

Minutes of the Corporation Meeting

Held virtually at 4pm on 06 July 2021

Present: Prue Amner, Claire Attika (staff governor, left at 5pm), Mark Cooper, Vanessa Cooter (staff governor), Ashley Cullen (joined at 4.45pm), Robin Dickens, Tim Jackson (joined at 4.30pm), Tim Mason, Rob Nitsch, Mark Pembleton, Paul Quigley and Penny Wycherley (CEO designate, joined at 4.40pm).

Apologies: Lily Camacho (student governor), Max Craft, Phoenix Dewhurst (student governor) & Adele Hodgson.

In Attendance: Denise Cheng-Carter Chief Finance Officer (designate)
Pat Denham Interim VP Learning & Quality
Paola Schweitzer Clerk to the Corporation

Minutes

1 – Standing Items

3119 Attendance and Participation

Lily Camacho, Max Craft, Phoenix Dewhurst & Adele Hodgson sent their apologies. Paul welcomed Mark C to his first Corporation meeting.

3120 Declarations of Interest

There were a number of declarations:

- Mark C stated that he was a member of the Portsmouth College Corporation and also, as a University of Portsmouth employee, chaired its HE consortium.
- Mark P stated that he was on the appraisal panel of the UK Community Renewal Fund (minute 3124).
- Paola declared an interest in clerking arrangements for City of Portsmouth College (minute 3142).

3121 Matters for Decision

The minutes and confidential minutes from the meeting held on 16 March 2021 and the Special Corporation meeting on 25 May 2021 were **Agreed** as correct records.

3122 Matters Arising

Actions from the previous meetings were either completed or would be discussed at the meeting, except minutes 3089 (Capital Transformation Fund Application) and 3090 (Wave 3 T Level Capital Fund Bid) where outcomes were still awaited.

2 – Matters for Discussion & Decision

3123 Chair's Report including Chair's Actions

There were no significant updates following the Chair's Report the previous week. The CFO recruitment process was progressing well, with the panel recently meeting to consider the strong list of candidates. Interviews would take place on 19 July.

Paul advised governors that he had approved by Chair's Action, the Shadow Board's decision concerning clerking arrangements at the City of Portsmouth College and noted this matter would be considered later at the meeting.

Governors considered the College's subsidiary company Highbury College Nigeria Limited and the proposal to remove Stella Mbubaegbu and Jonathan Cox as directors, as they are no longer employees of the College, and to appoint Penny Wycherley and Teresa Cole as new directors. In response to a question, Denise stated that Teresa was currently a Highbury College director and would shortly become one of the City of Portsmouth College's Vice-Principals. As a permanent member of staff her appointment as director would provide continuity. Denise confirmed the subsidiary company had not traded for some time. The issue of directors had been raised by the external auditors in the year end accounts and the proposal to change directors had been guided by the College's Nigerian solicitors. Governors **Agreed** that Stella Mbubaegbu and Jonathan Cox were removed as directors of Highbury College Nigeria Limited and that Penny Wycherley and Teresa Cole were appointed as directors of the company. This confirmed a previously agreed Chair's Action.

There was a discussion about the College's Nigerian activity. Denise clarified the sum of money owed to the College (c£800k) was not consolidated in the accounts and there were no negative budgetary implications for the College. The College was incurring minimal legal costs in Nigeria and was awaiting a Nigerian High Court decision as to whether further action could be taken to pursue the outstanding debt. If/when this was granted, Corporation would decide if such action should be taken. No provision for these legal costs had been made in the budget.

3124 Management Accounts 2020/21 (paper 2869/21/C)

Denise presented the management accounts for period 10, noting that they had been considered by Finance & Estates Committee at its meeting on 22 June 2021.

