



**College**

**USP College Corporation**

**Minutes of the Meeting held on Tuesday 14 July 2020**

**Meeting held via Microsoft Teams**

**Meeting commenced: 16.00hrs**

**Meeting ended: 17.55hrs**

**Present**

Gordon Haines	Independent Member	Chair
Phillip Lennon	Independent Member	Vice Chair
Graeme Loveland	Independent Member	
Ian Hockey	Independent Member	
Ralph Henderson	Independent Member	
Andy Williams	Independent Member	
Roger Key	Independent Member	
Jacob Smith	Independent Member	
John Baker	Independent Member	
Vikki Liogier	Independent Member	
Dan Pearson	Principal & CEO	
Julie Snelling	Staff Member	

**Apologies**

David O'Donovan	Staff Member
Ruta Dubinskas	Student Member
Emily Riseborough	Student Member

**In attendance**

Steve Hendy	Chief Operating Officer
Mark Silverman	Interim Quality Consultant
John Revill	Vice Principal Partnerships, Funding & Business Planning

**Clerk**

Sue Glover	Clerk to the Corporation
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The Chair of the Corporation welcomed members to the meeting and read out a statement on behalf of the Board, which reaffirmed the College's aims and objectives.

'In the light of current circumstances and social unrest, as a result of recent events in America, it is timely for me on behalf of the Board to reaffirm our commitment to our mission of ensuring equality, inclusion and diversity. These values highlighted by the key words chosen by our students of Respect, Resilience and Accountability are endemic to our organisation whether it be students or staff. We are very proud of our ethos in promoting the very best of opportunities for all and embracing social justice, inclusion and diversity, and providing a socially mobile environment to enable our students to realise their vision and fulfil their expectations and aspirations'.

**037/20**

**Declarations of Interest**

Members and staff were reminded of the need to declare any personal or financial interest in any item to be considered during the meeting.

John Baker advised that he is a partner with Glenny LLP and a Director of Dovetail Architects Ltd.

Ralph Henderson advised that he is a Director of Rugby at Thurrock Rugby Club, President of William Edwards' Alumni and a member of the William Edwards' Trust.

Graeme Loveland advised that he is a Trustee of the Palmer's Trust and that he is both the Clerk and Secretary to the Palmer's Trust.

There were no other declarations of interest.

**038/20**

**Apologies for absence**

Apologies for absence were received from

- David O'Donovan
- Emily Riseborough
- Ruta Dubinskas

**Agree**

The Corporation Board agreed to accept the apologies for absence

**039/20**

**Unconfirmed minutes of the meeting of the Corporation Board held on 12 May 2020**

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

**040/20**

**Matters arising and action points from the minutes of the previous meeting**

The Board reviewed the actions outstanding from the previous meeting, noting those that would be picked up under this agenda.

It had previously been advised that initial advice and guidance on Admissions would be on line during May and June. Members asked how this had progressed, including July, and were advised that 1148 learners had engaged with the 'Welcome to College Day', which is a large percentage of those that had been written to and not dissimilar that what is normally expected. Applications are currently running at 1% above last year, which is very positive.

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

**041/20**

**Governance Report**

The Clerk presented a report detailing issues relating to the governance arrangements and membership of the Corporation Board.

Members were advised that

- since the report had been circulated, Graeme Loveland has advised that, due to his work commitment, he must regrettably tender his resignation from the Corporation Board. He will leave at the end of the current academic year, i.e. 31 July 2020

- following the recent election process to seek two new student members, this has resulted in Cameron Root being nominated as the Student President and Student Governor for the Palmers campus. Unfortunately, due to Covid-19, it had not been possible to elect a candidate for the Seevic campus, and this is planned for the autumn term

The Board was informed that the Search and Governance Committee would be seeking a potential new governor to fill the vacancy created by Graeme and it is hoped that any new appointment will be brought to the Board as soon as possible.

Members were reminded that it had previously been agreed to put in place the following temporary governance arrangements in the light of Covid-19:

- Telephone conferencing: verbal discussion with all members
- Video conferencing: use of Microsoft Teams
- Email approval of resolutions

The Board was advised that, depending on the outcome of the easing of the country's lockdown arrangements over the summer and guidance from government, there could be the potential to meet in College for meetings during the autumn, subject to available space to adhere to appropriate social distancing.

