



College

USP College Corporation

Minutes of the Meeting held on Tuesday 13 July 2021

Meeting held via Microsoft Teams

Meeting commenced: 16.30hrs

Meeting ended: 18.10hrs

Present

Gordon Haines	Independent Member	Chair
Phillip Lennon	Independent Member	Vice Chair
Ian Hockey	Independent Member	
Roger Key	Independent Member	
Ralph Henderson	Independent Member	
Jacob Smith	Independent Member	
Vikki Liogier	Independent Member	
Malcolm Bell	Independent Member	
Nicola Curtis	Independent Member	
Sean Cotter	Independent Member	
Tony Wenden	Independent Member	
Dan Pearson	Principal & CEO	
Cameron Root	Student Member	

Apologies

Andy Williams	Independent Member
Julie Snelling	Staff Member
David O'Donovan	Staff Member
Success Popoola	Student Member

In attendance

Steve Hendy	Chief Operating Officer
Clare White	Deputy Principal Corporate & Student Services

Clerk

Sue Glover	Clerk to the Corporation
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020/21 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.

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.

There were no other declarations of interest.

022/21 Apologies for absence

Apologies for absence were received from

- Andy Williams
- Julie Snelling
- David O'Donovan
- Success Popoola

Agreed

The Corporation Board agreed to accept the apologies for absence

023/21 Unconfirmed open minutes of the meeting of the Corporation Board held on 23 March 2021

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

024/21 Matters arising and action points from the minutes of the previous meeting

The Board reviewed the schedule of actions outstanding from the previous meeting, noting those that will be carried over.

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

025/21 Membership Report

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

Tony Wenden left the meeting

The Board was advised that the Search and Governance Committee had met with the following potential candidate on 4 May 2021

- Tony Wenden

The Committee had given consideration to the applicant who has indicated his willingness to become a governor. The Search and Governance Committee are recommending that he is appointed to the Board as an independent member for a four-year term of office until 31 July 2025.

Tony completed a skills audit, which was reviewed by the Search and Governance Committee and it was agreed that, in the light of his skills and expertise, he will initially serve on the Risk and Audit Committee.

The Board unanimously agreed the appointment.

Tony Wenden rejoined the meeting

Phillip Lennon left the meeting

The Clerk advised that the Search and Governance Committee at their meeting held on 11 May 2021 had considered the current term of Phillip Lennon.

Phillip's current term as Vice Chair ends on 31 July 2021 and has indicated that he would be willing to be re-elected if the Board chose to do so. However, as his current term as an independent governor ends in January 2022 and in order to facilitate a further term of 2 years as Vice Chair, his term as an independent governor would need to be extended.

Members were advised that

- Phillip will have completed 6 years as a governor
- during the period when the college merged, the term of office given to governors had been less than the normal period of 4 years
- the Code of Good Governance states that governors are eligible to serve a maximum of 8 years and the Board's term of office for governors is in line with this
- the Committee are recommending to the Board that Phillip's term of office is extended for a further 2 years to January 2024

The Board unanimously agreed that Phillip Lennon's term of office is extended for 2 years to January 2024.

Phillip Lennon rejoined the meeting

Student Members

Members were advised that the term of office for the two student members ends on 31 July 2021 and the recent election process to seek two new student members has resulted in the following nominations:

- Nicole Dragos has been nominated as the Student President and Student Governor for the Palmers campus
- Mils Balcombe has been nominated as the Student President and Student Governor for the Seevic campus

The Board was pleased to accept the nominations and looks forward to welcoming the two new student members to the Board.

