

Colchester Institute Corporation

**Minutes of a Meeting of the Board  
held on 14<sup>th</sup> December 2016  
at the Sheepen Road Campus**

**Present**

Christopher Bridge, *in the Chair*  
Alison Andreas  
Brenda Baker  
Lisa Clampin  
TJ Collinson  
David Gask

David Gronland  
Peter Hempstead  
David Kerridge  
Karen Tarling  
Kevin Prince  
Richard Wainwright

**In Attendance**

Gary Horne  
Hazel Paton  
Tim O'Connor  
Jill Wognum

Executive Vice Principal: Finance and Corporate Development  
Clerk to the Governors  
Scrutton Bland, Financial Statements Auditors (item 4 only)  
Executive Vice Principal: Curriculum, Planning and Quality

**Apologies for absence** were received from Charlie Byrne, Peter Hempstead, Bryn Morris and Sue Thompson-Arnold.

**1. Declaration of any Conflicts of Interest**

None.

**2. Minutes**

The minutes of the meeting held on 26<sup>th</sup> July 2016 (CIC/16/5/1) and special meeting held on 5<sup>th</sup> October 2016 (CIC/16/5/2) were received and confirmed. The Chairman signed the minute book.

**3. Matters Arising from the Minutes**

None, other than on the agenda.

**4. Report and Financial Statements**

The Board received and considered:

- CIC/16/5/3, Report and Financial Statements 31 July 2016, and
- CIC/16/5/4, Management Letter

The Report and Financial Statements had been reviewed by the Audit and Compliance Committee and the Resources Committee and were recommended to the Board for approval. The Financial Statements Auditor drew Governors' attention to key points. This was the first year that the accounts have been prepared under the new FRS102 Financial Regulation.

The consolidated statement of comprehensive income was discussed. The net comprehensive expenditure position (£8.6m) was impacted by the poor performance of the pension scheme. The main factor in respect of the increase in liability on the pension scheme is the discount rate applied by the actuary, which is based on the performance of the bond market. This is a growing concern for

all colleges, and something the Board may need to return to. The Board may be required to provide security against possible future liabilities as well as provide for an alternative stakeholder scheme.

Turning to the balance sheet it was reported that previously deferred capital grants were included within reserves. Under the new reporting standard they are shown as part of current and long term liabilities. In the current year the significant worsening of the pension deficit and the deferred capital grants gives rise to net liabilities of £6.4m compared to net assets in the prior year. This was a major consideration throughout the audit process in respect of the going concern statement. The going concern statement has been agreed through the Resources and the Audit and Compliance Committees.

The Management Report was discussed. It was reported that the unpaid amounts in respect of the Lennartz VAT arrangements, which is being challenged by the College with an external consultant, is still in the accounts as a rising liability. If the case goes against the College there might be a movement between long and short term net liabilities.

A procedural recommendation arising from the audit related to Sheepen House, which is included as an asset in Colchester Institute Enterprises (CIE) Ltd although the title deeds are held by Colchester Institute. It was recommended by the financial statement auditors that the ownership is clarified and the title deeds updated. The Chair reported that this had been considered by the CIE Board and AGM earlier that day and it was proposed not to make a change at this stage but to keep the ownership of Sheepen House under review. The Board APPROVED this course of action. It was noted that under the memorandum of understanding between the College and CIE, CIE could not do anything with Sheepen House without the approval of the Corporation Board.

The Board APPROVED the Report and Financial Statements 31 July 2016.

The Financial Statements Auditor left the meeting.

## 5. **Chair's Action**

### 5.1. The Chair signed (26.07.16):

5.1.1. The Contract for the sale of freehold land relating to land on the east side of Courtauld Road Braintree, and Agreement for surrender relating to 1 Freebournes Court, Witham, between Colchester Institute Corporation and Braintree District Council.

5.1.2. The Deed of Surrender relating to 1 Freebournes Court, Witham, Essex, between Braintree District Council and Colchester Institute Corporation.

5.2. The Chair and Principal signed (14.12.16), and the seal was affixed, the contract documents relating to the Sports Hall Conversion to STEM at the College at Braintree.

5.3. CIC/16/5/5, Chair's Annual Report 2016, was received and noted. The Chair reported that he would be speaking to the College Management Group the following morning, focusing on the positives (the success of the Ofsted Inspection) and negatives (finance, largely driven by the failure to recruit effectively the previous year) in 2015-16. It was reported that a case study on Colchester Institute was included in the recently published Ofsted Annual Regional Report for the East of England. The College is now seeing the benefits of the Ofsted inspection in terms of its reputation.

