



**USP College Corporation
Finance and Resources Committee**

**Minutes of the Meeting held on Tuesday 10 October 2023
Via MS Teams
Meeting commenced: 16.00hrs
Meeting ended: 17.40hrs**

Present

Phillip Lennon	Independent Member	Chair
Andy Williams	Independent Member	
Dan Pearson	Principal & Chief Executive	

Apologies for absence

Paul Dale	Independent Member
Ben Akande	Independent Member

In attendance

Steven Hendy	Chief Finance Officer (CFO)
Clare White	Deputy Principal Corporate & Student Services
Malcolm Shearer	Director of Finance (up to item 8.2)
Lorraine Stoten	Director of HR (DofHR) (item 6 only)
Murray Higgs	Head of Estates & Facilities (HofEF) (up to item 5)
James McInroy	Executive Director, Estates Operations (up to item 5)

Clerk

Sue Glover	Clerk to the Corporation
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The Chair of the Committee took the opportunity to welcome the new Executive Director, Estates Operations, who would be taking over from the Head of Estates & Facilities when he retires at the end of the year.

FRC.36.23 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.37.23 Apologies for absence

Apologies for absence were received from

- Paul Dale
- Ben Akande

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

FRC.38.23 Unconfirmed minutes of the meeting held on 27 June 2023

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

FRC.39.23 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.

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.40.23 Health and Safety Policy

The HofEF presented for consideration and approval the Health and Safety Policy.

Members were advised that there were no changes to the policy presented. However, the policy has been updated to reflect suggestions made by internal auditors, but the College's policy committee had not yet met to review these. The planned changes are minor, but the Statement of Intent, which is required to be signed by the Chair and Principal in order to remain compliant, remains unchanged. It was agreed that, once any changes to the policy were agreed, the revised version would come back to the Committee for consideration; in the meantime, the Committee was content to approve the policy as it stands.

Termly Health and Safety Report

The HofEF presented 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 are significant delays to the refurbishment of the Science and IT areas due to unforeseen circumstances and poor resourcing on the part of the contractor;
- in the light of recent press coverage of the use of Reinforced Autoclaved Aerated Concrete (RAAC), the College carried out an inspection of the estate and did not locate any RAAC used in any campus. A return to the Department for Education was made to reflect this;
- 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 are still experiencing high levels of first aid calls;
- the fire alarm installations and firefighting equipment function correctly and have been tested and inspected throughout this period;
- there had been a number of issues with the lift operation at both campuses, but these have been resolved and are now running satisfactorily.

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

- the delay to the refurbishment of the Science and IT areas has posed a number of operational difficulties and room changes, which do not fully benefit the students, and the College was concerned that it would not be able to showcase the science labs during the imminent open evening. From a health and safety perspective the site is relatively well isolated from the main student areas but access for the contractors is being carefully monitored;
- there have been no RIDDOR reportable accidents during this period;

Members agreed that the delays to the current building works was disappointing and hoped that these are resolved as soon as possible. On reviewing the schedule of accidents, it was asked if the last 2 years/2 lines could be deleted in order to make the document more readable.

As this was scheduled to be the last meeting of the HofEF before his retirement at the end of the year, the Chair of the Committee took the opportunity to thank the HofEF for all his hard work and dedication over many years and wished him well in his retirement.

Agreed

The Finance and Resources Committee:

- agreed to receive and note the report
- approves and recommends to the Corporation Board for approval the Health and Safety Policy, subject to any further amendments that may be required
- 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

FRC.41.23 Annual report on Human Resources – 2022/23

The DofHR presented for consideration and approval the annual report on Human Resources for 2022/23.

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 1 September 2022 to 31 August 2023.

