

- The funding methodology is changing completely. The current methodology stipulated different rates for different frameworks. For adult apprenticeships the employer pays a contribution and the Government pays the College the rate for the framework monthly based on an agreed profile. For 16-18 the employer pays nothing and the Government pays the full amount. The Government currently funds a limited number of prime contractors because they do not want to deal with a large number of providers. Colchester Institute sub-contracts to other providers.
- Under the new funding methodology national rates will be replaced by negotiated rates. Each apprenticeship will be allocated a maximum funding rate. Where an employer makes a contribution (most instances) this has to be paid at the start, or if the employer contribution is over £500 it can be paid in instalments in the first year. The government pays the rest of the money while the apprentice is in learning. Funding rates are the same for all ages.
- Employers with a payroll over £3m will pay 0.5% to HMRC. A digital account is set up and the money wired across to pay the provider on a monthly basis. If the employer uses up the money in their digital account they can continue to train apprenticeships, paying 10% of the cost with the government paying the rest. Employers will have two years (reducing to 18 months after the first year) to use the funds in their digital account. If they do not use the funds within that time it will be used to fund apprenticeships elsewhere.
- Small employers (payroll less than £3m) will use the co-investment model. They will pay 10% and the government will pay the rest monthly while the apprentice remains in learning. Employers with fewer than 50 employees will pay nothing for 16-18 apprentices.
- Private training providers will be able to sell in their own right and small training employers with lower overheads may bring down prices to compete and retain business.
- Colchester Institute will no longer receive an apprenticeship allocation making it much more difficult to predict income levels and profile. Income will depend entirely on winning business with employers. Most of the providers we currently sub-contract to are on the register and able to compete with us.
- Good customer service, responsive solutions, the right high quality (good success rates) apprenticeship programmes is more important than ever.
- It is in our interests to transition from frameworks to standards as quickly as we can as funding for frameworks is dropping rapidly. From 1 August people on frameworks will be funded at the adult rate (currently 16-18 are funded at double the adult rate). The challenge is that currently there are not standards available in all areas. We might be forced to continue to run frameworks at lower levels of income. A complex spreadsheet is being used to identify the timing of the transition and what we can afford to offer to employers. We also need to make contingency plans where standards are not yet available. There are opportunities in pharmacy and the College is working closely with representative bodies to deliver an apprenticeship in this area but there is not a standard in place yet.
- The College has responded by supporting both levy paying and small employers with a large number of information and promotional events and working with individual employers. The College has booked a table at an event at the University of Essex on 29th March to talk to SMEs about the apprenticeship reforms and how we can help them.
- We need to make sure our internal systems are ready. The Finance and Funding and Information Teams are aware of and prepared for the changes. The College has looked at different options for end point assessment and is talking to an awarding organisation about becoming one of their recognised centres. FEDEC (Federation of Essex Colleges) is looking at a pan Essex approach to ensure that there is full coverage across the county.
- As an employer, the college has already set up its digital account and has a plan for using the levy on new recruits and upskilling current staff (mainly in the areas of leadership and management and customer services). Every vacancy is being looked at to see if it is suitable for an apprentice.

Governors asked:

- if the reforms represented an opportunity or a threat. It is an opportunity to raise the profile of apprenticeships and get employers on board. There is also the opportunity to pick up business previously delivered by providers who are not on the register. The threat is that the guaranteed allocation has gone and we will have to fight for every apprentice we recruit.

- If the College had looked at how we could get involved in putting together a standard. Several staff are part of a development group but we have not developed our own.
- How the quality of providers will be assessed. The process to get onto the register of approved providers was quite quality driven and if the quality drops the provider will be immediately removed from the register. All apprenticeship provision is subject to Ofsted inspection.

1. Declaration of any Conflicts of Interest

None.

2. Minutes

The minutes of the meeting held on 14th December 2016 (CIC/17/2/1) were received and confirmed. The Chairman signed the minute book.

The notes of the meeting with the College Management Group on 15th December 2016 (CIC/17/2/2) were received and noted.

3. Matters arising from the Minutes

None, other than on the agenda.

4. Chairs Announcements/Action since last meeting

4.1. The Chair and Principal signed (25.01.17) a Deed (CIC/17/2/3) indemnifying the Bank in relation to the professional costs in respect of Mills & Reeve LLP acting for the Bank in connection with the taking of an all monies first legal charges of the Church road, Clacton campus.

