

Colchester Institute Corporation

**Minutes of a Meeting of the Board
held on 13th December 2017
at the Sheepen Road Campus**

Present

Christopher Bridge, *in the Chair*
Alison Andreas
Mark Davies
Martin Fordham
David Gask
David Gronland

David Kerridge
Kevin Prince
Karen Tarling
Ian Thurgood
Richard Wainwright

In Attendance

Gary Horne	Executive Vice Principal: Finance and Corporate Development
Tim O'Connor	Scrutton Bland, Financial Statements Auditor (item 5 only)
Hazel Paton	Clerk to the Governors
Jill Wognum	Executive Vice Principal: Curriculum, Planning and Quality

Apologies for absence were received from Brenda Baker, Christopher-Alan Churley, Bryn Morris, and Sue Thompson-Arnold.

1. Declaration of any Conflicts of Interest

None.

2. Minutes

The minutes of the meeting held on 11th October 2017 (CIC/17/7/1) were received and confirmed. The Chairman signed the minute book.

3. Matters Arising from the Minutes

None, other than on the agenda.

4. Membership

- 4.1. It was reported that Scott Piper had resigned as a Student Governor with effect from 20th October 2017.
- 4.2. The Board APPROVED the appointment of Summer Mace as a Student Governor for a term of office 01/01/2018 to 30/06/2018.

5. Report and Financial Statements

The Board received and considered:

- CIC/17/7/2, Report and Financial Statements 31 July 2017
- CIC/17/7/3, Report to the Audit and Compliance Committee, including Letter of Representation

It was reported that the Report and Financial Statements 31 July 2017 had been considered in detail by the Resources Committee and the Audit and Compliance Committee, and were recommended to the Board for approval. The Committee Chairs reported that the 2016-17 financial year had been a

much better year than 2015-16 and Governors extended their thanks to the College Executive, and in particular the Executive Vice Principal: Finance and Corporate Development, for their hard work in achieving this significant improvement.

The Financial Statements Auditor presented the report and financial statements. It was noted that both the Independent Auditor's Report to the Corporation and the Reporting Accountants Assurance Report on Regularity were both unqualified.

It was reported that total income (£39m) was very similar to the previous year (£39.1m). This was a good achievement given the pressures on income in the sector. Total expenditure fell from £41.711m in 2016 to £40.237m this year. The College made a profit of £971k on the sale of land, and a modest deficit for the year of £169k (including FRS102 pension charges) compared to a deficit of £2.536m the prior year. There was an actuarial gain of £2.782m on the Local Government Pension Scheme (LGPS) compared to a significant loss of £6.123m the previous year. As in previous years, an additional disclosure has been included in the accounts to show the true operating position after exceptional items and LGPS. The College achieved an operating surplus pre FRS 102 and one off items of £485k compared to an operating deficit of £801k in 2016, an improvement of almost 3%.

It was reported that it had been a very straight forward audit process. Three minor procedural recommendations were made as a result of the audit, predominantly around invoicing and adhering to procedures, which have been agreed by Management and will be implemented. All procedural recommendations made as a result of the audit of the 2016 financial statements had been implemented.

The Board APPROVED the Report and Financial Statements 31 July 2017.

The Report to the Audit and Compliance Committee was noted. Governors considered the Letter of Representation and authorised the Chairman and the Principal to sign it on behalf of the Board.

The Financial Statements Auditor left the meeting.

