



**USP College Corporation
Finance and Resources Committee**

**Minutes of the Meeting held on Tuesday 24 November 2020
via Microsoft Teams
Meeting commenced: 16.00hrs
Meeting ended: 17.40hrs**

Present

Phillip Lennon	Independent Member	Chair
Gordon Haines	Independent Member	
John Baker	Independent Member	

Apologies for absence

Dan Pearson	Principal & Chief Executive
Ralph Henderson	Independent Member

In attendance

Steven Hendy	Chief Operating Officer (COO)
John Revill	Vice Principal Partnerships, Funding & Business Planning (VP P,F&BP)
Lorraine Stoten	Head of Human Resources (HofHR)
Molly Makota	Head of Finance (HofF)

Clerk

Sue Glover	Clerk to the Corporation
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FRC.41.20 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.42.20 Apologies for absence

Apologies for absence were received from

- Dan Pearson
- Ralph Henderson

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

FRC.43.20 Unconfirmed minutes of the meeting held on 13 October 2020

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

FRC.44.20 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 COO advised that the legal advisers appointed to deal with the sublease for HARP are still working on this and, once completed, the lease will be presented to the Committee.

It was agreed that all actions had been satisfactorily completed and that there were no other matters arising from the minutes of the previous meeting.

FRC.45.20 College Policies

The Head of HR 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

Resolved

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

Lorraine Stoten left the meeting

FRC.46.20 Financial Statements 2019/20

The COO presented the draft financial statements for 2019/20.

The Committee was advised that the final version, which is expected to be available shortly, would be presented to the Risk and Audit Committee at their meeting on 1 December for approval and recommendation to the Corporation Board.

The COO advised members that

- the financial outcome has not changed since the previous meeting in October
- the strategic report has been updated to include amended going concern comments and Covid-19 comments
- Student Achievement Data is currently being checked and will be updated before a final version is presented to the Risk and Audit Committee
- The audit has gone well with no adjustments reported by Buzzacott and only one recommendation going into 2020/21 relating to HR contracts

It was noted that the Total Comprehensive Income for the year showed a £4,670k deficit, which is stated after accounting for the re-measurement of the Defined Benefit pension scheme.

Members reviewed the detail of the report, in particular

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

In discussion, members were advised that the remaining matters to be resolved prior to signing are minor with the exception of the going concern status. Further work is required by Buzzacott once they have received the latest financial plan and cash flow forecast so they can satisfy the requirements to demonstrate the college can continue operations in the foreseeable future.

Members 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 COO and his team for the tremendous amount of good work done with regard to the audit.

Resolved

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.47.20 Revised Financial Plan and Cash Flow forecast

The COO presented for consideration the updated financial plan and cashflow forecast for 2020/21.

Members were advised that

- Following the recent budget review, this has resulted in the cash flow plan which is required to be submitted to the ESFA on 27 November 2020 together with the supporting commentary
- The revised budget position shows a revised surplus of £38k, compared to £34k approved in July 2020
- The new budget includes a contingency of £60k which, although small, will improve the forecast outturn to £98k if it is not utilised
- Two cash flows are planned to be submitted to the ESFA, one including additional borrowing and the other showing an overdraft facility
- This information will be shared with external auditors (to help them complete the work required to support the Board's assessment that the College will continue operations on a going concern basis) and also with Barclays Bank (to help them with the financial review of the College prior to approving additional financial support)
- The updated financial plan is not required to be sent to the ESFA but has been prepared for Board information only, using the previous template prepared in July 2020

The Committee reviewed the revised financial plan and cash flow forecasts and concluded that, even without taking into account the support available from Whitehall finance, these present a positive cash position and thus would reaffirm the 'going concern' status of the College.

In discussion, members agreed that the cash flow forecasts prepared for the ESFA were appropriate and asked if the commentary could be circulated to the Committee.

Agreed

The Finance and Resources Committee agreed to receive and note the revised financial plan and cash flow forecast for 2020/21

John Baker left the meeting. The Clerk advised that the meeting was no longer quorate, which meant that no approvals are able to be made by the Committee; however discussions could continue on the remaining agenda items

FRC.48.20 Financial Reporting – Management Accounts to October 2020

The Head of Finance (HofF) presented for consideration the management accounts to 31 October 2020.

