



PART OF
**CITY OF
PORTSMOUTH
COLLEGE**

Minutes of the Virtual Corporation Meeting Held at 5pm on 15 March 2022

Present: Shahalam Ali, Prue Amner, Lily Camacho (student governor), Mark Cooper (joined at 6.10pm), Ashley Cullen, Katie Hill (staff governor), Tim Jackson, Samantha Miller (staff governor), Graham Morley (interim CEO), Paul Quigley (Chair), Pauline Tiller and Paul Walton (joined at 5.45pm).

Apologies: Bernie Collins, Rob Nitsch, Kit Peet (student governor), Mark Pembleton & Mike Stoneham

In Attendance: Katy Quinn Principal/CEO (from 06 June 2022)
Paola Schweitzer Director of Governance
Maria Vetrone COO

Minutes

The meeting was preceded by a presentation by Anne-Marie Mountfield, Solent Local Enterprise Partnership (LEP) CEO, providing an overview of economic performance in the area, LEP's long term strategy and vision, Freeports and Net Zero. The slides were uploaded onto SharePoint after the meeting.

1 – Standing Items

069 Attendance and Participation

Bernie Collins, Rob Nitsch, Kit Peet (student governor), Mark Pembleton and Mike Stoneham sent their apologies. Paul thanked Katy for joining the meeting.

070 Declarations of Interest

There were no declarations of interest, beyond the standing declarations declared through the Register of Interests.

071 Matters for Decision

The minutes and confidential minutes from the meetings held on 07 December 2021, 15 January 2022 and 10 March 2022 and the written resolution dated 15 February 2022 were **Agreed** as correct records.

072 Matters Arising

Governors **Noted** that the matters arising and confidential matters arising were either ongoing or on today's agenda.

073 Chair's report

Paul updated governors on several issues. There had been one nomination for the position of second Vice-Chair of Corporation, Mark Cooper, and governors therefore **Agreed** his appointment. Governors **Noted** the Chair's Action to change Maria's title change from Chief Finance Officer to Chief Operating Officer and to initiate the recruitment process for a Deputy Principal/Deputy CEO (see restricted confidential minute 086). Governors also **Agreed** the Search & Governance Committee recommendation that the Director of Governance's contract be amended to state she was a senior postholder. Paul had recently undertaken Paola's annual appraisal and would report further to Corporation in due course.

Paul noted that whilst the recent staff/governor events across the College had been poorly attended, they had been useful in initiating dialogue between staff and governors. Katie noted that staff welcomed the opportunity to meet with governors and Samantha believed different time slots might work better. Governors agreed the importance of governor/staff communication and **Agreed** to task Search & Governance Committee with exploring the value of governor visibility within the College and how it could be better achieved.

Finally, Paul invited Graham to feedback from the Further Education Commissioner's (FEC) stocktake visit that day. Graham stated that it had been very positive, with the FEC team recognising the College's progress and good work to date. They noted the College was on a journey, with governors and staff having a clear understanding of where it was going, what needed to be done and how. FEC would not make any further recommendations or undertake another stocktake visit, instead the team would return for strategic discussions in October. Monitoring would continue through the ESFA, with the next visit in May.

074 Interim CEO's Report

Graham presented his interim CEO report (paper 118/22/C) and drew governors' attention to some of the key areas.

The balanced scorecard was now linked to curriculum areas and was being used across the College. Attendance was lower than hoped, most likely due to disrupted education and associated lack of normal school discipline during the pandemic, and interventions were in place. Retention was holding up fairly well. The FEC team recognised the enormous amount of work done by Maria since her arrival at the College as identified in the report. The introduction of a Curriculum Planning Group providing, for the first time at both pre-merger colleges, a focus on course costings was an essential part of the new financial budgeting process and would provide visibility on contribution rates at course level. The EBS implementation project (to create a single management information system) was the College's most important project and presented an enormous challenge for completion by September. Work was being prioritised and it was possible that some aspects of the system would be completed during the 2022/23 academic year. The IT infrastructure needed significant investment to enable the College to function as a modern college and resourcing this was a significant issue for the senior management team (SMT) and the Board. Graham noted that with regards to the HR several issues would need to

be addressed at some point such as anomalies in pay rates and staff costs that were 5-8% higher than the FEC benchmarks.