In discussion, members agreed that it would be prudent at this time to plan for meetings to be held via Microsoft Teams during the autumn term and the Clerk would keep the Board advised as further guidance from government is received.

### **Resolved**

The Corporation Board agreed to

- receive and note the report
- note the resignation of Graeme Loveland with effect from the end of the current academic year
- approve the appointment of Cameron Root as student member for the Palmer's campus from 1 August 2020 to 31 July 2021
- plan for meetings of the Corporation Board and the Committees to be held via Microsoft Teams during the autumn term

**042/20**

### **Learner Voice**

The Clerk advised that unfortunately the student members had been unable to join this meeting.

As it would have been the last meeting for the current student members, the Chair of the Corporation took the opportunity to record, in their absence, the thanks to both student members for all their hard work and contribution during their term of office. Their input at meetings has been very much valued as they have been able to provide first hand insight into the experience of being a student.

**043/20**

### **Principal's Report**

The Principal presented his report, which updated the Board on recent developments in the College's Career Focused Strategy, and on recent developments surrounding the College's responses to Covid-19:

- Covid-19 impact on
  - September re-opening plans
  - Admissions and Enrolment Plans 2020/21

- Quality and Curriculum update
  - Teaching and Learning
  - Retention
  - Predicted Outcomes
  - Progression and Intended Destinations
- Canvey Skills Campus
- Pay Award

Members were advised that

- the College has followed the guidance given by the Department for Education (DfE) to support schools and colleges to fully re-open in September
- both campuses have been well prepared with
  - all areas of the college risk assessed with appropriate measures and action identified
  - clear mapping within both colleges with adequate supplies of PPE
  - all areas robustly tested and approved by internal health and safety representatives, SMT and key governors to enable safe opening
  - all measures and actions published for staff, students and parents/guardians
- as the DfE concept of creating social bubbles for year groups, along with the concept of remaining in one dedicated classroom, is untenable the College has created a social distanced return that can easily be flipped to full time (normal) teaching should conditions improve
- Enrolment commences on 20 August, with teaching beginning on 7 September; all staff return to work on 17 August
- three scenarios are planned for enrolment in August/September
  - no lockdown and no social distancing in place
  - no lockdown but social distancing still in place
  - lockdown still in place
- although applications remain positive, there are many unknowns to be negotiated - students deciding the safety and familiarity of the school setting is a better option to how the College fills the gaps in education missed and how reliable the grades students receive will be as a precursor for their ability and attainment levels
- the measures put in place for remote learning have ensured standards remain high during the lockdown period, with the TIP team being instrument throughout the period and virtual learning walks taking place across the curriculum areas, which has consisted of a 'deep dive' into individual teachers practice

The interim Quality Consultant gave a presentation to update the Board further on the College's approach to September restarts for

- A levels and contingency planning
- Vocational – L1, L2, L2, Foundation and contingency planning
- GCSE and pre-GCSE Maths and English
- Progress Coach sessions – A levels and Vocational
- Student expectations

Members were updated on the Retention, Predicted Outcomes and Progression and Intended Destinations of students.

Members discussed the issues raised and agreed that there continues to be satisfactory arrangements in place covering all areas of the business during Covid-19 and that the plans for enrolment in August/September were appropriate.

Members were updated on the progress towards the acquisition of the Canvey Skills Campus (CSC), noting that

- this is based on a 125-year lease and peppercorn rent
- Heads of Terms and Lease are currently being agreed with Essex County Council and solicitors have been engaged to act on behalf of the College
- support funding expected from Essex County Council is not yet confirmed, but a budget of £50k has been suggested
- capital works being planned with the appointment of Fusion to project manage with a focus of CEDTIL
- previously approved funding from SELEP for CEDTIL (£900k) is to be redirected to the CSC
- other funding opportunities may be available to support this project
- there is a sub-tenant (Pro-Sport) under review and the College is considering whether to continue with this arrangement

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

- the CSC will provide the College with high quality accommodation, expand our options and capacity for delivery by moving students out of poorer accommodation such as the supported internships from the K-huts
- running costs of the CSC are currently being ascertained but it is anticipated will be much lower than the additional cost of demolishing and finding new accommodation for students currently in poor accommodation
- there will be savings on the rental costs on the ITEC Centre in Basildon as the intention is for them to move into CSC

It was noted that the Lease will require Board approval and, due to the summer break, it was agreed that this should be reviewed by members of the Finance Executive on behalf of the Board and that authority is delegated to the Chair of the Corporation, under Chair's Action, to sign the lease, subject to agreement by the Finance Executive.