Meeting arrangements

Members were reminded that

- since the start of the Pandemic in March 2020, the Board and Committees have held all meetings virtually using Microsoft Teams
- at the meeting held on 23 March 2021, the Board approved
 - the annual schedule of meetings for the academic year 2021/22
 - that all meetings of the Committees would continue to be held virtually using Microsoft Teams and when the whole Board meets it would do so in College, subject to any Covid-19 restrictions in place at the time

Resolved

The Corporation Board

- agreed to receive and note the membership report
- endorses the recommendations of the Search and Governance Committee and approves
 - the appointment of Tony Wenden as an independent member
 - extending the current term of office for Phillip Lennon by 2 years to January 2024
- the appointments of Nicole Dragos and Mils Balcombe as student members to 31 July 2022

Phillip Lennon left the meeting

026/21

Election of Vice Chair

Members were advised that as the term of the current Vice Chair expires on 31 July 2021, it is necessary to consider this appointment. The current holder is Mr Phillip Lennon.

The Clerk advised that, in accordance with Instrument 6(i), the members of the Corporation are required to appoint a Vice Chair from among their number.

Mr Phillip Lennon has confirmed his willingness to be re-elected for a further two-year term. There were no other nominations received and it was unanimously agreed that he should continue with this role.

Resolved

The Corporation Board unanimously elects Mr Phillip Lennon for the position of Vice Chair of the Corporation with effect from 1 August 2021 for a two-year term

Phillip Lennon returned to the meeting

027/21

Learner Voice

The Palmers student member updated the Board verbally on some of the activities being undertaken by the students at the college.

Members were advised that

- both student members attended the summer term meeting of the Quality Committee
- student members have attended recent Unloc Student Governor events, which have been helpful with their role
- both student members have really enjoyed their time on the Board and took the opportunity to thank the Board for all their support during their term of office

As it was the last meeting for the current student members, the Chair of the Corporation took the opportunity to record 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. Members considered that it would be very helpful if they could give some feedback outside of the meeting on their role as student governors, which would help the Board continue to develop the role for future members.

Agreed

The Board agreed to receive and note the report.

028/21

Draft Budget and Capital Plan for 2021/22

The COO presented for consideration and approval the draft budget and capital plan for 2021/22.

Members were advised that

- the draft budget and capital plan for 2021/22 had been considered by the Finance and Resources Committee at the meeting held on 22 June 2021 and is recommended for approval by the Corporation Board
- the budget presented is deemed to be a provisional budget for 2021/22 until a full budget review is carried out in November following the new academic year recruitment process

- this provisional budget targets an operating surplus of £211k for 2021/22, subject to the November 2021 budget review
- since the meeting of the Finance and Resources Committee, there has been a change to the capital budget of £591k. It has been decided to take the option to lease the IT equipment rather than purchase outright, which will reduce the capital budget to £331k, this will have no impact overall on the cash position which is forecasted to be £1.843m at July 2022

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

- uncertainty caused by Covid-19 and current and possible future risk of a further lockdown
- uncertainty of apprenticeships (ITEC) resulting from Covid-19
- unconfirmed value of funding for Tuition Fund for 2021/22
- the achievement of expected savings against staff costs in the first quarter of 2021/22
- increased costs directly linked to Covid-19 not already budgeted

Members reviewed each of the appendices

- Appendix A – budget summary 2021/22
- Appendix B – remaining budget actions
- Appendix C - High risk budgets for close monitoring and review during 2021/22
- Appendix D – consolidated budget together with the USP College and ITEC budgets
- Appendix E – capital investment 2021/22

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

- Staffing costs has increased by £1.1m compared to 2020/21, mainly due to increased teaching staffing needed to deliver the curriculum
- Staffing as a percentage of income looks very positive at 60%, which is well below the sector target of 65%. However, when excluding HE delivery, this percentage changes to 72% and a strategy is to be implemented detailing how this position will be addressed over the coming year
- HE growth is included with a net income of £1.2m relating to Oxford Business College
- A small redundancy budget is held for 2021/22
- A pay award of 1% has been included payable from January 2022. Following the budget review in November a decision will be made whether to back date this award to August 2021 if the budgeted position has improved
- General contingency included to offset staff savings in quarter 1. If savings are achieved, the contingency may be removed to show an improving budget outturn
- No other contingency held at this time to cover unexpected financial challenges

The Board recognises the reliance the College now has on HE in the light of the Oxford Business College and the impact on the financial position should growth targets not be met and that the staffing percentage of income changes significantly if HE were to be excluded. Members were advised that this is an area the Finance and Resources Committee have already acknowledged and will be closely monitoring during the year.