A new safeguarding structure was in place and an external review would take place to give the team confidence that it was meeting statutory requirements. The development of a vehicle for tutorials as well as a Personal Development Curriculum was underway. Work was continuing with SEND staff, students and parents to relocate some provision from Tangier Road to Highbury. The apprenticeship department continued to build a fit for purpose staffing structure and systems which addressed gaps in quality assurance, compliance and progress, enabled robust forecasting and planning and which was linked to the College's quality cycle. A detailed action plan (down to individual apprenticeship level) was monitored weekly.

Tim congratulated Graham and his team for the tremendous progress made and asked if there was an indication of 2022/23 student numbers. Graham responded that in the absence of a single, effective Management Information System (MIS) it was not possible to provide numbers however the College was undertaking the usual activity such as school visits etc. Tim wondered if poor staff morale could adversely impact staff recruitment. Graham believed that staff morale had improved recently, and this view had been supported by the FEC team. Graham believed staff were aware of the importance of recruiting learners.

Governors **Noted** the Interim CEO's report.

075 Strategic Business Plan 2022-2026

Graham gave a presentation informing governors of SMT's response to the strategic objectives agreed by Corporation on 15 January 2022. He noted that Katy had been involved in these discussions.

SMT welcomed the vision statement, strategic objectives and cross-cutting theme, however they wanted to see greater emphasis on customers, reference to the College's provision along with teaching, learning and assessment, inclusion of digital technologies and enhanced clarity in wording/presentation. The following was therefore proposed (amendments in italics):

To be the College of choice for the students we serve and for the services we deliver for the city of Portsmouth region. This would be delivered to our customers through the following five objectives:

- *A responsive and relevant curriculum offer*
- *High quality teaching, learning and assessment*
- *Trusted partner for the communities we serve*
- *Stabilised and sustainable finances*
- *Inspirational, aspirational and inclusive place to work and learn.*

And three cross-cutting themes:

- *Consolidation before expansion*
- *A beacon of environmental sustainability good practice*
- *Embrace Digital technology in all we do.*

Consolidation before expansion included addressing crucial business functions and raising the quality of all provision to national benchmarks before further

development. Environmental sustainability, informed by the AOC's Sustainability Roadmap, would be built on the principles of refuse, reuse and recycle and comprise three pillars: efficient business operations, embedding sustainability within curriculum delivery and efficient estate use and management. Embracing digital technology included an integrated IT infrastructure supporting teaching, learning, and assessment, digitally connecting business functions, enabling all students to be digital natives, supporting the expansion of employer focused provision better linking the workplace to the College and enhancing partnership working.

The finalised strategic business plan, compiled by the new CEO, would be brought to Corporation on 21 July 2022 and would comprise detailed targets for achievement, a monitoring matrix, milestones, underpinning strategies where required and would link to policies and procedures where required. Outcomes would be incorporated in the Self-Assessment Report (SAR) and actions included in the Quality Improvement Plan (QIP) and would also inform the governance audit and an annual report. Included in Graham's presentation were examples of internal and Board monitoring documents (the latter would supersede the balanced scorecard). The presentation then summarised the outcome of SMT discussions concerning possible targets for each of the objectives. Graham invited governors to finalise the vision, strategic objectives and cross-cutting themes and to submit any additional items for consideration.

Governors discussed the proposed amendments and made the following points:

- Prue welcomed the amendments, suggesting that staff should also be digital natives
- Tim suggested amending the wording to capture the fact that the College welcomed students from beyond the region. There were suggestions to omit the final clause 'for the city of Portsmouth region' or add 'in the geography in which we operate.'
- Tim supported the wording but believed the terminology needed to align with sector norms for example purpose/mission and aims as opposed to vision and objectives.

Governors **Agreed** the presentation/paper would be circulated with comments to be received by Paola (copied to all governors) by midday 24 March 2022.

076 Management Accounts January 2022 (paper 121/22/C)

Maria gave an overview of the January 2022 management accounts, as considered by Finance & Resources Committee on 01 March 2022.