4.2. Following review and agreement by the Resources Committee the Chair approved (31.01.17) amendments to the UCC Fee Policy 2017-18. The revised FE Policy was received for information (CIC/17/2/4).

4.3. The Chair approved (09.02.17) the award of the contract for the managed print service to Canon. The multi-functional devices contract position paper (CIC/17/2/5) was received for information. Governors noted that the College would achieve savings of £161k pa compared to the current contract. It was reported that when the College moved to Canon five years ago the number of devices was reduced from 400 to 130. An analysis of usage over the last five years identified opportunities to reduce the number of units further from 130 to 80, saving rental charges. The cost per print has also come down. The drive to more on line processes means the College is also printing less.

4.4. The Chair and Principal signed (15.03.17), and the seal was affixed:

4.4.1. a Deed of Appointment as Acoustic Engineer and M&E Engineer for The Colchester Institute's New Stem Building on the Braintree Campus between (1) Colchester Institute Corporation, (2) Mott MacDonald Limited.

4.4.2. a Deed of Appointment as BREEAM Assessor for The Colchester Institute's New Stem Building on the Braintree Campus between (1) Colchester Institute Corporation, and (2) Mott MacDonald Limited

4.4.3. a Deed of Appointment as civil and structural engineering for The Colchester Institute's New Stem Building on the Braintree Campus between (1) Colchester Institute Corporation, and Alan Conisbee and Associates Limited

4.4.4. a Deed of Appointment as Principal Designer for The Colchester Institute's New Stem Building on the Braintree Campus between (1) Colchester Institute Corporation and (2) Saunders Boston Limited

- 4.4.5. a Deed of Appointment as Lead Consultant, lead Designer and Architect for The Colchester Institute's New Stem Building on the Braintree Campus between (1) Colchester Institute Corporation and (2) Saunders Boston Limited
- 4.4.6. a Grant Agreement between Essex County Council and Colchester Institute in relation to the Building Heroes Programme

4.5. The Chair and Principal signed (15.03.17):

- 4.5.1. a Deed of Warranty relating to The Colchester Institute's new Stem Building on the Braintree Campus between (1) Colchester Institute Corporation, (2) Mott MacDonald Limited, (3) Cadman Construction Limited
- 4.5.2. a Deed of Novation in relation to the proposed STEM building at the college's Braintree campus between (1) Colchester Institute Corporation, (2) Mott MacDonald Limited, (3) Cadman Construction Limited
- 4.5.3. a Deed of Novation in relation to the proposed STEM building at the College's Braintree campus between (1) Colchester Institute Corporation, (2) Alan Conisbee and Associates Limited, (3) Cadman Construction Limited
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5. **Area Review**

The Chair outlined the outcomes from the draft Area Review report. There are few structural changes. Two colleges are planning to merge from September; two colleges are going to work together and share back office facilities; one college will either become a standalone academy or remain a sixth form college, and the solution for one college is unresolved.

Governors considered and endorsed the draft recommendation for Colchester Institute: "Colchester Institute to remain as a stand-alone institution, focusing on developing greater financial resilience and continuing to develop provision aligned to local need".

There are two other unresolved issues. One is in relation to whether or not one or more colleges will apply to become an Institute of Technology. We do not have sufficient information at the moment, but it is believed that Colchester Institute will meet a lot of the criteria and that this is something that the College is well placed to bid for. This will be considered further at the April Board meeting. The other unresolved issue is the extent to which colleges collaborate in relation to back office facilities.

The Principal thanked the Chair for his input and support throughout the process.

6. **Principal's Report**

CIC/17/2/6, Principal's Report – March 2017, was received and noted.

Progress against the high level performance targets approved by the Board in July 2016 was discussed. The Principal reported that in respect of the curriculum targets in many areas the College is in a very similar position to a year ago and is not quite achieving the very ambitious targets.

