

Colchester Institute Corporation

*Minutes of a Meeting of the Resources Committee
held on 21st September 2015
at Sheepen Road*

Present:

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

David Gronland
Sue Thompson-Arnold

In attendance:

Gary Horne
Shaun McConnell
Hazel Paton
Tom Toolan

Vice Principal: Finance and Operations
Director of Human Resources (item 5 only)
Clerk to the Governors
Dean of Higher Education (item 11 only)

Apologies for absence were received from Brenda Baker and Karen Tarling.

1. Declarations of any conflicts of interest

None.

2. Minutes

The minutes of the meeting held on 9th July 2015 (CIC/RC/15/4/1) were received and confirmed. The Chair signed the minute book.

3. Matters arising from the minutes

None, other than on the agenda.

4. Chairman's Action since the last meeting

4.1. The Chair approved (30.07.15) the Financial Plan 2015-2018 for submission to the funding body.

4.2. The Chair approved (07.09.15) the award of the contract for the procurement of HE learner iPads to Academia. CIC/RC/15/4/2, position paper and recommendation to award for the iPad procurement exercise, was received and noted. It was noted that this would be the last year that first year HE students are provided with an iPad. The idea behind providing them was that the students would use the iPads in lessons but this has not taken off and in some areas their use is limited. The College is looking at alternative initiatives for future years such as support with travel costs.

5. HR Plan 2015-16

CIC/RC/15/4/3, review of HR Plan 2014-15 and outline HR Plan 2015-16, was received and presented by the Director of Human Resources.

During 2014-15 a review of hourly paid staff was undertaken and those who had not been on recent activate assignment were moved to "bank". By removing these staff from active systems College reports such as the Single Central Record are more accurate, and appropriate processes around re-induction and safeguarding/prevent training will be triggered when an

individual on “bank” moves back on to active assignment. More work will be done in this area during 2015-16. Arising from the discussion it was agreed that individuals should be removed from bank if they have not been on active assignment in the last two years.

The capability policy was updated last term to include specific reference to short term/persistent absence, laying the foundations for more work in this area during 2015-16. The average days absence per employee (core staff) was reported as 7.8 days over a 12 month period compared to 7.4 days for the non-profit sector (Chartered Institute of Personnel and Development Annual Survey Report 2014) and 8.1 days for the FE sector (AoC benchmarking data 2014). Governors asked about absence control processes, such as return to work interviews and use of the Bradford Factor. The Director of Human Resources reported that return to work interviews are not currently compulsory and added that he will start discussions around absence policies with the unions early in the New Year. It was noted that the entitlement to paid sick leave is 6 months’ full pay and 6 months’ half pay over a 12 month rolling period. Governors asked how this compared to the sector and were advised that it may be generous, and there may be a case for reducing the entitlement or extending the rolling period beyond 12 months. The impact of staff absence on other staff was discussed. It was reported that work on the Wellbeing programme is continuing. The Principal is Chair of the Wellbeing Working Group and individuals are being asked to think about their own health and welfare.

The PDR (Performance Development Review) process has been moved to an online process. Where work performance issues need to be addressed they will be dealt with through the capability policy, which has been updated to include warning periods and escalation if improvements are not achieved/maintained. The Assistant Principal: Quality and Teaching and Learning Improvement is working on a process for integrating the observation process into the PDR process.

Payroll has been moved in house, achieving savings on the cost of a third party provider. This has helped staff engage with the HR system as they can review their records (PDR/CPD/absence etc) when accessing their payslips online.

The outline HR Plan 2015-16 was considered. Governors noted stronger management controls around safeguarding, including monthly reporting to the College Executive around DBS. It was reported that the policy around DBS checks is to be changed; DBS checks will be renewed every five years and in the intervening years staff will be required to make an annual declaration. Withholding information from an annual declaration could be a dismissal offence.

Governors asked if staff saw the PRD process as a driver for performance pay, and if there was any reluctance to be honest. This was not thought to be the case. Governors noted that this would be the third year that the College had not implemented a cost of living rise, and asked what impact this was having, particularly in areas where it has been difficult to recruit to in the past. It was acknowledged that recruitment could become more difficult if pay starts to take off in the private sector, particularly in the craft areas. It has already been necessary to pay a market rate supplement for a particular appointment and the College may have to do more of this where there is a clear business case. Governors asked to be informed if recruitment becomes more difficult.