The target date for completion had been 31 July 2020, but the COO advised a completion date of 3 August 2020 is now planned for, which will enable this to be treated as part of the 2020/21 year end, and alleviate the issue of having to deal with it in the current year end together with the lease.

Members were advised that it had been the intention to recommend to the Board that a pay award of circa 2-3% is allocated for staff. However, following the impact of Covid and loss of income too many variables exist in the financial position of the College. It is proposed that the 2020/21 staff pay award is deferred and considered again once the position is clearer in October. It was agreed that this would be considered again in the autumn term and, if approved, it could potentially be backdated. It was noted that a full pay award, excluding SMT, would cost the College circa £200-220k.

The Board thanked the Principal for a very informative report and the Chair of the Corporation took the opportunity on behalf of the Board to thank the Principal and the senior team for all their hard work during the year, particularly with the management of the College during the Covid-19 pandemic.

### **Resolved**

The Corporation Board agreed to

- receive and note the report
- note that the proposed pay award is deferred at this time and will be considered again in the autumn term
- delegates authority to the Chair of the Corporation to sign, on behalf of the Board, the lease with Canvey Skills Centre, subject to review and agreement of the lease by the Finance Executive

**044/20**

### **Draft Budget and Capital Plan for 2020/21 and financial reforecast**

The COO presented for consideration and approval the draft budget and capital plan for 2020/21.

Members were advised that

- the draft budget and capital plan for 2020/21 had been considered by the Finance and Resources Committee at the meeting held on 23 June 2020 and commended for approval by the Corporation Board
- the budget presented is deemed to be a provisional budget for 2020/21 until a full budget review is carried out in October/November following the new academic year recruitment process
- this provisional budget targets an overall surplus of £34k for 2020/21, subject to the October 2020 budget review

The budget presented is rated as high risk, in the light of

- uncertainty caused by Covid-19 and current and possible future lockdown
- uncertainty of apprenticeships (ITEC) resulting from Covid-19
- unconfirmed funding for Teachers Pension beyond March 2021
- impact on HE income following funding cap
- stretched target set for full cost income at ITEC
- Covid-19 impact on student numbers adversely effecting catering income
- lower gym numbers than planned due to Covid-19
- enforced staff restructuring due to sustained impact of Covid-19
- not achieving targeted savings against staff costs
- increased costs directly linked to Covid-19 not already budgeted

Members reviewed each of the appendices

- Appendix A – consolidated draft budget for 2020/21, draft budget versus February 2020 forecast and risk factors
- Appendix B – remaining budget actions to be completed before finalising the budget for 2020/21
- Appendix C - High risk budgets for close monitoring and review during 2020/21 as they may impact the forecast outturn and cash position
- Appendix D – consolidated budget together with the USP College and ITEC budgets, noting that the ITEC Board have approved the ITEC budget

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

- the budget forecast for 2020/21 in February 2020 showed a surplus of £500k, which included a staff pay award and reasonable contingencies
- income has reduced by £389k compared to the February forecast due mainly to the impact on HE following the funding cap
- staffing costs have increased by £578k compared to the February forecast due largely to increased curriculum staff, but this has been mitigated by expected savings in the first quarter through unfilled vacancies and delayed starts, which is currently under review
- no redundancy budget held currently for 2020/21, but will be set as part of the budget review
- no pay award considered at this time
- general contingency included to offset apprenticeship income and Canvey Skills Centre. No other contingency held at this time to cover unexpected financial challenges
- SMT decision made to carry forward non-pay budgets from 2019/20 to minimise further increases to the 2020/21 budget. Only critical increases to non-pay budgets included
- the high risk budget lines will greatly reduce cash held if not achieved and put the College at significant risk of insolvency if not managed and monitored effectively at both Board at SMT level