It was noted that the University of Essex would be carrying out an Institutional Review of the College's HE provision on 22nd March. Institutional Reviews are carried out every five years. The review on 22nd March will look at the whole of our HE provision, how we have performed, and where we anticipate growth. The review team will look at a range of themes and there are three possible outcomes: (i) revalidation as a partner institution for the next five years with minimal or no conditions; (ii) revalidation as a partner but with conditions which may be difficult to meet or which may impact on our provision (there may be some provision which can't go forward); (iii) we are not revalidated as a partner, which would mean going into the process of a formal notice period which would give the College 22 months to find an alternative provider. At the time of the last Institutional Review there was a cap of student numbers and it was beneficial to HEIs to have partner colleges. Now there is no cap on providers, the University has an ambitious growth target within its strategic plan. There are very many benefits to us in maintaining this partnership and we hope that the University recognise benefits to them too. It is possible that the relationship may change in the future as external and internal priorities and opportunities for both organisations evolve.

7. Financial Recovery Plan

- 7.1. CIC/17/2/7, Financial Recovery Plan (v4), was received and the changes to the previous version noted. The most significant change was the addition of the further measures agreed at the last meeting to improve financial resilience. The Board APPROVED the Financial Recovery Plan.
- 7.2. The Chair reported that he had received a letter from the EFA/SFA the previous week confirming their assessment of the College's 2016-17 financial health grade (Inadequate). A copy of the financial dashboard for the College was also attached.
- 7.3. The Vice Chair reported back to the Corporation on the SFA Case Conference he attended in London on behalf of the Chairman. This meeting took place on 7 March and the minutes of the meeting will be reviewed in more detail by the Resources Committee.
- 7.4. The financial recovery implementation plan was considered. This will be an area of focus for the Resources Committee, and at the monthly case conference meetings with the SFA. Progress (RAG rated) will be reported in the monthly Management Reports.
- 7.5. Governors asked for an update on apprenticeship recruitment in February. It was reported that the College did not recruit as many apprentices as they would have liked. This is an area of concern and the College Executive will continue to build on the existing action plan. . There is a lull leading up to the start of the levy and a number of levy employers have indicated that they may wait until September. The College Executive met the previous day to discuss how to maximise the learner numbers applying for the vacancies we currently have and the CI Business Solutions Team are due to meet with faculty staff to brainstorm how to attract more adult applicants to our apprenticeship vacancies. The 16-18 market is particularly difficult at this time of year. Governors asked if access to schools has become any easier and were advised that it is still very difficult. The Head of Apprenticeship has offered to attend school staff training days to talk about the benefits of apprenticeships.

8. Letter of Variation from Barclays Bank

There was produced to the meeting a letter of variation (CIC/17/2/8) (the Letter of Variation) from Barclays Bank plc (the Bank) to the Corporation setting out the amendments to a Facility Agreement dated 28 May 2008 pursuant to which the bank has offered the Borrower (as defined in the Letter of Variation), the facility (as defined in the letter of Variation).

It was resolved

- i. That the amendments set out in the Letter of Variation are in the interests of and for the benefit of the Corporation and are most likely to promote the success of the Corporation for the benefit of the members as a whole and that such terms and conditions of the letter of Variation be and are approved and accepted.
- ii. That the Principal and Corporation Chair are authorised to sign the Letter of Variation on behalf of the Corporation to indicate acceptance of the terms and conditions.
- iii. That the Bank is authorised to act in all matters concerning the Facility as amended by the Letter of Variation upon instruction from the Corporation, in its capacity as Borrower of the Facility, signed in accordance with the Bank's mandate for any of the accounts of the Corporation held with the bank current from time to time.

9. **Institutes of Technology**

It was reported that £170m has been announced to support the establishment of Institutes of Technology and there is likely to be in the order of 10 to 15 Institutes of Technology in the country. To date only general documents have been issued. The next phase is the publication of the prospectus which will give much more detail on what you have to do to apply and the timescale. There are likely to be conditions around increasing student numbers and meeting local needs. There is the potential for over £10m for each project, and if appropriate the Principal will propose that the College makes a bid.

10. **Corporate Risk Register**

CIC/17/2/9, Corporate Risk Register as at 14th March 2017, was received and the red RAG rated risks considered. The significant risks associated with apprenticeship income targets had already been discussed.

In respect of the risks associated with the achievement of full cost income, it was reported that the target for February was achieved and it is believed that the College is currently on course to meet its monthly targets for the rest of the year.