The College had made reasonable progress and was operating £199k ahead of the forecast profile, with an operating deficit of £698k against a forecast 3 deficit of £897k. Denise noted that not all the favourable variances would translate into year-end savings and this was a challenge whilst delivering a curriculum with the extended Covid-19 lockdown. To date the College had incurred £250k in merger costs and £333k in Covid related costs. Mark P sought clarification on these costs, as he was under the impression that at least some of them would be refunded. Denise stated that both colleges had agreed to fund the merger as applying for DfE/ESFA funding would have delayed the merger. The College had put in a £78k bid to cover exceptional Covid costs but had only received £3k to date. It would continue to pursue these costs, but Denise didn't believe a more favourable outcome was likely. Paul noted that there had been considerable capital expenditure during the pandemic to provide laptops to staff and students.

Corporation **Noted** the management accounts 2020/21 period 10.

3125 Budget 2021/22 including overview of College allocations

Corporation considered two budgets, both of which were recommended by Finance & Estates Committee for agreement.

1. Highbury College draft budget (paper 2870/21/C)

The report outlined the financial assumptions on which the budget for 2021/22 and financial plan 2022/23 had been prepared. The plans focused on income generation and cost reduction meaning internal targets would require close monitoring, tracking and risk management. Key elements of the budget were:

- Aim of achieving operating deficit of £43k (2021/22), £217k (2022/23)
- Operating deficit as a percentage of income: - 0.2% and -1.2%
- Pay as a % of income: 62.6% and 63.6%
- Non pay as a % of income: 37.6% and 37.5%
- Net current assets: £837k and £866k
- Average Cash days in hand: 53 and 55.

During her presentation, Denise highlighted income (ESFA 16-18 learners were forecast to rise to 1,365 at the current year end and apprenticeships were forecast to grow slightly in 2021/22), expenditure (pay was 63.9%, 62.5% and 63.6% over the lifetime of the plan and non-pay at 41.0%, 37.6% and 37.5%) and solvency (cash was forecast at £2,777k, £2563k and £2,481k with both the emergency fund and bank loan repaid). With regards to ESFA financial health the College would be *Requires Improvement, Outstanding* and *Outstanding* over the plan's lifetime. Denise summarised the budget had been set on challenging but achievable targets.

Rob was surprised to see a growth in apprenticeship revenue, given the challenges of delivering apprenticeships during the pandemic. Denise stated that there wouldn't be significant growth in 2021/22 but growth was anticipated the following year. Tim J noted that whilst it was technically correct to omit the pension grant in 2022/23 he believed it likely that schools and colleges would continue to receive the grant thereby providing an income of £221k and turning the second year of the plan into a £4k surplus.

Governors **Agreed** the Highbury College draft financial plan for submission to the ESFA in July 2021.

2. City of Portsmouth College draft budget (paper 2871/21/C)

Penny joined part-way through this agenda item.

Denise presented the City of Portsmouth College draft budget, using figures from the due diligence exercise. The ESFA required a two-year budget due to the merger. Key elements of the budget were:

- Aim of achieving operating deficit of -£1,777k in 2021/22 and operating surplus of £228k in 2022/23
- Operating deficit as a percentage of income - 6.3% in 2021/22 and operating profit of 0.8% in 2022/23

- Pay as a % of income: 69.4% in 2021/22 and 65% in 2022/23
- Non pay as a % of income: 36.9% in 2021/22 and 34.2% in 2022/23
- Net current liability: -£1,396k in 2021/22 and -£931k in 2022/23
- Average Cash days in hand: 29 in 2022/23 and 17 in 2022/23

During her presentation, Denise highlighted income (ESFA 16-18 learners were forecast to rise to 3,010 in the third year of the plan as was High Needs Funding (£1,220k, £1,253k and £1,223k), expenditure (pay was 67.5%, 69.4% and 65.2% over the lifetime of the plan and non-pay at 38%, 37% and 34.2%) and solvency (cash was forecast at £3,236k, £1,212k and £1,566k). With regards to ESFA financial health the College would be *Requires Improvement*, *Requires Improvement* and *Good* over the lifetime of the plan. Denise noted that pay as a percentage of expenditure was higher at Portsmouth College than at Highbury College.

