



USP College Corporation
Finance and Resources Committee

Minutes of the Meeting held on Tuesday 12 March 2024
Via MS Teams
Meeting commenced: 16.00hrs
Meeting ended: 17.50hrs

Present

Phillip Lennon	Independent Member	Chair
Ben Akande	Independent Member	
Dan Pearson	Chief Executive	

In attendance

Steven Hendy	Chief Finance Officer (CFO)
Clare White	Principal
Malcolm Shearer	Director of Finance (DofF)
Paul Wakeling	Governor Designate
Louise Aitken	Governor Designate
Mark Silverman	Association of Colleges
Lorraine Stoten	Director of HR (item 6 only)

Clerk

Sue Glover	Clerk to the Corporation
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The Chair welcome everyone to the meeting and introduced the two governor designates who will be serving on this Committee once their appointments have been formally approved by the Board. Members were also advised that Mark Silverman would be in attendance to observe the meeting as part of the External Governance Review.

FRC.01.24 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.02.24 Apologies for absence

There were no apologies for absence.

FRC.03.24 Unconfirmed minutes of the meeting held on 28 November 2023

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

FRC.04.24 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.

The Committee was informed that the fire doors at Palmers are scheduled to be completed in April.

FRC.05.24 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
- there has been an Estates Management and Health & Safety internal audit
- a lockdown (stage 3 security alert) practice took place in the autumn term across all three campuses
- statutory and service inspections have been completed during the term

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

- asbestos-containing materials were found in the Seevic Theatre area. A special asbestos removal contractor has since removed the materials and provided a clear air certificate
- there have been no RIDDOR reportable accidents during the term
- overall, the lockdown practice had worked well. There were a number of learning points which will be incorporated into future practices.
- the Medical and Sports Science building project commenced at the end of January and so far has been smooth, with minimal disruption to College activities

Agreed

The Finance and Resources Committee agreed

- to receive and note the report
- the CFO will work with the EDEO to refine future reports so that they are less operational

Lorraine Stoten joined the meeting

FRC.06.24 Termly Human Resources Report

The DofHR presented a report to update members on the Human Resources activities for the period September to December 2023.

Members were advised that:

- the total headcount remains unchanged from the same period in the previous year
- starters and leavers remain unchanged year on year
- short term absences have reduced from previous year by 25%, with average days per sickness reducing from an average over the period of 3.3 days to 2.26 days
- long and short term sickness has reduced for the same period in the previous year but is higher than the same period in 2021
- there was one formal grievance raised in term 3 and resolved in term 1 and two informal grievances which reached satisfactory conclusions following positive intervention by HR
- there were no employment tribunal applications during the period, but a tribunal notice of claim was received in January 2024 and is being actively managed with an external employment lawyer

- a new approach to the annual staff survey is being developed through a platform called 'Even Better Place to Work'

Members reviewed the report, noting the progress made in term 1 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:

- the College has a greater percentage of female staff, but it is difficult to benchmark this as the AoC data used is currently two years behind
- the 'Even Better Place to Work' platform is designed to capture how staff are feeling at a particular time and allows managers to instantly see what areas people are scoring highly and focused areas for development. This is being piloted and due to launch in March 2024
- there is less reliance on agency staff and the cost is closely managed with relevant heads of department
- 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 very positive position with staff and asked that thanks are passed to the HR team for their continuing hard work in supporting all staff.

Agreed

The Finance and Resources Committee agreed

- to receive and note the report
- that for future reports top-level/headline numbers are added for areas such as total staff and main profiles/vacancy rates/staff turnover

Lorraine Stoten left the meeting

FRC.07.24 Financial Reporting – Management Accounts to 31 January 2024

The DoF presented the management accounts to 31 January 2024.

Members were advised that:

- the budget approved for the year was an operating deficit of £390,000 and the forecast position is an operating surplus of £62k
- the consolidated management accounts for the period to January 2024 show a deficit of £184k and the budgeted operating deficit was £195k
- the year end cash position of £1,967k is above the original budget of £1,879k and the financial health is currently the high end of '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:

- The change in the 16-19 funding rates has benefitted the College considerably, which has largely addressed the approved deficit budget and has also allowed a pay award to be factored into the forecast
- The budgeted savings on staffing of £400k is on target to be achieved
- There continues to be cost and inflationary pressure on expenditure budget and these will be closely monitored through the year and corrective action taken where necessary
- The revised budget incorporating funding and other movements will be presented to the Corporation for approval in March 2024

The Committee were pleased to note the positive position presented.