6. Chair's Announcements/Action since last meeting

- 6.1. The Chair approved (26/10/2017) two purchase orders for essential asbestos encapsulation works to B Block 1st, 3rd and 4th floors along with B Block 2nd floor.
- 6.2. CIC/17/7/4, Settlement Deed relating to dilapidations on Unit 11, Westside Centre, Stanway, was received. The Deed was signed by the Chair 03/11/2017. It was reported that despite the College's best efforts, no agreement has yet been reached over dilapidations at Cooper Drive, Braintree and an independent surveyor has been appointed to act on behalf of the College.
- 6.3. The Chair and Principal attended an evening reception in Cambridge at which the College was presented with the Silver Award for Employer Recognition as part of the Armed Services covenant signed earlier in the year.
- 6.4. The Chair, Principal and Executive Vice Principal: Curriculum, Planning and Quality, attended the AoC Annual Conference in November. It was a positive conference with good quality speakers, including the new Chief Executive of the Office for Students, and a good mix of content across FE, HE and apprenticeships. The drop off in the take up of apprenticeships nationally and the link between that and improving the competitiveness and productivity of the country were discussed. Colchester Institute has continued to recruit apprentices since the levy was introduced and is in a much stronger position than other providers. This had been discussed at the last Audit and Compliance Committee meeting and the Financial Statements Auditor felt that the Government might do something to help people from families in receipt of benefits. Currently they are penalised because if they sign up for

an apprenticeship the family risks losing certain benefits as the apprentice is deemed to be 'in employment'.

A summary of the main keynote addresses is included in the Principal's December Report.

7. Principal's Report

- 7.1. CIC/17/7/5, Principal's Report – December 2017, was received and considered. It was noted that the Careers Strategy and Industrial Strategy had recently been published. A summary of the most relevant sections of the Industrial Strategy was appended to the report.

It was noted that around 100 Expressions of Interest were submitted for Institutes of Technology, including four in Essex. It is believed around 15 projects will be supported nationally.

- 7.2. CIC/17/7/6, Letter from Peter Lauener, Chief Executive and Accounting Officer, Education and Skills Funding Agency to Chief Executives and Principals of Colleges in the Further Education Sector – 17 November 2017, was received and noted. Updates will be made to the KPIs in the Principal's monthly report and the MMR in line with recommendations in this letter. These will include the provision of data on staff utilisation at certain points in the year, and an update on the College's use of its apprenticeship levy, rather than simply a statement of the number of apprentices employed by the College.

8. Reports from Committees

8.1. Audit and Compliance Committee

CIC/17/7/7, Minutes of the Audit and Compliance Committee held on 5th December 2017, were received and presented by the Committee Chair, Kevin Prince.

8.1.1. Report and Financial Statements 31 July 2017

It was reported that one of the issues highlighted by the audit of the financial statements was that there is still a need to reduce staff costs, by increasing income, reducing staff, or a combination of both.

There was an improvement in the pension scheme liability, although the overall liability is still significant. Increases in the pension interest rate and salary increase rate were offset by an improvement in the return on assets and a lowering of life expectancy from age 65.

8.1.2. Internal Audit Reports

Sickness and Absence Management was reviewed as part of the 2016-17 internal audit plan. The Committee noted that the College has put in place a process of return to work interviews in all cases of absence. Previously these were seen as good practice but were not mandatory.

A review of Governance as part of the 2017-18 internal audit plan identified one recommendation around Governor training.

8.1.3. Internal Audit Annual Report 2016-17

CIC/17/7/8, Internal Audit Annual Report 2016-17, was received, considered and approved.

8.1.4. Audit and Compliance Committee Annual Report 2016-17

CIC/17/7/9, Audit and Compliance Committee Annual Report to the Board and Chief Executive 2016-17, was received, considered and approved.

8.1.5. Regularity Audit Self-Assessment Questionnaire 2016-17

CIC/17/7/10, Regularity Audit Self-Assessment Questionnaire 2016-17, was received and noted.

8.1.6. Corporate Risk Register

CIC/17/7/11, Corporate Risk Register (strategic risks) as at 06/12/2017, was received and considered. The full Corporate Risk Register had been reviewed by the Audit and Compliance Committee. It was noted that the Corporate Risk Register is updated weekly by the Risk Owners.

8.1.7. Health and Safety Committee Annual Report

CIC/17/2/12, Health and Safety Committee Annual Report 2016-17, was received and considered.

8.2. Curriculum and Quality Committee

CIC/17/7/13, Minutes of the Curriculum and Quality Committee held on 28th November 2017, were received and presented by the meeting Chair, Christopher Bridge.