The COO advised that the College is targeting to improve cash held by between £300k-£500k, based on current budget and capital plans. However, this may improve further once loan refinancing has been renegotiated and a capital repayment holiday agreed with the bank. This would mean that the College is then not so reliant on the bank when there are low points in the year for funding. The College is now being supported by the bank's Business Support Team and the bank remain supportive of the College's plans and financial strategy and have no concerns with our management team.

In discussion, it was agreed that the COO should continue discussions with the bank to refinance existing loans and to agree a capital repayment holiday and that the COO and Principal are authorised to sign any subsequent Letter of Variation with the bank.

Members were reminded that, as previously advised, the College had breached one of its loan covenants and the bank would be issuing a waiver letter by the end of July in order to avoid having to reclassify bank loans as being repayable on demand in the financial statements.

It was noted that, prior to Covid-19, the College was not required to submit a financial plan as this was completed in February 2020. However, in the light of Covid-19 the ESFA now require a summarised financial plan for 2019/20 and 2020/21, with information relating to 2021/22 optional. There is no requirement to seek Board approval, but it must be signed by the Accounting Officer. It was agreed that the COO would share with the Board when complete.

The Board was advised that as a result of lockdown and the impact on planning and procurement, SMT have taken the decision to defer all capital bids for 2020/21 until the budget review in October and only critical bids will be accepted. The current bids are under review to identify critical bids and will be finalised by SMT in July 2020.

It was noted that

- capital funding allocation, excluding CEDTIL, is expected to be between £300k-£400k
- funds previously approved by SELEP for the CEDTIL project will now be transferred to the Canvey Skills Centre redevelopment
- the provisional plan includes
  - IT Infrastructure
  - Two new Immersive Rooms
  - A level centre lift
  - TV Studio
  - Print Shop
  - HE Centre
  - Canvey Skills Centre, subject to external funding

It was agreed that the Finance Executive Group would continue to monitor the provisional budget once approved outside of meetings of the Finance and Resources Committee to help spread the workload of the COO and the Principal.

## **RESOLVED**

The Corporation Board

- endorses the recommendations of the Finance and Resources Committee and approves the draft budget and capital plan for 2020/21, which is subject to
  - review in October/November 2020 and subsequent approval by the Corporation Board in December 2020
  - continual review by the Finance Executive Group to monitor the risks and associated issues
- approves that discussions continue with the bank to refinance existing loans and to agree a capital repayment holiday and that the COO and Principal are authorised to sign any subsequent Letter of Variation with the bank

**045/20**

### **Internal and External Audit Provision**

The Chair of the Risk and Audit Committee advised the Board that at the meeting of the Risk and Audit Committee held on 9 June 2020 consideration had been given to the internal and external audit providers.

### **Internal Audit**

#### **Letter of Engagement and draft Internal Audit Plan for 2020/21**

Members were advised that due to Covid-19 there had not been the opportunity for the usual planning meeting between the COO and the internal auditors. A meeting is being arranged to review the proposed internal audit plan for 2020/21 and a final version will be presented to the Committee in the autumn term. The draft plan was presented for information and it was noted that 39.5 days are planned for.

The Letter of Engagement from the internal auditor, Scrutton Bland, is recommended by the Committee and presented to the Board for acceptance and approval. It was noted that the Letter of Engagement is submitted on an annual basis and carried over from the previous year with no changes.



## External Audit

### Letter of Engagement and Financial Statements Audit Service Plan for 2019/20

Members were advised that the Letter of Engagement from the Financial Statements auditor, Buzzacott, and the Financial Statements Audit Service Plan for 2019/20 is recommended by the Committee and is presented for acceptance and approval. It was noted that the Letter of Engagement is submitted on an annual basis and carried over from the previous year with no changes.