Mark Silverman left the meeting

FRC.08.24 Bad Debt Write Offs

The DoF presented two requests for course fees to be written off.

Members considered the detail of each case, noting the measures taken to recover each debt, one for £2,995 and the other for £3,300. The Committee agreed that the measures taken have been very thorough and, in response to questions, were advised that the debts relate to HE provision where there is now a new team in place who have instigated tighter controls that ensure this situation does not reoccur. Members agreed that both debts should be written off.

Agreed

The Finance and Resources Committee agreed to write off the two bad debt cases, one for £2,995 and one for £3,300

FRC.09.24 Financial Reporting – Financial update for March 2024

The CFO presented members with an update on key financial matters which are in addition to the January management accounts and highlight key changes since the last update provided to the Committee in November 2023.

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
- In-year funding and enrolment number 2023-24
- Enrolment numbers for 2024/25

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

- the value of the capital loan from the DfE to support the match funding element of the Medical & Sports Sciences new build at Seevic requested was £1m against the forecast project cost of £2.3m and DfE funding of £1.6m. Current expectations are that £700k will be drawn down against this approved £1m loan. Legal documents relating to the loan are being processed with the expectation it will be in place by end of March
- 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, was approved in December 2023 and legal documents are currently being processed.
- delays by Barclays Bank relating to the paperwork for the capital repayment holiday of 6 months resulted in the term being reduced from 6 to 2 months
- a draft option agreement with Persimmon Homes has been received, which will need to be reviewed by the legal team, and the outcome will be advised when complete
- confirmation has been received from the ESFA that the College will receive in-year growth for over recruitment of students in 2023/24; against the confirmed number of students there was an increase of 191, which equates to a net increase of circa £300k on the previously adjusted in-year funding awarded in September 2023
- applications for 2024/25 are currently showing an overall increase of 26% compared to last 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 January 2024
 - financial update for March 2024

FRC.10.24 Budget review for 2023/24

The CFO presented a report which provided an overview of the outcome of the February 2024 budget review for the year 2023/24.

The Committee was reminded that:

- the Corporation approved a deficit budget in July 2023 of £390k for 2023/24
- shortly after this was approved, the DfE notified colleges that the funding rate for 16-18 year olds had been increased, which resulted in the College being able to revise the budget forecast to £62k surplus, as reported in the management accounts
- the College carried out a high-level budget review for 2023/24 in January 2024, which included the funding rate increase awarded in September 2023 and the recent in-year funding increase for over recruitment

Members were advised that:

- the revised budget together with the proposed staff pay award have been reviewed and agreed by the Executive and Senior Management Teams and are recommended for approval
- when carrying out the review, all areas of the budget were reviewed to identify the key changes that have occurred since the original budget was approved in July 2023

- the review confirmed that the College could afford an in-year pay award of 6.5% in 2023/24 as well as the full year impact of this award in 2024/25
- the current cash forecast is £2.2m as at the end of the financial year and a further review is ongoing as key capital projects are finalised

The Committee reviewed the outcome of the budget review, the key changes since the budget was approved, risks and uncertainties, the summary of the 'best case', 'likely case' and 'worst case' budget, and the indicative budget for 2024/25.

Members discussed the issues raised, specifically, the recommendation for a pay award to be made of 6.5% from April 2024. It was appreciated that making such an award would have the most impact for staff and convey a good message during a difficult financial time.

The Committee agreed the 'likely case' budget of a surplus of £213k was affordable in the light of the increase in funding and the in-year funding increase for over recruitment. The indicative budget for 2024/25 with a surplus of £280k was encouraging against the backdrop of the increase in applications for next year.

Resolved

The Finance and Resources Committee agreed to recommend to the Corporation Board for approval:

- a revised 'likely case' budget of a surplus of £213k for 2023/24
- a 6.5% staff pay award to be paid in April 2024

FRC.11.24 Any Other Business

The CEO advised that the recent annual strategic conversation with the ESFA had been very positive and that a full update will be presented to the Corporation at the meeting in March.

There were no other items of any other business.

FRC.12.24 Dates of scheduled meetings of the Finance and Resources Committee 2023/24

Tuesday 25 June 2024

SIGNED AS A CORRECT RECORD:



DATE: 25 June 2024