



**USP College Corporation
Finance and Resources Committee**

**Minutes of the Meeting held on Tuesday 28 November 2023
Via MS Teams
Meeting commenced: 16.00hrs
Meeting ended: 17.10hrs**

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

Clerk

Sue Glover	Clerk to the Corporation
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FRC.51.23 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.52.23 Apologies for absence

There were no apologies for absence.

FRC.53.23 Unconfirmed minutes of the meeting held on 10 October 2023

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

FRC.54.23 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.

The Clerk presented the final version of the Health and Safety Policy, which had been approved at the last meeting, subject to any further amendments by the College's policy committee. Members were advised that, apart from a minor date change, there had been no further changes made.

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.55.23 College Policies

The Clerk 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

Members agreed that the highlighted changes proposed were appropriate and there were no further changes required.

Agreed

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

FRC.56.23 Financial Statements 2022/23

The DofF presented the draft financial statements for 2022/23.

The Committee was advised that the Financial Statements would be presented to the Risk and Audit Committee at their meeting on 5 December for approval and recommendation to the Corporation Board on 12 December.

The DofF highlighted the main points arising in the preparation and audit of the 2022/23 financial statements:

- there are no adjustments to the previous reported position, the draft statements are in line with the financial position reported at the October meeting of the committee
- there is a reclassification item relating to the recognition of the ITEC pension scheme, but this does not impact the bottom line
- going concern review – this is ongoing and linked to the refinancing of the commercial loan by the Department for Education (DfE). The DfE have advised that approval will be gained in December for refinancing the loan, which is critical to enable Buzzacott to sign the accounts and give an opinion that the College is a going concern. Should approval not be received in December, then this would delay the auditor sign off until such time as approval is given or alternatively the College would need to review its going concern opinion
- letter of representation is to be prepared for the Board to sign off

In response to questions regarding the timing of the refinancing of the loan from the DfE, members were advised that approval is expected to be given on 19 December. It was agreed that this was a very tight timescale and, as it was so near to the end of term, there should be no delay in the signing off of the accounts, even if this meant signing with material uncertainty. However, it was acknowledged that any recommendation to the Board on the approval of the financial statements lies with the Risk and Audit Committee who would be meeting the following week.

Members reviewed the detail of the report, in particular:

- Income & Expenditure Account
- College Reserves
- Balance Sheet
- Consolidated statement of cash flows

It was agreed that the result is consistent with the financial picture presented throughout the year.

Members asked that thanks on behalf of the Committee be passed to the finance team for the amount of good work done with regard to the audit.

Agreed

The Finance and Resources Committee agreed that the financial results are consistent with the financial picture presented through the year and should be commended to the Corporation Board.

FRC.57.23 Financial Reporting – Management Accounts to 31 October 2023

The DoF presented the management accounts to 31 October 2023.

Members were advised that:

- the forecast year-end outturn, subject to full budget review in January 2024, is £62k surplus against the budget approved for the year of an operating deficit of £390k
- staffing contingency of £280k for an April pay award modelled on 5%
- cash held on 31 October was £2.8m and forecast to be £1.9m at the year end
- current financial health forecast to be 'good' for 2023/24

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

In discussion, members agreed that the current position presented was a very positive one.

FRC.58.23 Financial Reporting – Financial update for November 2023

The CFO presented members with an update on key financial matters which are in addition to the update provided in the October 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
- MedTech New Building – tender process
- Local Skills Improvement Funding (LSIF)
- Land Sale update
- Fire Doors at Palmers
- Curriculum Efficiency & Financial Sustainability (CEFS) review
- Enrolment number for 2023/24

Members discussed the 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 DfE are now carrying out affordability checks with the outcome expected in December. The DfE have confirmed that additional borrowing requested can only be used for the Medical & Sports Sciences building, which means that match funding for T Levels Wave 5 will need to come from the College's own cash or taken from capital grant funding received earlier in the year. A new cash flow is required by the DfE which will be shared by end of November to aid their decision making
- planning for the T Levels Wave 5 project has commenced with expected completion in September 2024
- following the successful application with the LSIF to repurpose the Seevic Campus Theatre, the project forecast cost was assessed by the DfE and formal notification received in November confirming funding. Work on the project can now commence with the aim of completing the work by the summer of 2024
- Persimmon Homes have indicated they will sign the option agreement, however with two proposed amendments to the terms of the agreement, which are being reviewed by legal team. Although the amendments are not significant, further changes to the wording to protect the College have been submitted and a new option agreement has been requested, subject to review by this committee and the Corporation for approval. A response is awaited from Persimmon Homes with the expectation that if both parties are in agreement the option agreement will be signed in December closely followed by the option payment of £150k
- Following the tender process for the upgrade to fire doors at Palmers, Aleron Fire Protection Ltd have been appointed and College insurers have confirmed that they are happy to accept our preferred contractor.

The Committee was reminded that, at the previous meeting, it had been agreed that the Chair of the Corporation would take Chair's Action to approve the main contractor outside of the meeting once relevant quotes and assurances were in place to support an appointment. It was unfortunate that due to health issues, the Chair had to suddenly resign from the Board and consequently was unable to take Chair's Action to approve the appointment. It was agreed that the interim Chair would take Chair's Action retrospectively to endorse the appointment.

The Committee considered the summary of findings of the Curriculum Efficiency & Financial Sustainability (CEFS) review, which had been undertaken in October 2023 by the FE Commissioner Team, noting the conclusions that:

- the College has a very good curriculum planning model
- the process is very well understood by all involved and is supported by clearly presented and relevant reports

- nearly all efficiency metrics are better than or at least in line with sector benchmarks
- there are only three suggested actions, all of which are relatively minor, and this compares very favourably with other CEFS reviews undertaken by the FEC team

Members were updated on the enrolment numbers. Focus has been on T42 to ensure the number of withdrawals are minimised up to census date. The College is likely to submit an in-year funding claim which, if successful, could be circa £240k

The Committee thanked the CFO for a comprehensive update on College matters, in particular the good outcome of the CEFS review, 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 October 2023
- financial update for November 2023

FRC.59.23 ESFA letter dated 3 November 2023

The Committee received, for information, a letter issued by the ESFA which confirmed that, following a review of the College's Financial Forecasting Return 2023 to 2025, it was concluded that the College's financial health grade for 2022/23, based on the outturn forecast, was 'Good' and for 2023/24 is 'Good'.

FRC.60.23 Any Other Business

There were no items of any other business.

FRC.61.23 Dates of scheduled meetings of the Finance and Resources Committee 2023/24

Tuesday 12 March 2024

Tuesday 25 June 2024

SIGNED AS A CORRECT RECORD:

DATE: 12 March 2024