It was AGREED to recommend the HR Plan 2015-16 to the Board.

6. Financial Monitoring

CIC/RC/15/4/4, July 2015 Management Report [Period 12], was received and presented by the Vice Principal: Finance and Operations. Governors’ attention was drawn to two national

issues: the potential impact of the Comprehensive Spending Review, to be announced on 25th November, on funding allocations for 2016-17, and Area Reviews.

It was noted that the July outturn is reporting a pre-audit surplus for the year of £286k against a budget of £234k. This will return a Satisfactory financial health rating and meets the bank loan covenants. At this stage the College has accrued £16k for the current year; this relates to funding drawn down by a subcontractor for students who were found not to meet the eligibility criteria. The College did not re-engage with this sub-contractor last year, but there were still some apprentices in learning on a wind down contract. The sub-contractor has been invoiced for the £16k and has agreed to pay. The SFA may want to look at previous years which could have serious implications for the subcontractor. Governors asked if other sub-contractors presented a similar risk and were advised that the other sub-contractors were operating within the guidelines.

There is a potential clawback of £800k in January 2016 as a result of under delivery of the adult apprenticeship allocation. This could affect the College in terms of revenue funding cuts for 2016-17 and make cash flow forecasting more difficult.

Governors asked why the operating surplus had dropped from that reported in the June Management Report and were advised that this was because of a spike in part time hourly paid and agency costs in July, and a decision to bring forward a number of refurbishment projects from August to July to protect the 2015-16 budget as far as possible. Projects included conversion of 'C' Block area for teaching and learning resources; putting partitions in the library to create classrooms for teaching and learning and work at the College at Braintree and at Clacton. Some equipment purchases to support extra classes in Braintree were also brought forward. Governors asked about the authorisation on part time and agency staff and were advised that the College will be looking at the controls within the organisation. Area Heads will be asked to verify part time pay claims against timetables and seek permission from a higher authority rather than immediately bringing in agency support. Examples of where agency staff were used included cover for staff absent sick or on maternity leave, to support a new ESF funded income stream and to support apprenticeship growth. Governors asked about opportunities to redeploy staff whose role is at risk. It was confirmed that the College always looks at redeployment opportunities and staff at risk are the first option for vacancies that come up.

The Chair questioned the July actual versus budget interest cover ratio. The Vice Principal: Finance and Operations agreed to look at this outside the meeting.

7. Student Enrolments 2015

It was reported that the College has enrolled 4150 16-19 FE full time learners, with another 60 students still to be entered on the system. This is better than the same period last year. The external target is 4200 and the College needs to achieve 4300+ in order to get funding for future years. The challenge now is to retain these students; up to 10% of students can drop out during the first two months.

Apprenticeships have got off to a good start with 320-330 (more than half the target) already enrolled.

The College currently has 339 FT HE acceptances (enrolment starts week commencing 28th September). The College will achieve its target of 370 HE FT in February, the second start date for teaching training. Part time Construction and Engineering (HND/C) has recruited very well in response to an employer discount. The College will continue to recruit up until the second week in October; after that late enrolment will be considered on a case by case basis. The Dean of HE reported that he would like to see more February starts across HE, which would

allow the College to pick up late applicants. Governors asked about the potential for running HE courses at the Braintree Campus. The Dean responded that he would need to look at where the students came from; a number come to Colchester Institute because they can walk to the Sheepen Road campus. Courses such as HNC/D Construction and Engineering could move to Braintree once the STEM building is open. The Dean suggested that if the College wants to expand courses and make the most out of the estate it would need to look at working six days a week, working to 9.00pm and look at what it does over the summer.

8. Property Issues

8.1. South Wing

The South Wing will not be completed until November or December. The College has brought in a temporary building, located outside the main Reception area, to house a science lab for this term. The cost of the temporary building should be recovered via the penalty payments (£15k per week). The other pressure is on workshop space, and the College will need to make a decision over the next two months on whether to take back an unfinished building so it can access the workshops.

8.2. Gainsford Avenue

It was noted that, based on the planning notice issued at the end of July, the College invoiced the developer who was due to pay at the end of August. Unfortunately, the planning notice issued by Tendring District Council was incorrect. It was agreed that the Council would write a side letter to the developer; they then decided to revise the planning notice, which they did not do until 18th August, backdated to July. The developer took the view that the judicial review period started again on 18th August, and ends on 13th September. Although it could be argued the trigger point was 31st July the College has agreed payment at the end of September. This will not impact on cash flow and the Financial Statements Auditors have agreed it is still a 2014-15 transaction because the invoice was issued in July.

