

Colchester Institute Corporation

*Minutes of a Meeting of the Resources Committee
held on 21st March 2016
at Sheepen Road*

Present:

Richard Wainwright, *in the Chair*
Alison Andreas
Brenda Baker
Christopher Bridge

David Gronland
David Kerridge
Karen Tarling
Sue Thompson-Arnold

In attendance:

Gary Horne
Hazel Paton
Shaun McConnell

Vice Principal: Finance and Operations
Clerk to the Governors
Director of Human Resources (items 7 and 8 only)

There were no apologies for absence.

1. Declarations of any conflicts of interest

None.

2. Minutes

The minutes of the meeting held on 26th January 2016 (CIC/RC/16/2/1) were received and confirmed. The Chair signed the minute book.

3. Matters arising from the minutes

3.1. Lennartz Scheme

It was reported that the College met with officers from HMRC the previous week. The meeting was held at the request of HMRC to discuss on an entirely without prejudice basis the appeal by Colchester Institute Corporation in respect of rejected claims for output tax paid under the Lennartz Mechanism and explore in a neutral way the possible consequences of the Corporation winning or losing its appeal on the non-business treatment of fully grant funded education. Neither side was willing to give any ground. There was no real outcome from the meeting other than an exchange of views as to how both sides interpret the law as it stands. The pre-hearing meeting was scheduled for the following day in Birmingham with the main hearing in the summer. There has been a further exchange of letters since the meeting.

Governors asked for a view on whether the College's position had changed in any way as a result of the meeting. The Consultant felt that the Officers comments around activities and the non-business-treatment of VAT strengthened the College's argument and went back to the Revenue immediately after the meeting. The Revenue's response was that the meeting was without prejudice. The outcome of this case has a knock on effect for 20 other colleges and potentially to academies and sixth form colleges. It is clear that the legislation has not moved on since pre-incorporation. The Revenue perceive general FE colleges as Government run rather than independent bodies and is trying to use out of date methodology. The Consultant has already offered up a resolution which would allow the College's appeal but not affect the VAT position for

the wider sector and sixth forms and academies. If the hearing is in July, the outcome may not be known until 2017.

4. **Chairman's Action since the last meeting**

It was reported that:

- 4.1. The Chair approved (10.03.16) the contract for the supply of food to the CH&FS teaching department (CIC/RC/16/2/2).
- 4.2. The Corporation Chair approved a sale and lease back of assets to improve the College's cash position.

5. **Financial Monitoring**

CIC/RC/16/2/3, January 2016 Management Report, was received and noted. The Vice Principal: Finance and Operations tabled draft monthly financial accounts for February 2016 Management Report and updated Governors on the latest position.

It was noted that the College had received written confirmation that the Notice of Financial Concern had been lifted.

Income and expenditure was better than budget for the second successive month in January. The College continued to make savings of £250k in February, is gradually reducing the in-year variances and intends to be in a breakeven position of £18k by the end of the year. Some income lines are now irretrievable. The College will not be enrolling any more HE learners and FE and adult classroom loans are unlikely to change. Discussions continue with all budgets holders about how they can further improve the forecast position on salaries and non-pay lines.

Governors noted that apprenticeship starts in Construction were above target in all frameworks except maintenance operations and asked if there were any particular reasons for this. It was believed that this was because it was planned to recruit the maintenance operations apprentices late and bring them in on block release after the main FE programme finish in June and the workshops are free. In terms of overall apprenticeship numbers the February report is recording 567 new starts compared to 540 for the same period last year and a target for the year of 649.

Governors noted that staff costs had risen to 66.2% of income. This was due to a number of factors including additional costs for covering staff on maternity leave and long term sickness. The costs of employment have gone up as a result of increased national insurance and pension costs. College management is looking into why staff costs have not reduced in line with the reduction in HE students and FE loan students and staff are not being replaced immediately as vacancies arise to control costs.

The aged debtor schedule was considered. It was noted that the recovery of some of the older debts has improved following the appointment of a new credit controller.

It was reported that the Skills Funding Agency was going through a consultation process on a new methodology for calculating financial health. Although the new methodology has still to be confirmed it would appear to benefit the College.