Maria was changing the accounts from Year to Date (YTD) to forecast for year end. There was still a great deal of work to get the information she needed to manage the finances and to enable governors to scrutinise and challenge effectively. At the next meeting, she would present the accounts in graph form so key data was intelligible to those without an accountancy background.

The financial position had deteriorated since 31 December 2021 and as at 31 January 2022, the College was performing below the YTD budget profile with an operating deficit of £694k (£46k behind YTD budget). Income was short-falling against the YTD budget by £45k, mainly due to under-enrolment against the Adult Education Budget

and loss of commercial income due to the impact of Covid-19. Pay expenditure was showing cost savings of £247k YTD, mainly due to curriculum staffing associated with under-enrolment. Non-pay expenditure was showing an overspend of £248k YTD, mainly due to additional costs associated with Covid-19; higher examination, registration fees and additional premises maintenance/running costs. The year end outturn forecast was now set at £48k adverse to budget with an operating deficit of £1,825k at 31 July 2022. Appended to the report were the management accounts, monthly cashflow forecast and management accounts commentary.

Maria drew governors' attention to the table showing the College's performance YTD against actual YTD, alongside the full year approved budget and forecasts for 31 July 2022. The operating deficit was increasing every month and there was an action plan to address this. She highlighted the Group Performance Indicators table measuring performance against ESFA metrics, noting that it was more important to consider the final two columns which scored progress against GFE sector and FEC benchmarks. The College was performing under these benchmarks including the adjusted current ratio (the College's ability to pay its short term debt/liabilities was 0.98 against the GFE and FEC benchmarks of 1.69 and 1.2) and pay expenditure against income (69.3% against the GFE and FEC benchmarks of 68.9% and 65%). The only measure where the College scored more highly was borrowing as a percentage of income (0.21% against the GFE and FEC benchmarks of 23.5% and 35%).

Shahalam asked if it was possible to reduce the deficit in year. Maria believed it was possible but challenging without the granular information required to ascertain staff productivity and the profitability of courses. She believed the costed curriculum plan and associated deployment reports were likely to show duplication requiring a reconfiguration of resources. Pauline welcomed the direction of travel with the presentation of the accounts and raised a concern about undershooting the restructuring money in 2021/22, noting that it would not be possible to restructure until the costed curriculum work was complete and so money would be needed in 2022/23. Maria agreed, noting that she was addressing what she saw as gross underfunding in some support areas such marketing, IT and the employer engagement team to drive revenue growth with the aim of generating 3% to reinvest.

Governors **Noted** the Management Accounts January 2022.

077 Risk Register (paper 121/22/C)

Maria presented the risk register, noting that on 15 February 2022 Audit Committee recommended it to Corporation for approval. The risk register identified 17 strategic risks, all of which had been reviewed by SMT. The College's risk management framework had been revised and so it was the last time they would see the register in this format. Governors **Agreed** the risk register and turned their attention to the revised risk management policy and strategic risk register.

078 Risk Management Policy and Strategic Risk Register

Maria presented paper 128/21/C 25 setting out the College's revised risk management framework.

The revised framework comprised a Risk Management Policy explaining the College's underlying approach to risk management, roles and responsibilities of stakeholders, key aspects of the risk management process and reporting procedures and the process for governors to evaluate the effectiveness of the College's internal control procedures. It also comprised a new strategic risk register with risks aligned with the new strategic objectives and a new scoring methodology and reporting regime with analysis of strategic risks and movement in net risk. There were 25 strategic risks in the new risk register, of which the ten most significant net strategic risks were:

- Failure of key information systems and loss of data
- Failure to achieve ESFA 16-18 and AEB recruitment targets.
- Failure to achieve full cost recovery income targets.
- Failure to achieve OFSTED 'Good' or better.
- Poor staff morale.
- Failure of the curriculum offer to meet needs.
- Failure to achieve and maintain a fit for purpose estate and facilities, and learning resources.
- Failure to provide sufficient/relevant, reliable and timely management information.
- Failure to properly manage Apprenticeship provision and pass RoATP process.
- Failure to maintain sufficient executive management capacity.