The Committee had been advised that it was felt there may be some areas of support within the College that may be overstaffed and a benchmarking exercise is being commissioned to establish if this is the case. The Committee will be considering the outcomes from this and will report to the Board in due course.

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 2021/22, which is subject to review in November 2021 and subsequent approval by the Corporation Board in December 2021

029/21

College Financial Forecasting Return (CFFR)

The COO advised that the CFFR is not yet finalised and consequently will need to be circulated to the Board outside of the meeting.

Members were advised that the

- the College is required to submit the new CFFR to the ESFA by 31 July 2021, which reports on the 3 year financial plan for the College and replaces the Integrated Financial Model for Colleges
- the CFFR is prepared on the basis of the forecast outturn for the year ending 2020/21, the budget for 2021/22 and the forecast for 2022/23
- there is no requirement to seek Board approval, but it must be signed by the Accounting Officer and the Board must have had sight of the document

The COO drew attention to the following key points

- the model is generating a financial health category of
 - 'requires improvement', at 31 July 2021, subject to adjustment for the capital grant
 - 'good' moving into 2021/22
 - 'outstanding' moving into 2022/23
- Improving cash position year on year

Members were advised that the document will be circulated as soon as final checks have been completed and any comments should be directed to the COO before it is submitted to the ESFA on 31 July 2021.

The Chair took the opportunity to inform the Board on the informal 'Early Intervention' by the ESFA, which had been advised to the Finance and Resources Committee at their recent meeting. Members were advised that

- The ESFA carried out a review of the College finances with particular focus on the 2021/20 financial position, which indicates the College financial health as 'requires improvement'
- This resulted in the ESFA placing the College under 'Early Intervention' (EI), despite our current financial outturn reporting the financial health as 'outstanding'
- the EI was deemed to be 'informal'
- the ESFA will review the financial position after the year-end with a view to removing the notice if the financial forecast outturn for 2021/22 is confirmed
- the management accounts, which are submitted to the ESFA, will now incorporate the Financial Report to provide a more comprehensive commentary, and meets with ESFA requirements

The Board confirmed that, between the managements accounts and the Financial Report, they were satisfied they had been receiving full and adequate information regarding the finances of the College.

Agreed

The Corporation Board agreed to receive and note

- the update regarding the CFFR, noting the final document will be circulated to the Board for any comments before being submitted to the ESFA on 31 July 2021
- the informal 'Early Intervention' by the ESFA

030/21

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 8 June 2021, consideration had been given to the internal and external audit providers.

Internal Audit

Letter of Engagement and Internal Audit Strategy and Annual Plan for 2021/22

Members were advised that the planned total number of days is 42.5 for 2021/22, which reflects those audits that had been deferred from the previous year due to Covid. The Committee had agreed that there was a good level of cover for the relevant areas required. However, it was agreed that the area of Higher Education should be incorporated as the College's higher education provision accounts for a significant amount of the College's business and is an area where the Board should gain assurance on and the updated plan for 2021/22 is presented for approval.

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 2020/21

Members were advised that the Letter of Engagement from the Financial Statements auditor, Buzzacott, and the Financial Statements Audit Service Plan for 2020/21 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.

The Chair of the Risk and Audit Committee took the opportunity to reiterate to members that it is the Corporation's responsibility to certify and assure on the going concern status of the College. The standard for Going Concern has been revised in response to recent enforcement cases and well-published corporate failures and, as such, the additional work undertaken in the previous year regarding going concern as a consequence of the pandemic and the impact of lockdown will continue going forward each year.