Tim J thanked Denise for the budget and reiterated the pension grant which he believed was likely to have a positive impact in year 2. Penny noted that approximately £275k savings had been achieved without the rationalisation of departments (the transitional leadership and management structure had brought about significant savings through one redundancy and natural wastage) and that approach would continue. Tim J noted that he had already asked but sought confirmation as to whether it was prudent to repay the two colleges' bank loans, given that in March 2022 the merged college would have only 17 cash days. Denise responded that the College had no choice as Handelsbanken were withdrawing from the market. Lloyds Bank (providing Portsmouth College's loan) had little appetite in the sector meaning rates were likely to be revised up and so the loan was unlikely to be good value for money. In addition, there was currently no legal charge and this was likely to be reviewed. The finance team would seek to control the number of cash days and discussions had started discussions with Barclays Bank about an overdraft facility. Penny noted that a revolving overdraft facility was advantageous as, amongst other reasons, it gave Corporation flexibility around capital expenditure

Corporation **Agreed** the City of Portsmouth College draft financial plan for submission to the ESFA in July 2021.

3126 Capital Programme & Associated Budget

Denise presented paper 2872/21/C providing an update on the College's capital programme and associated bids including the Tower refurbishment, FE capital allocation, FE Capital Transformation Fund and Wave 3 T Level Capital Funding.

Practical completion had been agreed on the Tower and the contractor was completing the snagging list. The bill was in line with the approved budget. The FE capital allocation of £617,678k had been spent on conditions improvements such as investment in the College's wired and wireless IT infrastructure, upgrade of fire safety systems, remedial works to emergency lighting and upgrade of the building management system. The outcomes of the FE capital transformation fund and Wave 3 T Level capital funding were delayed. £1.25m had been set aside in the merged college budget as a contribution to match funding. Mark P asked if the College would pursue the LEP loan offer in the event the FE capital transformation bid was unsuccessful. Penny stated that accepting the loan prior to the outcome of Stage wo impact on the eligibility for funding and it was therefore prudent to wait.

Governors **Noted** the capital programme and associated budget.

3127 Interim Principal's report including balanced scorecard & risk register

Penny presented her principal's report (paper 2861/21/C) providing updates on the balanced scorecard, headline risk register, Covid-19, staff morale, recruitment and enrolment, bids and projects, the FE Commissioner team's visit and the Education & Skills Funding Agency (ESFA) Revised Notice to Improve.

Penny drew governors' attention to the balanced scorecard which showed that apprenticeship recruitment for 2021/22 was more stable. Work continued to address the reduction in maths and English attendance (the issue was mainly around timetabling in construction and changes had been made for next year). She noted that retention was holding up. All Teacher Assessment Grades (TAGs) had been submitted on time and there had been no notification of any issues.

Governors considered the risk register comprising the greatest current risks as well as the risks for which the Board was responsible. *'Poor achievement rate on apprenticeships leading to MLP (Minimum Level Performance) linked NtL (Notice to Improve)'* was amber. Penny noted that there had been a detailed discussion at the recent Learning & Quality Committee meeting on apprenticeships, particularly the work to improve systems and processes and thanked Pat and her team for working so hard to make improvements to outcomes. Current achievement was at 55.4% with a prediction of 66.1% by year end.

Penny noted that Corporation's first task to her had been to improve staff morale and increase staff in decision-making, and the results of the recent staff survey showed this had improved significantly. Vanessa concurred, stating that as an Advanced Practitioner working across the College, colleagues appreciated the focused and clear All Staff updates and the reduction in unnecessary emails.

Recruitment and enrolment for 2021/22 was looking positive with, based on current accepted applications, an increase of up to 250 students at Portsmouth and Highbury college combined.