5.4. The Chair, Principal and Executive Vice Principal: Finance and Corporate Development, attended the AoC Conference in November. Feedback from the key note addresses was attached to the Principal's Report. Most speakers were up-beat and supportive of the sector. There was good advice on apprenticeship opportunities and which frameworks would be most beneficial for the College to take forward and offer to local employers.

One of the themes of the conference was the advice given to 15-16 years old students and concerns that it is not necessarily as impartial as it should be. The first three questions to the Secretary of State for Education were on this issue and an indicator of success will be if the new Chief Inspector of Ofsted agrees that careers advice in secondary schools should become a limiting grade in inspections.

The theme of the incoming AoC President was to put the issue of mental health among young people front and centre. There has been a lot in the press about this, and statistics now suggest that about one third of GP cases are either depression or mental health related.

A Governor asked about the new insolvency regime for colleges. It was reported that the solution in the first instance is to draw on exceptional support funding (about 70 colleges across the country have accessed this). Colchester Institute has never been eligible to apply for exceptional support funding. The next stage is merger and the Area Review process is facilitating this. A Freedom of Information request through FE Week has identified that £756m has been set aside to facilitate mergers within the FE sector, but it will be difficult to access that funding. Colchester Institute is in wave 5 of the Area Review process; it is expected that there will be less change than in earlier waves.

- 5.5. The Chair reported that he had been in a series of meetings with the Bank regarding the breach of the loan covenant and summarised the position. As a result of the breach the Bank is entitled to increase the interest charged on the loan. The College has looked at refinancing the loan, but there are significant break costs. The Bank has issued a letter of waiver in relation to the breach and agreed not to increase the rate of interest until 2017-18, although the College will be required to provide additional security in the form of a charge on the Church Road Campus, Clacton.

CIC/16/5/6, Barclays letter of waiver dated 5 December 2016 and schedule of amendments to the terms of the Facility Agreement dated 9 May 2008 (as amended, varied or restated from time to time) was received and considered. The Board RESOLVED:

- (i) To accept the Amendments to the Facility Agreement; and
- (ii) Authorised the Corporation Chair and the Principal to sign and return to the Bank the duplicate copy of the letter.

## 6. **Essex Area Review**

It was reported that the Essex Area Review was underway and the Chairman and Principal have attended the first two Steering Group meetings. These were largely scene setting. The first meeting was reporting back the conclusions of the visits to the nine colleges in the county. At the second meeting the Principal, as Chair of FEDEC, set out how the colleges work together. The next steering group meeting is on 23<sup>rd</sup> January at Colchester Institute. Each college will be asked to put forward as many suggestions as they can about future recommendations. There will be pressure to share services. A number of meetings have taken place between different groups of Principals to look at options that can be put forward where colleges are willing to work together. The Chair briefly outlined the position of each of the colleges involved in the review.

## 7. **Principal's Report**

CIC/16/5/7, Principal's Report December 2016, was received and noted. The latest position with regard apprenticeship numbers was discussed. It was reported that the College has recruited well in the traditional areas of Construction and Engineering but is struggling in the business areas (IT, Customer Services etc) where there is huge competition locally. A lot of promotional activity is taking place and the College is engaging with employers. The College is also looking at the current offer and the new standards available for delivery. The College will need to consider whether it is worthwhile to continue old frameworks because the funding is going to change significantly and it may cost the College more to deliver these than they will bring in. It was noted that many of the

larger companies are waiting for the levy to come in before recruiting. Governors asked if the levy was an opportunity or a threat, and were advised that it was huge opportunity and the College is being very pro-active in giving people information and putting strategies in place.

## **8. Reports from Committees**

### **8.1. Audit and Compliance Committee**

The Committee Chair, Lisa Clampin, gave an oral report of the meeting of the Audit and Compliance Committee held earlier that day.

#### **8.1.1. Report and Financial Statements**

The Committee had considered the Report and Financial Statements and the Report from the Auditors and had discussed the key issues around going concern. The Committee had felt reassured and recommended the Report and Accounts to the Board for approval.

#### **8.1.2. Internal Audit Annual Report 2015-16**

CIC/16/5/8, Internal Audit Annual Report 2015-16, was received, considered and approved.

#### **8.1.3. Internal Audit Plan 2016-17**

CIC/16/5/9, Internal Audit Plan 2016-17, was received, considered and approved.

#### **8.1.4. Audit and Compliance Committee Annual Report**

CIC/16/5/10, Audit and Compliance Committee Annual Report to the Board and Chief Executive 2015-16, was received, considered and approved.

#### **8.1.5. Regularity Audit**

CIC/16/5/11, Regularity Audit Self-Assessment Questionnaire 2015-16, was received and noted.

#### **8.1.6. Corporate Risk Register**

CIC/16/5/12, Corporate Risks Register as at 06.12.16, was received, considered and approved. It was reported that the Committee had discussed some of the changing landscape in terms of competition and whether the Board needs to consider more carefully conflicts of interest arrangements.