Members noted the fees proposed for 2020/21, which are exclusive of VAT

Financial Statements audit and regularity assurance	£24,000
Additional work required to gain assurance over ILR data	£650-£950
Teachers' Pension audit	£1,010
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 Internal Audit Strategy and Annual Plan for 2021/22
- the Letter of Engagement between the internal audit provider, Scrutton Bland, and the College, without amendment
- Letter of Engagement between USP College and Buzzacott LLP, without amendment
- the External Audit Strategy for the year ending 31 July 2021 for the College and its subsidiary company, ITEC, and the fees quoted at this meeting

031/21

Governor Self-Assessment

The Clerk presented a report outlining the governors' self-assessment process and questionnaire for 2020/21.

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 11 May 2021 and is recommended for approval by the Corporation Board.

The Clerk advised that a review of the effectiveness of each of the Committees will also be undertaken at the same time and presented a further questionnaire for consideration.

Members reviewed both questionnaires and agreed these were appropriate with no changes required. It was noted that the outcomes will be considered at the Governors' Training and Development meeting on 28 September 2021 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 questionnaires will be circulated to members by the Clerk outside of the meeting for completion before the meeting on 28 September 2021.

Resolved

The Corporation Board endorses the recommendation of the Search and Governance Committee and approves the process for Governors' Self-Assessment and questionnaire for 2020/21

032/21

Link Governors

Each Link Governor was invited to report on the activities undertaken during the term in their capacity as a Link Governor.

Link Governor for Safeguarding – Ian Hockey

The Link Governor reported that there is nothing further to report on since he last updated the Board in the spring term. During the autumn term he will be reviewing the Single Central Records and any follow up activity required from the annual circulation of the 'Keeping Children Safe in Education' document.

Link Governor for Higher Education

The Link Governor reported that he had

- met with the Vice Principal and Head of HE to review the HE quality framework together with a draft of the operational handbook to support this
- attended the June meeting of the Quality Committee to report on his findings of both documents, which had given additional assurance to the Committee that the framework presented is an excellent mechanism for the monitoring of the College's HE provision

Link Governor for Health & Safety
No report as was absent from meeting

The Chair of the Corporation took the opportunity to thank the Link Governors for their contribution and the additional time they devote to this role.

033/21 Search and Governance Committee

Meeting of the Search and Governance Committee held on 11 May 2021

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 2021/22, which included
 - Delegation of Powers
 - Standing Orders for the Conduct of Corporation meetings and Committees
 - Instrument & Articles
 - Code of Conduct for Members of the Corporation
- Terms of Reference for the Search and Governance Committee for 2021/22
- Annual Governance Cycle of Business for 2021/22
- Audit of Compliance with the Code of Good Governance for English Colleges

034/21 Quality Committee

Meetings of the Quality Committee held on 15 June 2021

Members received the unconfirmed minutes of the meetings.

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:

- College Quality Improvement Plan 2020/21 – termly review
- College self-assessment for 2020/21 – outline/timeline
- Termly Safeguarding report
- Equality & Diversity Action Plan
- Terms of Reference and Annual Schedule of Business for the Quality Committee for 2021/22

035/21 Finance and Resources Committee

Meetings of the Finance and Resources Committee held on 22 June 2021

Members received the unconfirmed minutes of the meetings.

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:

- Termly Health and Safety report
- Termly HR report
- Management Accounts to 30 May 2021, including June financial update
- College Policies
 - Fees & Refunds Policy
 - Reserves Policy
 - Financial Regulations
 - Financial Plan 2021-2026
- Terms of Reference and Annual Schedule of Business for the Finance and Resources Committee for 2021/22

036/21

Risk and Audit Committee

Meeting of the Risk and Audit Committee held on 8 June 2021

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 2021/22

The Chair of the Risk and Audit Committee advised that the Committee had raised the issue of responsibility for the ITEC Risk Register, which is received by the Committee as part of the College's risk register. It was noted that the ITEC Board review and approve their risk register and the Risk and Audit Committee receive for information, but it was accepted that there may be a timing issue with the Committee receiving up to date information. At the recent meeting of the ITEC Board, their risk register had been reviewed and it was agreed that the risks would be further reviewed by PL and SH with the Managing Director. Once this review has taken place, the outcome would be reported to the Risk and Audit Committee which should give clarity on this position.