The risks associated with English and maths achievement rates were discussed. It was reported that fewer than half our students arrive with both English and maths and two thirds of our results are for maths and English. If the results in maths and English are poor, it has a huge detrimental effect on overall College success rates. The national averages for functional skills have yet to be published but it is anticipated that results across the country will be around 50%. The College's Functional Skills at Level 1 were above this, but for Level 2 were not. That is going to impact all the results because of the high proportion of students taking these subjects. Previously success rates were published with and without Functional/Key Skills; now only overall success rates are published.

CIC/17/2/10, identification of key risks, was received. Governors were asked to identify what they see as the key risks facing the College over the next 12/18 months. The returns will be analysed by the College Executive and Risk Management Committee to see which are potentially new risks for the College to manage.

11. **Audit and Compliance Committee**

The Committee Chair, Kevin Prince, gave an oral report on the meeting of the Audit and Compliance Committee the previous day. There were no major items to bring to the attention of the Board.

11.1. **Reappointment of Financial Statement Auditors**

CIC/17/2/11, Performance indicators for the Financial Statements Auditors 2015-16, was received and considered. On the recommendation of the Audit and Compliance Committee the Board

APPROVED the reappointment of Scrutton Bland as Financial Statement Auditors for the 2016-17 financial year.

11.2. Equality and Diversity Report

CIC/17/2/12, Equality and Diversity Report for year 2015-16, was received and noted.

11.3. Risk Management Policy

CIC/17/2/13, Risk Management Policy and Procedures updated February 2017, was received, considered and APPROVED. The Policy had been updated in line with the recommendations arising from an internal audit review.

11.4. Health and Safety Policy

CIC/17/2/14, Health and Safety Policy updated February 2017, was received, considered and APPROVED. There was one minor change requiring the Health and Safety Manager to review and approve all new risk assessments within the College.

12. Resources Committee

The Minutes of the meeting held on 31st January 2017 (CIC/17/2/15) were received and presented by the Committee Chair, Richard Wainwright.

12.1. Management Report

CIC/17/2/16, Management Report January 2017 [Period 6], was received and considered. It was noted that the University of Essex had withdrawn and replaced the recurrent grant funding payment profile for the year. This was on the basis of a mis-calculation by the University at the start of the year. A cash repayment had been included within the cash-flow forecast. Given the size of the variance between what the College was paid and what it should have received, Governors asked if the sum actually received was in line with previous years. It was reported that the reduced entitlement from the University is due to the fact that the College now receives direct HEFCE grant for new regime students. The College did question the grant profile with the University, and the full amount was not recognised in the forecast. The Head of HE Operations is still checking the detailed calculations at this stage.

Schedule 13, year to date performance by Department was considered. This was additional information which had been requested at the last Board meeting. It was requested that more detail is provided in future reports on the reasons behind adverse variances emerging from some CMG departmental budgets. The Chair suggested that this would be useful information to discuss during link visits.

12.2. Wellbeing Annual Report

CIC/17/2/17, Report to the Resources Committee on activity to promote staff wellbeing during 2016, was received and noted. The Principal reported that she had shared a summary report from the Autumn 2016 staff survey with staff earlier that day. Some of the questions in the survey were wellbeing related, and three questions from the 2014 stress survey had been included to enable the College to track progress. These were around (i) people taking all their annual leave; (ii) people taking time off in the last 12 months due to stress; and (iii) people feeling pressurised to work additional hours. The results for two of the three indicators had improved compared to 2014 but declined for the first indicator (annual leave). The results will be reported to the Resources Committee.

13. **Feedback from Link Governors**

Governors provided feedback on their link visits. All had had initial meetings with their link area and a number of follow up meetings had already been arranged.

14. **Date of Next Meetings**

The next Board meeting is scheduled for Wednesday, 26th April 2017 at 11.00am. The meeting will be preceded with a presentation at 10.30am (if required) and followed by the lunch in the Balkerne Room.

15. **Any Other Urgent Business**

None

PART II – These minutes are not confidential but the associated papers are confidential

16. **Minutes**

The Part II confidential Minutes of the Board meeting held on 14th December 2016 (CIC/17/2/20) and special Board meeting held on 25th January 2017 (CIC/17/2/19) were received and confirmed. The Chairman signed the minute book.

The Part II confidential minutes of the ad hoc Committee Chair's meeting held on 15th February 2017 (CIC/17/2/21) were received and noted.

17. **Resources Committee**

The Part II confidential minutes of the Resources Committee held on 31st January 2017 (CIC/17/2/19) were received and noted.