It was reported that an internal audit review of risk management had taken place the previous week and one of the recommendations arising from the audit was that the current risk register should be split into strategic and operational risks, and that only strategic risks are reviewed by the Board. The College Executive, Risk Committee, and Audit and Compliance Committee will continue to review the complete risk register. Of the 27 risks currently on the register, eight are strategic risks. Arising from the discussion it was agreed that in future the risk register should be considered as a separate, substantive agenda item, rather than as a report from the Audit and Compliance Committee.

#### **8.1.7. Health and Safety Report**

CIC/16/5/13, Health and Safety Report for 2016-17, was received and noted.

### **8.1.8. Policy Approvals**

The Board received, considered and approved:

- CIC/16/5/14, Maternity Leave Policy
- CIC/16/5/15, Leave Policies and Procedures

## **8.2. Curriculum and Quality Committee**

The minutes of the Curriculum and Quality Committee held on 6<sup>th</sup> December 2016 (CIC/16/5/16) was received and presented by the Committee Chair, David Gask.

### **8.2.1. College Self-Assessment Report 2015-16**

CIC/16/5/17, College Self-Assessment Report 2015-16, was received and considered. The overview of grades awarded was discussed. The College has self-assessed itself as Good for Overall effectiveness and the four main areas of Leadership and Management, The Quality of Teaching, Learning and Assessment, Personal Development, Behaviour and Welfare, and Outcomes for Learners. Of the grades awarded to provision type, 16-19 Study Programmes requires improvement. It was reported that overall success rates dropped by nearly 5% last year. There was a slight reduction in retention rates but more importantly this has been impacted by English and maths results in Functional Skills., which were disappointing. Students taking English Functional Skills were put on the most challenging level they could do and results were around 30% compared to 65% to 70% in the previous year. This appears to be a national problem, with early reported results across the region and country showing similar trends. It is this aspect of 16-19 study Programmes in particular which requires improvement. GCSE results were also extremely disappointing and below national averages. The College uses the GCSE English scheme which has a written assessment and then a final examination and many learners were failing before the final examination. Poor attendance by some learners impacted on the results. Some of the colleges that do much better in GCSEs use the iGCSE which is slightly easier to achieve. However, last year it was indicated that the iGCSE would no longer be funded, which is why the College did not start to use it. The GCSE results did not have much of an effect on success rates as grades A-E count as a pass, but GCSE results continue to be extremely important.

The Board APPROVED the College Self-Assessment Report 2015-16

### **8.2.2. High Level Targets**

CIC/16/5/18, High Level Targets 2016-17 and performance against targets 2015-16, was received and noted.

### **8.2.3. HEFCE Annual Quality Assessment Return**

CIC/16/5/19, HEFCE Annual Quality Assessment Return, was received and the partial assurance for 2015-16 noted. It was noted that the Board would not be in a position to give full assurance until it has reviewed the Institutional Annual Review, which is not required by the University of Essex until February 2017. This will be considered by the Curriculum and Quality Committee at its next meeting.

### **8.2.4. Link Governor Scheme**

It was reported that following a review, the process in relation to the Link Governor Scheme has been changed and it will operate on a calendar rather than academic year starting in January 2017. This will enable Governors to start the link with the relevant section of the SAR

available and give an opportunity in the autumn term to review progress. Also, to make reporting easier, there will be an opportunity to report back on link visits at each meeting of the Board. The feedback form has also been shortened to make it easier to complete.

### **8.3. Resources Committee**

The minutes of the meetings held on 3<sup>rd</sup> October 2016 (CIC/16/5/20) and 28<sup>th</sup> November 2016 (CIC/16/5/21) were received and presented by the Committee Chair, Richard Wainwright.

#### **8.3.1. Staff Sickness Absence**

The Committee had received a report on staff sickness absence at its November meeting, and it was reported that the number of days absence for the year has increased from 4844 in 2014-15 to 6023 in 2015-16. For the first time, the Committee received a breakdown of the reasons for absence, and the most significant increase compared to previous years was in absence due to stress, depression and mental health. It was noted that it is becoming more acceptable to record absence as due to stress, but this is something that will need to be monitored.

#### **8.3.2. Financial Monitoring October 2016**

CIC/16/5/22, Management Report October 2016 [Period 3], was received and presented by the Executive Vice Principal: Finance and Corporate Development. It was reported that the performance was slightly ahead of budget overall but within that apprenticeships and HE recruitment were both areas of concern. Full cost income remains a challenge. Strategies to try and make up the current position have been discussed at length by the Senior Leadership Team. Trial balances for the month of November indicate that apprenticeship income is holding up against budget. The November Management Report will be circulated before Christmas.

