



**USP College Corporation
Finance and Resources Committee**

**Minutes of the Meeting held on Tuesday 11 March 2025
Via MS Teams
Meeting commenced: 16.00hrs
Meeting ended: 17.30hrs**

Present

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

Apologies for absence

Louise Aitken	Independent Member
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In attendance

Steven Hendy	Chief Finance Officer (CFO)
Clare White	Principal
Lorraine Stoten	Director of HR (DofHR) (up to item 6 only)
James McInroy	Executive Director, Estates Operations (EDEO) (up to item 5 only)

Clerk

Sue Glover	Director of Governance
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FRC.01.25 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.02.25 Apologies for absence

Apologies were received from

- Louise Aitken

The Committee agreed to accept the apologies for absence.

FRC.03.25 Unconfirmed minutes of the meeting held on 26 November 2025

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

FRC.04.25 Matters arising and action points from the minutes of the previous meeting

Members reviewed the action points arising from the meeting.

The CFO provided an update on budget profiling, stating that the mid-year budget review is complete, allowing for reprofiling and building a new cash flow to better manage finances.

The CFO advised that he was working on identifying the gap from good to outstanding financial health and would make this information available to the Committee when complete. This will remain on the schedule until completed

The CFO advised that the Procurement Act is now live and he will start work on updating relevant policies and will provide feedback in due course and will remain on the schedule until completed.

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.05.25 Termly Health and Safety Report

The EDEO 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:

- the number of accidents reported through the College's internal reporting system for the year to date;
- the College maintains sufficient coverage with personnel trained in first aid
- the security, fire alarm installations and firefighting equipment function correctly are operational and all fire system evacuations proceeded smoothly and effective communication observed between staff and learners
- a stage 3 (full lockdown) evacuation test was carried out across all campuses with no issues to raise

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

- new volunteers are being actively recruited to assist with First Aid duties
- there has been a high volume of welfare-based calls with support from curriculum staff to help manage students' needs without relying on first aiders
- there have been a number of issues of vaping and smoking which have set off fire alarms, particularly at Palmers, and steps have been taken to mitigate this problem
- there have been a College combined campus total of 7 accidents during the period, as a comparison a total of 5 were reported in the same period the previous year. It was agreed that staff and visitors would be added to the report.

The Committee agreed it was a positive report.

Agreed

The Finance and Resources Committee agreed to

- receive and note the report
- staff and visitors would be added to the reporting

James McInroy left the meeting

FRC.06.25 Termly Human Resources Report

The DofHR presented a report to update members on the Human Resources activities for the period September to December 2024.

Members were advised that:

- good progress has been made in recruitment efficiency, onboarding, safeguarding and professional development with most KPIs on track or exceeded
- continued focus will be on improving engagement, data collection and targeted support strategies to strengthen workforce stability and effectiveness
- the targeted retention incentive for teachers, which is funded directly by the DfE, has made an impact on staff retention with 15 applications received for payments ranging from £2,500 to £5,000 each; permanent staff retention in year one exceeding the 90% target

Members discussed the issues raised, in particular the absence of information regarding staff sickness, and, in response to questions, were advised that:

- the staff satisfaction target in the annual staff survey is 76%
- there are consistent short-term absences in a particular curriculum area, which has been ongoing and requires further investigation
- there has been an increased amount of long-term sickness, which is managed from week 4 by Occupational Health, which highlights the importance of return-to-work interviews and notices of concern

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.

Agreed

The Finance and Resources Committee agreed to

- receive and note the report
- total staffing numbers and commentary regarding sickness rates to be added to future reporting

Lorraine Stoten left the meeting

FRC.07.25 Financial Reporting – Management Accounts to 31 January 2025

The CFO presented the management accounts to 31 January 2025.

Members were advised that:

- The consolidated accounts for the period show an operating deficit of £435k; the budgeted operating deficit for the year to date was £361k, resulting in an adverse variance of £92k, which is mainly due to an increase in staff costs to support curriculum delivery and agency costs relating to long term sickness cover
- Cash balance at month end is £1.8m and remain on track to achieve a year-end cash balance of £2.7m
- the balance sheet shows favourable movement this month with net current liabilities of £301k in December 2024 shifting to net current assets of £506k in January 2025; the improvement is largely due to an increase in trade debtors
- current financial health forecast to be 'good' for 2024/25

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

- Financial KPI dashboard
- Financial performance tracker
- Income and Expenditure account
- 2-year cash flow forecast
- Balance Sheet
- Statement of cash flows
- Operational capital programme
- Analysis of significant year to date variances
- Major capital projects
- Analysis of curriculum & support area performance
- Financial Bank Loan Covenants

In discussion, members considered whether controls in place were correct as the agency costs were higher than forecast and were informed that the higher agency costs are partly due to late recruitment and the inability to find permanent staff, which has necessitated the use of agency staff.

Agreed

The Finance and Resources Committee agreed to receive and note the management accounts to January 2025.

FRC.08.25 Budget review for 2024/25

The CFO presented a report which provided an overview of the outcome of the February 2025 budget review for the year 2024/25.