Members were advised that

- The College is currently showing a YTD underlying operating deficit before exceptional items of £101k (budgeted deficit £101k) and an overall historic deficit of £113k (budgeted deficit £113k)
- The impact of Covid-19 continues to have an adverse effect across the College with reduced commercial income from catering, college lettings and the Gym, which has, in part, been offset by additional income received from Covid-19 Financial Support Schemes and a reduction in catering food costs and other commercial activity related costs
- Health and Safety expenditure is considerably higher than budget, due to the measures taken to allow the College to operate safely at this time and are currently being offset by reduction in other delivery costs
- Examination costs are being reviewed to assess increase whilst awaiting the Pearson rebate amounts due

Members reviewed the detail of the report, noting in particular

- financial KPI dashboard
- financial performance summary
- monthly comparison of key performance indicators
- Income & Expenditure account
- rolling year cash flow
- Balance Sheet
- Cash flow reconciliation
- Analysis of curriculum area and support area performance
- analysis of significant year to date variances
- Capital programme performance summary
- ITEC Apprenticeship Provision
- College financial health

In discussion, members were advised that, following the budget review process, future management accounts will be monitored against the new budget forecast.

It was noted the cash position at the end of October is £2.978m, which includes £801k granted to the College under the Further Education Capital Allocation (FECA) Scheme. Cash in hand days is 45 days, which is above the funding body requirement for outstanding financial health of 25 days.

Members discussed the issues raised and agreed that, whilst it was early days, it was very pleasing to be on budget at this time.

FRC.49.20 Financial Reporting – Financial Update November 2020

The COO presented for consideration a report detailing the updates to key financial matters in addition to the latest Management Accounts already presented and discussed.

The Committee was advised that

- The budget review has now been completed in line with the original plan and the outcome advised under a previous agenda item
- The review was made difficult due to Covid-19 and the impact of quality issues relating to the Docklands HE contract; the impact of which has caused a significant reduction to previously forecast income in the region of £600k
- As a consequence of this, mitigating action has been taken to ensure the college is able to report a surplus budget, which will include assumptions regarding increase revenue from the new OBC HE contract and additional income targets for ITEC
- Despite the positive position, the College recognise this is a high risk budget given the ongoing uncertainties regarding Covid-19 and the required in-year HE recruitment
- A further budget review will be required in January 2021 to ascertain whether the college is on track to meet its approved budget and to identify any significant changes required that were not known during the November 2020 budget review

Members reviewed the detail of the consolidated revised budget summary for 2020/21 and, in discussion, were advised that

- Possible in-year 16-18 funding may become available to the College as a result of over recruitment of student numbers, which will either improve the position further or mitigate any potential reductions
- This position is likely to be confirmed in January 2021 together with the level of additional funding made available

The Committee continued to be advised that

- The College continues to work towards improving the cash position by July 2021 and will be helped by the 12 month capital repayment holiday now agreed with the bank. Current cash held is healthy and in line with expectations
- As previously reported, the college is seeking additional borrowing of £500k as part of the proposed loan refinancing and, if approved, will be used for operational purposes and not capital. If not approved, the College will seek an overdraft facility of £500k covering December 2020 through to April 2021
- The bank remain supportive and have reaffirmed their confidence in the College's SMT
- Work has recommenced on the proposed sale of college land at the Sevic campus and Castlepoint Council have confirmed that the local plan has been submitted for approval
- The CEDTIL (XTEND) project at Canvey Skills Centre is now underway with Fusion Project Management tasked to deliver this project with a target completion date of 31 March 2021 agreed
- The appointment of the project contractor is underway. Tenders have been sent out with a return date of 27 November as part of this first stage tender
- The cost plan prepared is estimated at £1m, which is £100k above the SELEP funding of £900k. However, this cost estimate includes a contingency of £130k, which will lead to a small underspend if this amount is not required
- Some work originally planned at the Canvey Skills Centre relating to ITEC and Supported Internships has had to be deferred until the summer 2021 for financial reasons. A full plan will be presented nearer the time that will form part of the capital plan for 2021/22

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

- The proposed lease of the Canvey Skills Centre is nearing completion with the Heads of Terms now agreed. There are some minor amendments on the formal lease before signing can take place, which is now expected to be 27 November
- SELEP have extended the deadline for signing the funding contract until December 2020

Members asked if a summary could be shared with the Committee of the income and expenditure for the project so that they are fully aware of the financial commitment at this time.

Members were updated on the current enrolment position, noting that the College is currently 123 over its allocation. It was agreed that this was a very pleasing outcome and asked that thanks are conveyed to all staff involved with the enrolment for the considerable hard work involved in achieving this.

Agreed

The Finance and Resources Committee agreed to receive and note

- the October 2020 management accounts
- the financial update for November 2020
- a copy of the income and expenditure for the XTEND project to be shared with the committee

FRC.50.20 Any Other Business

There were no items of any other business.

FRC.51.20 Dates of scheduled meetings of the Finance and Resources Committee 2020/21

Tuesday 2 March 2021

Tuesday 22 June 2021

All meetings commence at 4pm unless otherwise stated.

SIGNED AS A CORRECT RECORD:



DATE: 2 March 2021