Members reviewed and discussed the report, noting details with regard to the many aspects of the staff profile and, in response to questions on issues raised, were advised that:

- the College benchmarks against statistics and data from the AoC College workforce survey for the academic year 2020/21, published in November 2022
- there were a lower number of leavers in 2022/23 than in previous years.. Overall, the workforce has increased by 17.9%; with a significant percentage of this due to transferring the cleaning services in house; excluding these staff the actual increase was 10.35%
- the gender and age breakdown of staff remains largely unchanged, staff with a declared medical condition has increased each year and there has also been an increase in staff who have declared learning difficulties and mental health issues
- there was a slight increase in total sick events and total sick days and a significant increase in average days per employee sickness lost. There were several staff in this reporting period with significant health conditions which would account for this
- the College's overall absence rate was 3.8 days per employee, which is significantly lower than the latest AoC Workforce Survey findings of 4.4 days for the same period
- the number of starters has increased significantly on previous year
- 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 or formal grievances in the period

Members considered that, whilst the number of leavers was lower than in previous years, it would be helpful to have an indication of the reasons why they have left in order to be able to address the issue more fully. It was noted that staff have the opportunity to move into different areas of the College from which they were first recruited should they wish to in order to gain further experience within the College and is seen to be beneficial and sharing of good practice.

It would be helpful to have some analysis in future reports of the extent to which staff do move around within the College and whether this has any impact on retaining them.

The Committee agreed that for future reports, it would be more beneficial to have sight of the HR Strategy and the associated KPIs to see the extent to which progress has been made against these. However, it was acknowledged that the report presented gave a good base for the reporting of key matters relating to staff.

The Committee commended the work by the College's HR team to support staff and the range of initiatives available to everyone. Members 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 accept and commend to the Corporation Board the annual report on Human Resources for 2022/23

FRC.42.23 Curriculum and support area performance – CEFSS Review

The CFO advised that the CEFSS review would be commencing on 17 October and the outcome presented to the Committee when complete.

FRC.43.23 Financial Reporting – Management Accounts to 31 July 2023

The DoF presented the management accounts to 31 July 2023.

Members were advised that:

- the final position is a £192k surplus, the revised budget approved in March 2023 forecast a surplus of £54k
- the year end cash position of £3,166k is in line with the revised budget forecast of £3,101k
- bank loan refinance has not yet commenced due to DfE procedures, which has resulted in the loan being presented as due within one year as the maturity date is April 2024. The loan refinance will ideally be agreed prior to the final accounts being signed off by 31 December; however, should this not be the case auditors have stated the accounts may have to be signed off with material uncertainty due to the impact on the going concern assessment
- the financial health for 2022/23 will be 'good' under the existing and proposed system. If the loan refinancing is resolved and the loan restated as due in greater than one year, the financial health will be 'outstanding'

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 2022/23

In discussion, members agreed that the year-end outcome position presented was a very pleasing one and recognised that this was the fruition of a number of initiatives over the last few years.

FRC.43.23 Financial Reporting – Financial update for October 2023

The CFO presented members with an update on key financial matters, which are in addition to the update provided in the July management accounts.

Members were updated on:

- Budget forecast for 2023/24
- Additional borrowing
- College Loan Refinancing
- Bank position
- T Levels Wave 4 and Wave 5 projects
- Local Skills Improvement Funding (LSIF)
- Land Sale update
- Potential fraud matter
- Enrolment number for 2023/24

In considering the reforecast to the initial budget for 2023/24, members were advised that:

- the recent change in the funding rate for 2023/24 announced by the ESFA will result in additional funded income of £912k being paid during the year
- the impact on the budget is significant and would allow the College to budget for a staff pay award and also to reforecast the deficit budget of £390k approved by the Board in July 2023 to a surplus for 2023/24
- a 5% pay award has been modelled, to be paid in April 2024. However, following recent recommendations from the AoC, a 6.5% pay award will also be modelled, but this may be subject to additional commercial income not yet confirmed relating to Xtend and additional staff savings
- the reforecast will appear in the management accounts as the 'latest outcome' until the budget review commencing in January 2024 is completed and subsequently approved by the Corporation

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

- the application to the DfE for additional borrowing to support projects relating to the College Medical & Sports Sciences new building and T levels Wave 5 has been approved in principle and the outcome expected in October 2023
- in partnership with Harlow College and other local colleges, the College has been successful with its application for LSIF to repurpose the Theatre at the Seevic Campus. The project is estimated to cost £832k of which £675k will be funded and the College contribution will form part of the capital programme for 2024/25
- the option agreement with Persimmon has still not yet been signed and a meeting with Persimmon, Birketts Legal and Glenny LLP with the aim of agreeing a date when the option can be expected to be signed is being arranged. In the meantime, an approach has been received for an alternative use of the sports field and this option will now be followed up.