A gross risk score was generated for each strategic risk and once SMT agreed controls to prevent risks from materialising, a net risk score was generated which drove the RAG rated risk category. The three columns of the risk register set out an assurance framework, providing assurance that each of the risks had an appropriate level of scrutiny and challenge. A set of operational risk registers, sitting beneath the strategic risk register, was currently being developed. The risk register was represented in pie chart form.

Tim welcomed the framework, noting that it was similar to what he had used previously but more sophisticated with the assurance framework and graphic representations. He believed the balance of risk was right but wondered if some of the areas might have been scored too high. He also noted that previously specific risks were considered by Committees and asked where this featured in the new framework. Maria proposed, in line with sector best practice, that Audit Committee scrutinise the risk register and not individual Committees, with the Board receiving the risk register and Audit Committee minutes. Tim agreed that Audit Committee needed to have the primary oversight role but believed there was a role for individual Committees as Audit Committee might not have detailed understanding of specific areas. Pauline stated that the new risk management framework and risk register was very good and exactly what the Board required. She supported the new framework but also agreed that, given the newness of the College and the Board, it would be a good idea for Committees to consider specific risks for a time limited period such as two Committee meetings to familiarise themselves with the risk management framework. She believed that Audit Committee needed to review the risk register in detail. Graham supported Pauline's proposal, agreeing that Audit Committee refer specific risks requiring further investigation to the relevant Committees but that this should only be for a finite period. Prue asked that disaster recovery explicitly state the risks to teaching and learning and Ashley suggested dating the register so progress could be tracked more easily.

Governors commended Maria on her excellent work and **Agreed**, with the amendments discussed, the Risk Management Policy and Strategic Risk Register.

079 Governance Documentation

Paola presented paper 122/22/C concerning various governance documents, all of which were recommended to Corporation by Search & Governance Committee.

It was proposed to amend Corporation's quoracy in the Instrument & Articles of Government so that when there was a restricted confidential meeting ie without student and staff governors present, the quoracy was adjusted accordingly. The principle of 40% quoracy would be maintained, but only independent governors would count towards this quoracy. The proposed revision drafted by Eversheds would see a final sentence added to Clause 12(1) stating that *'In the event of any member having to withdraw from any part of the meeting pursuant to Clause 13(5), the meeting shall continue to remain quorate provided that 40% of the members present at that meeting, and who have not withdrawn, remain present.'*

To ensure that staff governors were able to speak freely at Corporation/Committee meetings without threat of disciplinary action, it was proposed that Standing Orders be amended to include the paragraph that *'Staff governors are encouraged to express their views freely in meetings without threat of disciplinary action and within this context are, like all governors, bound by the Code of Conduct for Governors.'*

To maintain the appropriate skills/expertise on Committees, Search & Governance Committee proposed that Ashley step down from Estates Committee and join Learning & Quality Committee and Shahalam step down from Audit Committee and join Finance & Estates Committee. In response to a question, Paola confirmed that both Ashley and Shahalam had agreed these changes.

Committees had reviewed their Terms of Reference in the autumn term and proposed some amendments. Search & Governance Committee had subsequently reviewed all Committee Terms of Reference and proposed further amendments. These amendments had been agreed by each Committee, except for Estates which had not met in the intervening period although the Committee Chair has given his agreement. Search & Governance Committee did not believe that Remuneration Committee's Terms of Reference required amending and the Committee had yet to meet so its Terms of Reference remain unchanged. Pauline noted that under Office for Students rules, financial statements could not be agreed at a joint meeting of Audit Committee and Finance & Resources Committee. Paola proposed that this matter be considered at Audit Committee's next meeting, alongside the ESFA's updated scope of work of audit committees and internal auditors, as raised by Pauline at the last Committee meeting.

The Governor Engagement Framework set out the purpose and parameters to independent governors' participation in College life outside formal meetings to ensure activity was appropriate, meaningful and achieved the desired outcomes. Embedded in the document were the lead and link governor areas for 2021/22. Tim welcomed this framework, stating it chimed with earlier discussions about governors talking with staff and noting that a link governor scheme provided an opportunity for governors to get a good understanding of College business.