8.3. Braintree Campus Developments

The design of the building has been agreed through Chair's action. The Principal and Vice Principal: Finance and Resources made a presentation to members of Braintree District Council with another presentation to the Braintree Leaders Board planned to engage with employers and get them to talk to the College about what they want in the new building. A recent survey has identified two large sewerage pipes running through the footprint of the building so it will be necessary to design it differently and move it towards the west to avoid the underground services. It is hoped a planning application will be made in October.

Draft Heads of Terms for the lease of part of the campus to the NHS have been drawn up, at the rental income of £130k. The NHS initially said they were only prepared to pay £67k, but following an exchange of emails in which it was made clear the minimum the College will accept is £100k they have asked for more detailed plans. The main problem will be in connection with the widening of the access road. The College will need to make sure that this does not impact on the planning application for the STEM building.

8.4. The Minorities Café

The Lease with Wilkin and Sons has been signed. The Minorities Café is currently closed for refurbishment.

8.5. **Lennartz VAT Reclaim**

It was reported that the Revenue have asked for a hearing date in the first tier tribunal between January and March 2016, a year ahead of what was predicted. The consultant advising the College believes there are two grounds for the claim and is confident of success. The first ground is under European case law which the UK is bound to follow; the second is around the draconian case law which the Revenue has created.

It was reported that the Revenue has tried to levy a penalty assessment on the College to the value of £380k. This has been rebuffed twice on the grounds that the initial assessment letter was invalid because it did not have the penalty assessment attached and that the second letter which included the penalty assessment was null and void because it did not have the rationale. The Policy Team within the Revenue have said that there are no grounds for the penalty.

9. **Report on Sub-Contracting Activities**

CIC/RC/15/4/5, report on sub-contracting activities, was received. It was noted that the College has just four sub-contractors this year, down from 14 in 2013-14 and 7 last year. There is still an element of carry in for the three sub-contractors not offer a contract this year. The profile totals 2015-16 were noted.

10. **Rental Charges 2015-16**

CIC/RC/15/4/6, rental charges 2015-16, were received, considered and APPROVED. The only change is a slight reduction in fees on Saturday and Sunday to make the College more competitive; the fees still cover porter costs. Governors suggested that external bookings might be an area for internal audit to look at. The Vice Principal: Finance and Operations reported that he was due to meet the Creative Arts Live staff to discuss their activities.

11. **HE Tuition Fees 2016**

CIC/RC/15/4/7, Undergraduate and Postgraduate Fee 2016 to 2017, was received and presented by the Dean of Higher Education. The underlying principle is for fees to stay the same for next academic year. The rationale for keeping fees at current level is increased competition and an untested belief that students and employers are price sensitive. The College will continue to compete on quality, cost and delivery. Fee increases (not substantial) will be proposed in future years.

It was noted that 25% of the higher fee income has to be spent on our students (student opportunity fund). In the past the College has used this to support students from low income families and to give students an iPad. For next year the College will be consulting students on what support they would like. Next year students will take on more debt as accommodation grants are withdrawn.

Arising from the discussion it was noted that as a pilot the College offered a discount to Level 3 students in Construction and Computer Management who progressed to our HE. The Dean of Higher Education reported that initial analysis showed that whilst the discount to our students did have an impact, it was inconclusive whether it was enough to make a difference. It was reported that progression in some area, such as Photography and the Access course is poor and needs to be addressed as a matter of urgency. The Dean suggested looking at those courses which underperform for internal progression and rather than a discount give students who progress a bursary of say £1k. If a bursary was offered each year of the course, it would act as an incentive for the student to stay on the course. Governors supported this.

It was AGREED to recommend the Undergraduate and Postgraduate Fee 2016-17 to the Board for approval. Under Chair's action, the Corporation Chair agreed the fees can be published ahead of the next Board meeting.

12. **Financial Regulations and Associated Procedures 2015-16**

CIC/RC/15/4/8, Financial Regulations and Associations Procedures 2015-16, was received, considered and APPROVED.

13. **Date of next meeting**

Monday, 9th November 2015 at 4.30 pm. The Financial Statements Auditors will present the Annual Accounts 2014-15.

14. **Any other Urgent Business**

None.