Governors noted Helen Brennan, Director of Student Services, would retire shortly and thanked her for her hard work. There was a brief discussion about how staff could be appropriately thanked, with Rob suggesting a Chair of Corporation commendation. Penny would propose in the autumn term that the principal have the discretion to incur expenses to buy small gifts for members of staff. Mark P did not believe it was appropriate that public money be spent in this way, noting that it was commonplace in local government that staff contribute personally to gifts.

Governors discussed the Solent Skills Support for the Workforce project scope. The project was aimed at those who had recently been made/were at risk of being made redundant to access skills or qualifications to support their career progression. If successful the bid would be delivered in partnership with Trade Assessments Ltd (on whom due diligence was being undertaken) and the total programme contract value was £1,712,750. The Decarbonisation Skills Support Scheme (Community Renewal Fund, the European Social Fund successor) was in partnership with Trade Assessments Ltd, NetZero Collective and Portsmouth City Council, with a value of £340k, and concerned skills development for the unemployed and supporting the

decarbonisation training for SMEs. The bid had been shortlisted and was now being assessed by government. A decision was expected in July. Mark P stated that he was unable to comment as he had been involved in the appraisal of bids on behalf of Portsmouth City Council. There was a discussion about these bids and governors **Agreed** in principle, and subject to appropriate due diligence, to proceeding with submission of the two bids.

Governors **Noted** the Principal's Report, in particular the improvements to apprenticeship outcomes and staff morale (evidenced in the staff survey), the projected increase in student recruitment and the revised ESFA Notice to Improve (Ntl). Governors **Agreed** with Penny's suggestion that, in the spirit of openness and transparency, her Principal's Report be shared with senior managers.

3128 Portsmouth College Merger: Progress Update Report

Penny presented paper 2862/21/C providing an update on merger progress to date including the progress update report considered by Shadow Board, Secretary of State confirmation of the Highbury College to City of Portsmouth College name change, 17 May and 21 June 2021 Shadow Board minutes and the public consultation outcome report which had been published on both colleges' websites. Everything was on track for the merger on 01 August 2021.

Penny stated that the new SMT would meet again the following day and that a draft meeting structure was being put together. Staff were currently voting for their preferred name for each of the College campuses. The finance system *Symmetry* and the HR system *Zellis* would be rolled out to the merged college and later this week there would be a decision on which Management Information System (MIS) would be used. Penny noted that one of the trade unions disagreed with the proposed pay and conditions for staff starting after 01 August 2021. Tim J asked about the implications of this and Penny responded that she didn't anticipate there would be industrial action. Finally, Penny reported that the panel had drawn up a longlist for the Chief Finance Officer (CFO) and interviews would take place shortly. Recruitment for the HR & Staff Development post was also underway.

Governors **Noted** progress concerning the merger with Portsmouth College.

3129 Portsmouth College merger: Merger Risk Register including due diligence risks

Penny presented paper 2863/21/C setting out the merger risk register including due diligence risks. The risks had been considered by both college boards and the respective senior finance managers and were considered manageable.

Governors confirmed that there was nothing in the risk register at this stage that they considered to be a deal breaker. Governors **Noted** the merger risk register including due diligence risks.

3130 City of Portsmouth College board composition

Paul presented paper 2864/21/C setting out the City of Portsmouth College board composition. The paper had been agreed by the Shadow Board on 21 June 2021 and prior to that, had been circulated to governors for agreement.

The paper proposed that the new board comprise fourteen independent governors, two staff governors, two student governors and the CEO (designate). The guiding principle was that independent governors would be appointed based on the skills and experience required within the Board and collectively that they would be representative of the population the college served. The board would operate a traditional committee structure. There would be a transitional period of up to three years during which there would be up to 18 independent governors, after which time it would revert to 14. The two current college boards would each put forward seven governors for the new board. Highbury College's governors would be Prue, Ashley, Tim J, Tim M, Rob, Mark P and Paul. Max and Robin would stand down on 31 July 2021. Governors **Agreed** the composition of the City of Portsmouth College board.

Clerking arrangements for the City of Portsmouth College board would be considered at the end of the meeting, without staff and student governors present.