Finally, Paola presented the Board Development Plan 2021/22, some of which was delivered online through the Education & Training Foundation's Governance Development Programme and she encouraged governors to explore these modules. Prue noted the value of governors attending the Self-Assessment Report and Programme Quality Review meetings to enhance their understanding of the College.

Governors **Agreed** the:

- Amended Instrument & Articles of Government concerning quoracy at restricted confidential meetings
- Amended Standing Orders to ensure staff governors were able to express their views freely at meetings
- Revised Committee membership
- Revised Committee Terms of Reference except for Audit Committee whose Terms of Reference would be reconsidered at its next meeting
- Governor Engagement Framework, including 2021/22 lead and link governors
- Board Development Plan 2021/22.

080 Governors **Noted** the following Committee minutes:

- Search & Governance Committee, 10 & 24 January and 21 February 2022
- Learning & Quality Committee, 22 February 2022
- Finance & Resources Committee, 25 January & 01 March 2022
- Audit Committee, 15 February 2022.

081 **Fees Policy 2022/23 (paper 123/22/C)**

Paul introduced the Fees Policy for 2022/23, noting that on 01 March 2022 Finance & Resources Committee recommended it to Corporation for approval.

Fees were set to ensure that the College was able to at least cover the full costs of each programme of study. The Corporation was committed to a transparent fee structure identifying the costs of study and examinations as well as any exemptions. Tuition fees were charged in the following categories: Education and Skills Funding Agency co-funded courses, learners aged over 19 starting on Level 3 and 4 (unless studying their first level 3 course), HE courses, learners under 16, apprenticeships (no charge to apprentices, charge made to employers), full cost/commercial courses and overseas learners. All fees were due at enrolment.

Pauline noted that there needed to be a reference to apprenticeship fees in particular SME non-levy payments either in the Fees Policy or another document. Maria stated that the policy was coming late to Corporation and would usually be agreed in the autumn term and she would ensure this issue was picked up in the 2023/24 fees policy to be considered in October/November. In the intervening period Pauline suggested Maria might want to formally advise the Committee of this issue.

Governors **Agreed** the Fees Policy 2022/23.

082 **Financial Regulations (paper 124/22/C)**

Paul introduced the Financial Regulations, noting that amendments had been integrated following discussions at Finance & Resources Committee on 01 March 2022 and that the regulations were recommended to Corporation for approval.

The financial regulations set out the College and its companies' policies relating to financial control and applied to the College and all its company undertakings. The purpose of the regulations was to provide control over the College and its companies' resources and provide management with assurances that the resources were being properly applied for the achievement of the strategic plan and business objectives of financial viability, achieving value for money, fulfilling its responsibility for the provision of effective financial controls over the use of public funds, ensuring that the College and its companies complied with all relevant legislation and safeguarding the assets of the College and its companies. Compliance with the financial regulations was compulsory for all staff. The Corporation would be notified of any breach through the Audit Committee. Finance & Resources Committee was responsible for maintaining a continuous review of the regulations, through the Chief Operating Officer, and for advising Corporation of any additions or changes necessary. Paul noted the regulations were one of the best he had seen, a view supported by the Committee.

Governors **Agreed** the Financial Regulations.

083 Internal Audit Plan 2021/22 (paper 126/22/C)

Maria presented the internal audit plan for 2021/22, noting that at its meeting on 15 February 2022 Audit Committee had recommended it to Corporation for approval.

The Internal Audit Plan 2021/22 provided for 35 audit days to deliver audits in HR (staff retention and knowledge management), IT infrastructure and cyber security, funding assurance, key financial controls, risk management and governance and the follow up of previous recommendations. An additional 3.5 days were identified for the delivery of subcontracting controls assurance, as mandated by the ESFA. Maria stated that it was a basic plan but would be sufficient for the internal auditors to deliver an end of year audit opinion. It was aligned to the previous risk register.

Scrutton Bland had been appointed for the current academic year and a tender would shortly be issued for internal and external auditors for 2022/23 onwards with Audit Committee involved in the selection process.

Governors **Agreed** the Internal Audit Plan 2021/22.

Minutes 084 – 089 were restricted confidential.

The meeting ended at 7.35pm.