- the recent alleged fraudulent activity relating to rental income from the use of the College sports facilities is currently being investigated. It is unclear at the moment how much income has allegedly been lost but could be more than £2k on information established to date. All further reporting on this matter will be conducted through the Risk and Audit Committee
- funded student allocation is 3,470 and at the end of enrolment 3,831 has been achieved, which is 361 above allocation. Focus will be on T42 to ensure the number of withdrawals are minimised up to census date

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 July 2023
- financial update for October 2023

FRC.44.23 Finance Executive Group (FEG)

The Committee received for information the draft minutes of the meeting of the Finance Executive Group held on 31 August 2023.

FRC.45.23 Property Strategy

The CFO presented the Executive Summary for the Property Strategy. Members were reminded that the Property Strategy was first introduced in 2018 covering a 5-year period and was last updated and approved by the Corporation Board in March 2021.

The Committee was advised that at the recent meeting of the FEG, it was agreed that, whilst the Property Strategy presented was excellent and a very comprehensive document, it was more of an operational plan rather than an overarching strategic document. A one-page executive summary should be produced linking the Property Strategy 'operational plan' to the Strategic Plan.

Members considered the detail of the Executive Summary, noting the strategic alignment overview and agreed this very comprehensively focused on the key elements of the strategic plan.

Agreed

The Finance and Resources Committee approves the Executive Summary for the Property Strategy

FRC.46.23 College Insurance Cover

The CFO presented a report which gave an update on the current insurance arrangements for 2023/24 following the recent insurance review.

Members were advised that:

- the College has reviewed and updated its insurances for 2023/24
- the sector has seen an increase in premiums overall, in particular for Cyber Liability

Members reviewed the summary of premiums for the year against the previous year, noting the increase in premium. In response to questions, members were advised that the increase in renewal premium were in line with that within the sector.

Agreed

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

FRC.47.23 Fire Doors at Palmers

The FEG had considered the fire doors at Palmers at the meeting on 31 August when it was agreed that, subject to having all relevant quotes and assurances in place to support an appointment, Chair's Action is taken to appoint the supplier of the Fire Doors at the Palmer Campus, which will be endorsed by the Corporation Board at their next meeting.

The CFO advised members that it has transpired that the Blue Rose Group would be subcontracting their services and, on this basis, have withdrawn from the process. Whilst the insurance company are insisting on a having a minimum level of assurance for the fire doors, the College is keen ensure that the appointed provider has the top end level of accreditation. Hughes & Associates Ltd, who had provided a quotation previously but was discounted due to the cost, have been approached again with a view to improving on their costs.

It was agreed that the company offering the best value for money and the highest level of accreditation should be sought. The CFO advised that he should have further details to share with the committee by the end of the week in order to check that a high level of accreditation is achieved. It was agreed that Chair's action would continue to be taken in the light of the timescale.

Agreed

The Finance and Resources Committee agreed that, subject to having all relevant quotes and assurances in place to support an appointment, Chair's Action is taken to appoint the supplier of the Fire Doors at the Palmers Campus, which will be endorsed by the Corporation Board at their next meeting

FRC.48.23 Committee Effectiveness

The Clerk presented the outcomes from the Committee's self-assessment for 2022/23.

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. It was 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. It was agreed that more focus would be given on 'stress testing' the assumptions made when setting the budget going forward. 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.49.23 Any Other Business
There were no items of any other business.

FRC.50.23 Dates of scheduled meetings of the Finance and Resources Committee 2023/24

Tuesday 28 November 2023
Tuesday 12 March 2024
Tuesday 25 June 2024

SIGNED AS A CORRECT RECORD:

A handwritten signature in cursive script, appearing to read "Kemon", is enclosed in a light blue rectangular box.

DATE: 28 November 2023