3131 Merger Documentation for Approval

Paola presented paper 2865/21/C advising governors on the merger documentation requiring board approval at the Special Corporation Meeting on 20 July 2021.

Governors had been asked to review merger documentation, namely:

- Merger deed
- TR1 (Land Registry transfer)
- Pensions agreement.

Also included in the documentation was a draft minute from Eversheds summarising the key decisions that would need to be taken to effect the merger.

Governors were happy with the documents and did not raise any issues or concerns. Governors **Noted** the merger documentation prior to approval at the Special Corporation meeting on 20 July 2021.

Penny stated that Nicola Tomlinson, merger project manager, would attend the next Corporation meeting for the formal signing of the merger documentation. Her services would be retained for two days a week until the October half-term to support the newly merged college.

3132 Strategic Plan/Objectives

Penny presented paper 2867/21/C outlining progress to date in delivering the College's Key Strategic Objectives: provision, quality, staff, partnerships, leadership, and governance and resources. Each key strategic objective had five underpinning and measurable areas for action. An update was provided for each objective and a more detailed review would be provided at year end. Penny noted that progress had been constrained by the pandemic and work associated with the merger.

Penny proposed that the key strategic objectives from Portsmouth College and Highbury College be brought together until such time as the City of Portsmouth College board had agreed the newly merged college's objectives. Paul agreed, stating that agreeing key strategic objectives would be a key task early in the new board's life and combining both colleges objectives on an interim basis was a good idea. Tim

M noted that, following the equality and diversity training prior to the meeting, he would like to see equality impact assessments for these objectives. Governors **Agreed** that both colleges' key strategic objectives be combined until City of Portsmouth College objectives were agreed by the board.

3133 **Quality Improvement Plan**

Penny presented paper 2868/21/C providing an update on progress against quality improvement actions, noting that the plan had been discussed by Learning & Quality Committee at its meeting on 16 June 2021.

Most areas for improvement had progressed and were RAG rated green for both action and impact. The main barriers to achievement of the outcomes had been the disruption caused by Covid particularly in strengthening work related placements and the development of target setting and tutorials in some areas of provision. Both these areas were marked amber. Amongst other actions, virtual work experience opportunities were being promoted. The tutorial process was under review, with staff gathering information on lessons learnt during the pandemic to inform future learning. The Tutorial Team had identified the theme *Reset and Connect* to underpin college activities in 2021/22. This reflected the wish to focus on the positive, building on skills learners had developed whilst remote learning. Tim J supported this resetting approach and Tim M was encouraged at the positive way the College was supporting its learners. Pat noted that learners were very upbeat and delighted to be back in College. Vanessa noted that the days of teachers photocopying resources were over and instead the College needed to pursue sustainability.

Governors **Noted** progress towards delivering the quality improvement actions and their impact and the challenges from Covid and the lockdowns.

3134 **Overview of Interim/Temporary Staff**

Paola presented paper 2873/21/C providing an overview of the position with regards to senior postholders (for whom the board was directly responsible) and interim/temporary senior staff (for whom the interim principal was responsible).

Senior postholders comprised Penny Wycherley (until 31 December 2022), Denise Cheng-Carter (until 31 December 2021), Pat Denham (Pat would be at the College until 31 October 2021 but would not be a senior postholder after 31 July 2021) and Simon Barrable (from 01 August 2021). A number of other interim/temporary posts were outlined. Paul noted that it was an appropriate time in the year to consider this matter. The risks were captured in the College's risk register and the merger risk register and succession planning was being managed to ensure knowledge and expertise gained from interim/temporary postholders was not lost from the college.

Governors **Noted** current interim/temporary senior staff arrangements.

3135 **Review of Instrument & Articles of Government**

Paola presented paper 2874/21/C reviewing the Instrument & Articles (I&A) of Government to allow a larger, transitional City of Portsmouth College board and to determine the number of Corporation Vice-Chairs.