037/21

Committees of the Corporation

The Chair of the Corporation thanked each Committee Chair for their reports of the meetings.

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

Meeting of the ITEC Board held on 6 July 2021

Members received the unconfirmed minutes of the meeting.

The Chair of ITEC advised on the key points

- The May management accounts is currently showing a YTD underlying operating loss before exceptional items of £52k (compared to a budgeted profit of £308k) and an overall historic loss of £83k (budgeted profit £278k)
- The current overall adverse variance of £361k is largely due to the adverse impact of Covid-19 and relates to the reduction to Apprenticeships, Tuition Fees and Exam fees income. However, since lockdown has come to an end there has been some improvement to the Apprenticeship income target, albeit lower than the level reported in the April 2021 management accounts
- In addition, costs have increased relating to exams together with premises costs linked to Covid-19 hygiene expenditure. As a result of this, the forecast outturn has been revised to be a breakeven position from a previously reported surplus of £10k
- Since the May management accounts had been circulated, issues relating to the End Point Assessment (EPA) had come to light, as outlined in the unconfirmed minutes of the meeting, the impact of which could result in an overall potential deficit for ITEC of between £44-£50k, which is a concern at this late stage in the year
- Whilst a full investigation is carried out to ascertain what went wrong, the ITEC Board gave full consideration to proposals for mitigating the potential deficit by either part of or all the amounts owed by ITEC to USP College being written off. For example, if £150k were written off, this would mean a £150k write-off from ITEC's balance sheet, improve their revenue position and show a surplus of £100k. For the College, this would create a reduction of £150k on the I&E. However, on consolidation of the group, the impact would be a neutral position and this would be reported to the ESFA. In terms of cash overall, the impact to the College would be £20k
- The total amount owed by ITEC to the College is circa £300k as at May 2021, which relates entirely to staffing costs

It was noted that the ITEC Board had agreed that it might be the opportunity to write-off the total amount owed, subject to no issues being raised by the auditors and approval by the USP Board.

Members discussed the issues raised and agreed that given the impact of Covid-19 on ITEC and the deterioration in their finances as a result, it was deemed appropriate to waive this debt in order that ITEC can focus on rebuilding and strengthening their financial position as Covid restrictions are eased. It was acknowledged that having such a level of debt would make this difficult to achieve and there could be a risk of further financial intervention measures by the ESFA. The Board emphasised that the decision to write-off the debt is a 'one off' and one that would not be supported in the future.

Members were advised that the ESFA have been informed about the approach and are supportive and understanding of the position.

The Board was encouraged to note that consideration had been given by the ITEC Board to the business moving forward and the prospect of whether it would be profitable in a year's time and can be 'standalone' without the support of the College. Members were very much in agreement of an in-depth review and discussions taking place between the two Boards next year to evaluate financial performance and ITEC's ability to operate as a going concern.

Resolved

The Corporation Board approves the write-off of the total amount owed by ITEC to USP College of circa £300k, with the emphasis that this is a 'one-off' arrangement and one that would not be supported in the future

039/21

Any Other Business

There was no other business.

040/21

Schedule of Meetings 2021/22

Tuesday 28 September 2021 – Training & Development

Tuesday 14 December 2021 – **main Corporation Board**

Tuesday 8 February 2022 – Training & Development

Tuesday 29 March 2022 – **main Corporation Board**

Tuesday 10 May 2022 – Training & Development

Tuesday 12 July 2022 – **main Corporation Board**

All meetings commence at 4pm.

As there was no further business, the Chair declared the meeting closed.

SIGNED AS A CORRECT RECORD:



DATE: 28 September 2021