The Committee was reminded that:

- the Corporation approved a surplus budget in July 2024 of £163k for 2024/25
- the College carried out a high-level budget review for 2024/25 in November 2024 to establish the financial impact of in-year funding from increased student recruitment, funding from the land option agreement and additional costs relating to staffing changes and increases in non-pay costs that have occurred since the budget was approved

Members were advised that:

- the revised budget together with a 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 2024
- the outcome of the review shows an improved forecast budget surplus of £313k
- the Executive have reviewed options available when making a staff pay award, taking into account the AoC recommendations and when making the decision consideration has been given to the part year impact in 2024/25 and the full year impact in 2025/26
- a recommendation of a 2% pay award in line the AoC recommendation was affordable in both 2024/25 and 2025/26
- the contingency for the staff pay award also includes the additional cost of the increase to the national minimum wage which comes into effect in April 2025

The Committee reviewed the outcome of the budget review as set out in the summary of 'best case', 'likely case' and 'worst case' scenarios. In particular, the Committee noted the characterisation of the risk within the revised budget review has increased to 'medium/high' from the previous 'medium/low'.

The CFO then explained the impact of a very recent and unexpected funding announcement from the DfE – namely, that colleges will now receive only two-thirds of their in-year funding (as originally calculated). For USP, this represented a reduction in income (and the bottom-line surplus / deficit) of c£190k. This very late change of funding then raised further concerns around the, as yet, unconfirmed reimbursement in full of next year's NI increases as well as the implications of the Chancellor's statement due on 26 March.

Consequently, it was agreed that it would be prudent to await the outcome of these announcements before finalising the budget review and any associated pay award. It was recognised that this would mean it unlikely that Board approval for a staff pay award could be secured at the March meeting.

Therefore, it was agreed that at the March meeting, the Board would be asked to delegate authority to the Finance Executive Group (FEG) to finalise the budget review and any pay award, which would be back dated to 1 April. It was agreed that staff would be kept informed post the March Board meeting on the factors involved in the delay in being able to finalise any decision on a pay award.

Agreed

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

- the CFO to revise the latest budget review in the light of
 - major new funding announcements; and
 - staffing/agency costs
- the CFO to model pay awards of both 2% and 3% from 1 April as regarding affordability (both this year and next) in terms of financial health and cash flow
- that the FEG are delegated authority by the Board to finalise the percentage of the staff pay award following funding announcements

FRC.09.25 Financial Reporting – Financial update for March 2025

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

Members were updated on:

- In-year growth funding
- Procurement Act update
- Capital projects
- New build feasibility
- Accommodation planning
- Land sale update
- Enrolment number for 2024/25

Members discussed the issues raised in the report and, in response to questions, were advised that the College had originally expected to receive in-year funding for growth in student numbers of c£550k. However, reviews by the MIS team at the time of the original budget identified offsetting clawbacks of c£66k following under delivery of T levels.

Further reviews by the MIS team in December 2024 now calculate that the clawback is expected to be £222k and the mid-year budget review reflects this adjustment.. Members queried the reasons behind the significant increase in the clawback and specifically, whether this could and should have been identified earlier.

Members were further updated on

- Capital projects are now essentially complete, although there remain some snagging items and final accounts are to be agreed with the contractors.,
- Following the recent estate condition survey, a feasibility report is being prepared on the need for a new building at Seevic to replace buildings which are deemed to be end of life; a new build would also allow the College to address the capacity issue at Seevic
- Following receipt of funds for the Option Agreement, Persimmon Homes are now working on a promotion document and booking a pre-application meeting with Castlepoint Council.,

Members were updated on the enrolment numbers. Student numbers finalised at 3,869, which was 208 above the funded target and in-year funding for growth is expected to be paid in April 2025.

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 financial update for March 2025
- Reasons for the significant increase in clawback to be identified and whether this could and should have been identified earlier

FRC.10.25 Subsidiary Company

The CFO presented a report detailing a proposal to set up a new subsidiary Company.

Members were reminded that the College currently has a subsidiary company called ITEC Learning Technologies Ltd, which previously delivered Apprenticeship Programmes but now operates as a management company for the College cleaning team together with some smaller commercial activity linked to lettings and exams.

The College previously reviewed its XTEND campus operations with the view of renaming ITEC as XTEND Digital Ltd to deliver both commercial activity and digital innovation. However, following further review with the Digital Commercial Director it is now proposed to set up a new company to rebrand and start afresh without historic financial information of ITEC, which may put off prospective partners.

Members were advised that:

- the new subsidiary would be formed to handle the College's commercial activities and digital innovation
- the name suggested is XR Studios Limited
- DfE requirements are required to be satisfied when setting up any new subsidiary

In reviewing the guidance set out by the DfE, the group discussed the need to ensure compliance with this and agreed that it is not a novel transaction and does not require additional permissions. The CFO advised that in due course a full business plan would be developed and presented to the full Corporation Board.

It was agreed that it would be more appropriate to set up a new subsidiary company for developing the College's commercial activities rather than utilising ITEC and that a recommendation is made to the Board that XR Studios Limited is established, noting that a full business plan will be presented in due course.

Agreed

The Finance and Resources Committee recommends to the Corporation that XR Studios Limited is established as a subsidiary company of USP College for the purpose of commercial activities and digital innovation

FRC.11.25 Any Other Business

There were no items of any other business.

FRC.12.25 Dates of scheduled meetings of the Finance and Resources Committee 2024/25

Tuesday 24 June 2025

SIGNED AS A CORRECT RECORD:

DATE: 24 June 2025



A handwritten signature in blue ink, appearing to read "Kemon", is written over a light blue rectangular background.