Members noted the fees proposed for 2019/20 are the costs agreed with the external auditor at the time of their appointment in 2019, which were fixed for two years and are exclusive of VAT

Financial Statements audit and regularity assurance	£22,500
Teachers' Pension audit	£1,000
Audit of the subsidiary's accounts (ITEC)	£1,500

### Resolved

The Corporation Board endorses the recommendations of the Risk and Audit Committee and approves

- the Letter of Engagement between the internal audit provider, Scrutton Bland, and the College, without amendment
- the Letter of Engagement between USP College and Buzzacott LLP, without amendment
- the External Audit Strategy for the year ending 31 July 2020 for the College and its subsidiary company, ITEC, and the fees quoted at this meeting

046/20

### Governor Self-Assessment

The Clerk presented a report outlining the governors' self-assessment process and questionnaire for 2019/20.

Members were advised that consideration of the self-assessment process and the questionnaire had been considered by the Search and Governance Committee at the meeting held on 19 May 2020 and is commended for approval by the Corporation Board.

Members reviewed the questionnaire, making some further suggested changes. It was noted that the outcomes will be considered at the Governors' Training and Development meeting on 29 September 2020 and will form the basis of the Governors' Quality Improvement Plan, which will be developed following this meeting and monitored by the Search and Governance Committee during the year. The questionnaire will be circulated to members by the Clerk outside of the meeting for completion before the meeting on 29 September 2020.

### Resolved

The Corporation Board endorses the recommendations of the Search and Governance Committee and approves the process for Governors' Self-Assessment and questionnaire for 2019/20, subject to amendments as discussed

## **047/20 Search and Governance Committee**

### **Meeting of the Search and Governance Committee held on 19 May 2020**

Members received the unconfirmed minutes of the meeting.

### **Report of the Chair of the Search and Governance Committee and issues for consideration and approval**

The Chair of the Search and Governance Committee reported on the key issues considered at the meeting, not otherwise considered at this meeting of the Corporation Board for formal consideration and approval:

- Manual of Governance for 2020/21, which includes
  - Instrument & Articles of Government
  - Code of Conduct for Corporation Members
- Terms of Reference for the Search and Governance Committee for 2020/21
- Annual Governance Cycle of Business for 2020/21
- Audit of Compliance with the Code of Good Governance for English Colleges

## **048/20 Quality Committee**

### **Meeting of the Quality Committee held on 17 June 2020**

Members received the unconfirmed minutes of the meeting.

### **Report of the Chair of the Quality Committee and issues for consideration and approval**

The Chair of the Quality Committee reported on the key issues considered at the meeting, not otherwise considered at this meeting of the Corporation Board for formal consideration and approval:

- Partnership arrangements with Oxford Business College
- Impact of HE Cap
- College Quality Improvement Plan 2019/20
- College self-assessment for 2019/20 – outline/timeline
- Termly Safeguarding report
- College Policies
  - Addendum to Safeguarding Policy
- Terms of Reference and Annual Schedule of Business for the Quality Committee for 2020/21

## **049/20 Finance and Resources Committee**

### **Meeting of the Finance and Resources Committee held on 23 June 2020**

Members received the unconfirmed minutes of the meeting.

### **Report of the Chair of the Finance and Resources Committee and issues for consideration and approval**

The Chair of the Finance and Resources Committee reported on the key issues considered at the meeting, not otherwise considered at this meeting of the Corporation Board for formal consideration and approval:

- Financial update for June 2020 and Management Accounts to 30 May 2020
- Termly Health & Safety report
- Termly HR report
- College policies
  - Fees & Refunds Policy
  - Reserves Policy

- Subcontracting arrangements for 2020/21
- Terms of Reference and Annual Schedule of Business for the Finance and Resources Committee for 2020/21

## **050/20 Risk and Audit Committee**

### **Meeting of the Risk and Audit Committee held on 9 June 2020**

Members received the unconfirmed minutes of the meeting.

### **Report of the Chair of the Risk and Audit Committee and issues for consideration and approval**

The Chair of the Risk and Audit Committee reported on the key issues considered at the meeting, not otherwise considered at this meeting of the Corporation Board for formal consideration and approval:

- Risk Management – risk factors arising from the Risk Register Q4
- College Policies
  - Fraud, Corruption & Bribery Response Policy
  - Risk Management Policy
  - Data Protection Policy
- Terms of Reference and Annual Schedule of Business for the Risk and Audit Committee for 2020/21

Members were advised that the Post-16 Audit Code of Practice had not yet been issued by the ESFA for 2019/20.