#### **8.3.3. SFA Financial Plan Letter**

CIC/16/5/23, letter from the Skills Funding Agency (SFA) regarding the Colchester Institute Financial Plan 2016 to 2018, was received and noted.

#### **8.3.4. Financial Performance Dashboard**

CIC/16/5/24, College financial dashboard information prepared by the SFA, was received and noted.

#### **8.3.5. Notice of Concern**

CIC/16/5/25, Notice of Concern issued by the SFA on 30<sup>th</sup> November 2016, was received and noted.

#### **8.3.6. HR Plan 2016-17**

CIC/16/5/26, HR Plan 2016-17, was received and noted. One of the targets for the year is to reduce staff sickness absence to 5 days per employee, which will be a challenge. It was noted that an HR Strategy would be developed during the year.

#### **8.3.7. HE Tuition Fees 2017-18**

CIC/16/5/27, HE Tuition Fees 2017-18, was received, considered and approved.

### 8.3.8. Annual Report to the Board

CIC/16/5/28, Resources Committee Annual Report to the Board 2015-16, was received and noted.

### 8.4. Remuneration and Search Committee

The Minutes of the Remuneration and Search Committee held on 6<sup>th</sup> December 2016 (CIC/16/5/29) were received and presented by the Committee Chair, Christopher Bridge.

#### 8.4.1. Membership

It was reported that Lisa Clampin had resigned from the Board due to other commitments and that this would be her last meeting. The Chair extended his thanks to Lisa for her contribution to the work of the Board.

The Board considered a recommendation from the Remuneration and Search Committee that Mark Davies, Managing Director of Capita Mortgage Services, is appointed a member of the Board. The Chairman outlined the background and experience of Mr Davies. The Board APPROVED the appointment of Mark Davies as a Board member for a four year term of office with effect from 1<sup>st</sup> January 2017.

Committee membership was discussed and a number of changes agreed. Committee membership from 1<sup>st</sup> January 2017 will be:

#### **Audit and Compliance Committee**

Kevin Prince, Chair  
Pam Donnelly (co-opted)  
David Gronland  
Peter Hempstead  
Sue Thompson-Arnold

#### **Curriculum and Quality Committee**

David Gask, Chair  
Alison Andreas (ex officio)  
Christopher Bridge (ex officio)  
Charlie Byrne  
TJ Collinson  
David Gronland  
Bryn Morris

#### **Resources Committee**

Richard Wainwright, Chair  
Alison Andreas (ex officio)  
Brenda Baker  
Christopher Bridge (ex officio)  
Mark Davies  
David Kerridge  
Karen Tarling

#### **Remuneration and Search Committee**

Christopher Bridge, Chair (ex officio)  
Alison Andreas (ex officio)  
David Gask  
Kevin Prince  
Sue Thompson-Arnold  
Richard Wainwright

#### 8.4.2. Board Objectives

The Chair reported on progress against Board objectives 2016 and the recommendations from the Remuneration and Search Committee for objectives 2017. The Board approved the following objectives 2017:

- (i) Regain Satisfactory financial health status.
- (ii) Sustain recruitment/retention into 2017-18.
- (iii) Ensure the Area Review process supports the Board's preferred outcome of remaining an independent College.
- (iv) Maintain College Self-Assessment Grade 2.

- (v) Continue to monitoring staff wellbeing and staff engagement.

#### **8.4.3. Governor Self-Assessment 2015-16**

CIC/16/5/30, Governor Self-Assessment results 2015-16, was received and noted.

#### **8.4.4. Board Attendance 2015-16**

CIC/16/5/31, Board attendance 2015-16, was received and noted.

### **9. Future Meetings**

- 9.1. The Chair's meeting with the College Management Group is on 15<sup>th</sup> December 2016 at 10.00am. All Governors are invited to attend.
- 9.2. A Board planning meeting is scheduled for 5.00pm on Wednesday, 25<sup>th</sup> January 2017. Governors were asked to hold this date in their diaries. A decision will be taken on whether the meeting will go ahead after an Area Review meeting on 10<sup>th</sup> January.
- 9.3. The next meeting of the Corporation Board is scheduled for 4.30pm on Wednesday, 15<sup>th</sup> February 2017. If required, the meeting will be preceded with a Board briefing at 4.00pm.

### **10. Any Other Urgent Business**

None

## **PART II – these minutes are not confidential but the supporting papers are confidential**

### **11. Planning Meeting**

The Part II notes of the planning meeting held on 5<sup>th</sup> October 2016 (CIC/16/5/32) were received and noted.

### **12. Resources Committee**

The Part II minutes of the Resources Committee held on 3<sup>rd</sup> October 2016 (CIC/16/5/33) were received and noted.