Cash flow continues to need careful management during the March pinch point when grant funding income is at its lowest. Barclays has agreed a £0.5m overdraft facility and the Corporation Chair authorised the sale and lease back of some assets. The College is also trying to arrange further mid-term funding and is waiting for Metro Bank to confirm if they are able

to provide a loan over a five year period, with the option to repay early. Cash savings going forward were discussed. These include moving the Learning Shop at Witham into the library at Witham which would realise savings of £40k per annum on rental costs and additional savings on IT support for this area.

6. **Property Issues - Braintree Campus Developments**

It was reported that the College was still negotiating with the NHS on the lease and they have still to appoint solicitors. The College is pushing them as much as possible and has now set a long stop date of 1st June. The rent free period will start on 1st June regardless of whether they are in a position to sign the lease.

7. **HR Plan 2015-16 – Update on Progress**

CIC/RC/16/2/4, update as at 14/03/2016 on progress in implementing the HR Plan 2015-16, was received and presented by the Director of Human Resources.

i. **Safeguarding**

The re-audit of the College's Safeguarding arrangements was successful. The College Executive receives regular reports and the revised DBS Policy is about to be published. The most recent report shows that the number of staff trained in Safeguarding has increased and there are fewer staff with outstanding or older DBS checks.

ii. **Resourcing**

It has taken longer than anticipated to identify the staff that are on "bank". A letter will be sent out to all staff on "bank" by the end of March asking if they wish to remain on "bank" and for a copy of their latest CV. If they do not respond a follow up letter will be sent, after which they will be removed if the College does not receive a positive response.

The College continues to suffer difficulties in recruiting teaching staff into certain areas of the College and the budget line for agency staff has increased. The College deals with 15 to 20 agencies and has got exclusivity agreements in place with some of them but is about to go through a procurement process to meet OJEU requirements.

iii. **Performance Management**

The completion of PDRs is well underway. The management development programme due to start in January has been delayed and it is hoped that this will be progressed after Easter. This will be communicated to Managers in an update later this week. A library of guides for managers is being developed on the Portal.

iv. **HR System**

Testing of electronic timesheets for hourly paid staff has been carried out and if work remains on track this will be rolled out to staff in May/June. Governors asked if the timesheets are just to record hours worked or whether they also provide data on what the time has been spent on. It was reported that timesheets are a payroll document to record hours worked. The College is also interested in staff utilisation and regular reviews of teaching hours are carried out and recorded through the EBS system.

v. **HR Services**

It is proposed to ask managers for feedback on HR services and use this to develop a service level agreement.

It was noted that the College was about to advertise for a HR Manager which would give the Director of Human Resources more time to focus on longer term strategic issues rather than operation issues.

vi. **Unplanned**

The Department continues to respond to unplanned work such as the current restructure of the Employer Engagement area of the College. Governors questioned the increase in spending on agency staff at a time when staff have had their jobs put at risk. It was confirmed that all staff in a potential redundancy situation have priority status for vacancies within the College.

8. **Sickness Absence Report**

CIC/RC/16/2/5, core staff sickness analysis – December 2016, was received and presented by the Director of Human Resources. It was reported that due to the way absence is recorded in the HR system it was not currently possible to provide a breakdown of the reasons for absence but this should shortly be resolved and the information available for future meetings. Governors noted the wide variance between departments and asked if future reports could include percentages so it is easier to make comparisons.

It was reported that the average days absence per 12 month rolling period was 8.28, compared to 7.9 last year. This is better than the AoC data for colleges of 9.44 (8.1 last year) and the CIPD data for public sector workers of 8.7 (7.9 last year). The CIPD figures for the not for profit sector are slightly better at 7.8 (7.4 last year). The Director of Human Resources reported that he wanted to do more reporting on this and work with managers of their management of absence.

Governors asked to receive a report on the type of absence and overall comparator figures later in the year.

9. **Date of next meeting**

Tuesday, 19th July 2016 at 4.30pm.

10. **Any other Urgent Business**

There were no items.

Part II – these minutes are not confidential but the supporting papers are confidential

11. **Part II Minutes**

The Part II minutes of the meeting held on 26th January 2016 (CIC/RC/16/2/6) were received and confirmed. The Chair signed the minute book.