8.2.1. College Self-Assessment Report 2016-17

CIC/17/7/14, College Self-Assessment Report 2016-17, was received and considered. It was reported that the College did not do as well as it should have done on FE Study Programmes. Outcomes were significantly impacted by English and maths results (35% of overall results) which unfortunately were poor in 2017. GCSE results were better, but Functional Skills were impacted by the decision to put E Grade students onto an aspirational Level 2 aim. This was a huge leap for a lot of learners and most did not achieve. The achievement rate nationally for Functional Skills is not high. There were also some inconsistencies in vocational areas. Some areas did very well but a few large areas in terms of the number of students did less well. The College's results for FE Study Programmes were considerably under benchmark this year. On that basis Outcomes for Learners had been graded as Requires Improvement, as had Leadership and Management at all levels. Other areas of College provision, such as adult learners and apprenticeships, did much better and high needs learners continue to be good.

It was reported that the Curriculum and Quality Committee had examined the report area by area to understand some of the reasons for the results. Teaching seems to be good, but other issues are impacting on outcomes. Attendance is a constant challenge, particularly in English and maths. Retention is not too dissimilar to national benchmarks but there are areas where pass rates dipped. This will be an area of focus this year. The Curriculum and Quality Committee discussed at length how it would monitor the actions put in place to improve the position.

Arising from the discussion it was noted that the College has a very good team of GCSE teachers; the problem is getting the students to attend classes. This had been raised at the AoC Conference and the Executive Vice Principal: Curriculum, Planning and Quality attended a session looking at this challenging issue for Colleges. The College has also made links with other providers who have done better in this area to learn about the strategies they have found effective. Significant changes have been made to the way maths and English is delivered this academic year. Previously students with a Grade D at GCSE resat the GCSE; all other students were put on Functional Skills, many at Level 2. Students are deemed to pass at GCSE whatever grade they achieve between 9 and 1 (or A* -G) and by re-sitting, all students have the opportunity to improve on their previous grade, even if not all of them

reach the threshold of 4 (or C). Functional Skills are just a pass or a fail, and a lot of students with grade E/F/G at GCSE sat the Functional Skills which they failed. Now they are on GCSEs and have the opportunity to improve.

Governors asked if attendance had improved and were advised that attendance at GCSE maths and English was currently at 65%. This does not mean that only 65% of students are attending. A far larger percentage are attending, but many of them sporadically.

Governors noted that 25% of staff had not received a PDR last year and asked what the reasons for that were. It was reported that in a number of cases the meeting had been held but the record was not completed. This is clearly not acceptable and strenuous efforts are underway to address this for the current year.

The Board APPROVED the Self-Assessment Report 2016-17.

8.2.2. Performance against High Level Targets 2016-17 and Targets 2017-18

CIC/17/3/15, Performance against High Level Targets 2016-17 and Targets 2017-18, was received and noted.

8.2.3. HEFCE Annual Quality Assessment Report

CIC/17/3/16, HEFCE Annual Quality Assessment Report, was received and considered. It was noted that it was a satisfactory outcome given the College had been without a Dean of Higher Education for much of the year.

8.2.4. Feedback from Link Visit Reports

CIC/17/7/17, feedback from Link visit reports 2017, was received and noted. The Curriculum and Quality Committee had discussed the future of the link scheme and had agreed that it was worthwhile and should continue but there needs to be better recording of visits. If Governors find the report form too onerous or time consuming to complete they were encouraged to provide the Principal with a brief email on the visit. Links will be reviewed for 2018.

8.2.5. Higher Education Partnership Arrangements

The Chair updated Governors on the future validation arrangements for the College's higher education programmes. Students joining the College in October 2018 (unless they are on teacher training programmes which will have separate validation arrangements) will be on programmes validated by the University of Essex, and if needed students joining in October 2019 will also be on University of Essex programmes. The options available to the College when the current agreement with the University of Essex ends are to partner with another university (or universities) to validate its HE provision or to seek degree awards powers. The Office for Students is currently consulting on the future arrangements for gaining degree awarding powers, but it is expensive and time consuming and as the system is about to change, it is not realistic to expect that this could be in place quickly enough to mean that another validation arrangement will not be needed. A decision on how to proceed will need to be made over the next few months. College Management are currently researching options and will bring recommendations to the next Board meeting.

