policy
- Treasury Management Policy
- Financial Regulations

FRC.25.24 Terms of Reference and Annual Schedule of Business for the Finance and Resources Committee 2024/25

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.

Agreed

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 2024/25

FRC.26.24 Any Other Business

The Committee took the opportunity to record thanks to the Director of Finance, Malcolm Shearer, who would be leaving at the end of term, for his hard work and contribution to the College

There were no other items of any other business.

FRC.27.24 Dates of scheduled meetings of the Finance and Resources Committee 2024/25

Tuesday 8 October 2024, commencing at 4.30pm
Tuesday 26 November 2024, commencing at 4pm
Tuesday 11 March 2025, commencing at 4pm
Tuesday 24 June 2025, commencing at 4pm

SIGNED AS A CORRECT RECORD:

DATE: 8 October 2024