## **051/20 Committees of the Corporation**

The Chair of the Corporation thanked each Committee Chair for their reports of the meetings and took the opportunity to thank the Chair of the Risk and Audit Committee, Graeme Loveland, who would be leaving the Board at the end of term for all his hard work and contribution to the College and to the Board during his time as a governor.

### **Resolved**

The Corporation Board

- Notes the reports of the Chair of each of the committees of the Board
- Endorses the approval by each committee of the key issues considered and approved at the meetings

## **052/20 ITEC Technologies Limited**

### **Meeting of the ITEC Board held on 14 July 2020**

The Chair of the ITEC Board gave a verbal report on the meeting held on 14 July 2020.

Members were advised that

- a new Managing Director has been appointed who will be starting in October
- a financial notice of concern has been received from the ESFA who have assessed the financial health of ITEC to be inadequate following a review of the 2018/19 financial statements. Relevant information has been submitted to the ESFA and a response is awaited
- the ITEC Board had approved the ITEC budget, which is presented in the USP Consolidated provisional budget

- the ITEC management accounts to 30 June 2020 had been reviewed which indicated
  - the year to date position indicates an overall adverse variance of £389k with a loss of £7k reported against budgeted profit of £382k after exceptional items
  - in the light of Covid-19, a budget review was carried out and likely case predictions indicate a potential £293k reduction to the original Apprenticeship budget overall
  - ITEC was granted financial assistance in the form of the provider relief scheme from the ESFA, circa £39k, of which £12k has been received to date, with another application underway to secure further financial assistance from the ESFA
  - a further review indicates that ITEC is now predicted to report a small profit at the end of the financial year of £2.5k
  - the planned service charge for 2019/20 to be paid from ITEC to USP College is under review and had removed from the outturn with a decision pending on whether this will be charged. Should this charge be made then ITEC will report an overall loss of circa £300k
  - the ITEC Board discussed the issues relating to the predicted outcome and the planned service charge to USP College and, whilst acknowledging that it was for the USP College Corporation to make the decision not to make the service charge to ITEC, agreed that, in the light of the current outturn projection, it would be prudent for USP College not to make any charge for services this year

In response to questions, the Board was advised that the ESFA have a good understanding of the USP position regarding support to ITEC and that the College is a guarantor. The impact of Covid-19 makes the inadequate position likely to remain for 2020/21, but indications are that the financial health position will improve from 2021/22. Whilst this was a disappointing position, it had been expected due to the settlement costs paid to the outgoing Directors on acquisition.

The Board discussed the issues relating to the service charge and were advised this would be in the region of £200k. It was agreed that it would make commercial sense not to make this charge for 2019/20, by doing so would create a significant deficit position for ITEC. The College would wish to give ITEC the opportunity to continue with its recovery position and also to allow the new incoming Managing Director a period of time to establish himself in the role without being faced with a significant deficit position.

#### **Resolved**

The Corporation Board agrees that a no service charge will be made to ITEC Technologies Limited in 2019/20

**053/20**

#### **Any Other Business**

There was no other business.

054/20

**Schedule of Meetings 2020/21**

Tuesday 29 September 2020 – Training & Development

Tuesday 15 December 2020 – main Corporation Board

Tuesday 9 February 2021 – Training & Development

Tuesday 23 March 2021 – main Corporation Board

Tuesday 11 May 2021 – Training & Development

Tuesday 13 July 2021 – main Corporation Board

All meetings commence at 4pm.

**At the conclusion of the Part 1 meeting, the Corporation Board moved into a meeting restricted, in accordance with the requirements of the Instrument and Articles of Government and with Section 22 of the Freedom of Information Act 2000, to the independent members of the Board and to the senior postholders.**

**SIGNED AS A CORRECT RECORD:**

A handwritten signature in black ink, appearing to read "S. Gendatannis", with a horizontal line underneath it.

**DATE: 29 September 2020**