The I&A needed to be amended to accommodate the larger transitional board size of 18 governors for a transitional period of three years (at present only up to 16 independent governors were permitted). At its recent meeting, Search & Governance Committee had also recommended that the I&A be amended to provide for one or two Vice-Chairs at the discretion of the Chair of Corporation. It was good practice to consult on changes to the I&A and it was proposed this was done by inviting comments through the College's merger webpages with the outcome considered by Corporation on 20 July 2021. Mark P suggested that Portsmouth College governors be advised of the consultation and it was agreed Paola would liaise with their clerk. Paul invited Mark C's views on the matter and he agreed this was a sensible way to proceed.

Governors **Agreed** that the College's Instrument & Articles of Government be amended to allow for a board of up to 18 independent governors for a transitional period of three years and for one or two Corporation Vice-Chairs at the discretion of the Chair of Corporation. Governors also **Agreed** that Corporation would consult on these changes prior to their final consideration at the Special Corporation meeting on 20 July 2021.

3136 Committee minutes (for information)

The minutes from the following Committee meetings were **Noted**:

- Audit Committee, 26 April & 21 June 2021
- Learning & Quality Committee, 03 March & 16 June 2021
- Finance & Estates Committee, 22 June 2021
- Search & Governance Committee, 24 June 2021

3137 Approval for Voluntary Deregistration from Office for Students

Pat presented paper 2875/21/C requesting approval for voluntary deregistration from the Office for Students (OfS), noting that the matter had been recommended by Learning & Quality Committee for approval.

Following a previous Corporation decision, the College had entered into a formal partnership with the University of Portsmouth; a Heads of Terms agreement had been signed on 01 July 2021 and there would be a formal sub contractual partnership for 2021/22. 2021/22 would be a transitional year with HNC Engineering, HND Computing and Construction students completing their courses, as well as any retakes or late completers. This partnership meant that the College would no longer be required to be registered with the Office for Students (OfS). Assuming approval was given, the Chair would write a letter to the OfS requesting voluntary deregistration. The OfS would determine the date the college will be removed from the register (the College would recommend removal from July 2022). Pat thanked Mark C for his support in moving forward the relationship with the University. She noted that regular meetings were taking place with the OfS to update them on the merger and deregistration. Governors **Agreed** that the College deregister from the Office for Students.

3138 Updated Policies for City of Portsmouth College

Penny presented paper 2876/21/C revising and updating core policies and strategies for the City of Portsmouth College.

In line with the Board's prior decision on policies, procedures and strategies these policies have been revised to give an overarching policy statement (to be agreed by Corporation) and supporting procedures (to be revised by the Senior Leadership Group in the light of minor practical changes).

The following Policies had been revised and updated:

- Health & Safety Policy. Section 1 was for approval, with section 2 onwards concerning procedural arrangements for policy delivery
- Safeguarding Policy. The policy statement followed a best practice model from the NSPCC. Comprehensive procedures supported the policy statement and served as the foundation for statutory staff training and student induction across the new college.
- Learner Financial Support Policy.

Penny noted that these policies had been jointly developed by both colleges through the merger workstreams. Tim M asked that equality impact assessments be carried out for each revised policy and Penny agreed, stating that the Equality & Diversity Policy would come to Learning & Quality Committee and then Corporation for approval. Governors **Agreed** the revised Health & Safety Policy, Safeguarding Policy and Learner Financial Support Policy.

3139 Use of College Seal

Paola presented paper 2877/21/C providing an update on the College seal.

The seal had been used on 15 June 2021 to effect the transfer of ownership of floors 6-10 of the Tower from Highbury Commercial Property Services (a College subsidiary) to Highbury College. The signatories were Paul Quigley and Penny Wycherley. This ownership issue had been raised in the 2019/20 audit. Paul noted that the entirety of the Tower was now within the College's ownership. Governors **Noted** the use of the College seal.

Minutes 3140 - 3142 were confidential.

The meeting ended at 6.25pm

Date of Next Meeting: 4pm 20 July 2021