8.3. Resources Committee

CIC/17/7/18, Minutes of the Resources Committee held on 30th November 2017, were received and presented by the Committee Chair, Richard Wainwright.

8.3.1. **Management Report**

CIC/17/7/19, Management Report and Accounts October 2017 [Period 3], was received and considered. It was reported that although the College had not achieved its apprenticeships recruitment target the value of the frameworks meant that work based learning income exceeded budget in the month. The work based learning full year forecast has been reduced by £100k.

The Executive Vice Principal: Finance and Corporate Development reported that at Period 3 income was ahead of budget and savings had been achieved on expenditure lines. That performance needs to be maintained throughout the year.

Governors were pleased to note that the College's application for funding for apprenticeships taken up by non-levy paying employers was successful, although the amount awarded (£1.6m) was not as much as had been requested (£2.4). The College needs to over perform on this income line to be in a position to apply for growth funding next year.

8.3.2. **Students' Union Annual Accounts 2016-17**

CIC/17/7/20, Students' Union Annual Accounts 2016-17, was received and noted.

8.3.3. **Annual Report to the Board 2016-17**

CIC/17/7/21, Resources Committee Annual Report to the Board 2016-17, was received and accepted.

8.4. **Remuneration and Search Committee**

The Chairman gave an oral report on the meeting held on 13th December 2017. The minutes of the meeting will be circulated in due course.

8.4.1. **Members due to complete their term of office in 2018**

It was reported that three Governors would be completing their current term of office during 2018. It was the recommendation of the Committee that Karen Tarling is reappointed for a four year term of office with effect from 1 March 2018, and Sue Thompson-Arnold is reappointed for a four year term of office with effect from 29 July 2018. This was APPROVED by the Board.

It was noted that Christopher Bridge will not be seeking reappointment when his current term of office ends on 31 December 2018. The Remuneration and Search Committee will consider his replacement during 2018 and bring forward a recommendation to the Board.

It was reported that Bryn Morris was finding it increasingly difficult to attend meetings due to other commitments. As well as his deteriorating attendance, concerns have been raised that the changing relationship with the University of Essex is leading to conflicts of interest. The Chairman has been in correspondence with Mr Morris over these issues, and it was the recommendation of the Remuneration and Search Committee that Mr Morris is asked to resign his membership of the Board. This was APPROVED by the Board.

8.4.2. **Board objectives**

The Chair reported on progress against Board objectives 2017 and the recommendations from the Remuneration and Search Committee for objectives 2018. The Board approved the following objectives 2018:

- (i) Retain Satisfactory financial health status

- (ii) Return to College Self-Assessment Grade 2
- (iii) Achieve the first year of the Strategic Plan

8.4.3. **Governor Self-Assessment 2016-17**

CIC/17/7/22, Governor Self-Assessment analysis 2016-17, was received and noted. There were no causes for concern in the results. There was some movement between the number of Governors 'strongly agreeing' and 'agreeing' with a number of the statements compared to the previous year, and one or two areas where Governors are not fully aware of where information is available, for example information on students destinations is readily available in the Self-Assessment Report. The Clerk will talk to individual Governors to resolve the issues.

8.4.4. **Board Attendance 2016-17**

CIC/17/2/23, Report on Board Attendance 2016-17, was received and noted.

9. **Future Meeting**

- 9.1. The Chair's meeting with the College Management Group is scheduled for 10.00am on Thursday, 14th December 2017. The meeting will conclude with light refreshments. It is hoped that as many Board members as possible will attend this meeting.
- 9.2. The next meeting of the Corporation board is scheduled for 4.30pm on Wednesday, 21st February 2018. If required, the meeting will be preceded with a Board briefing at 4.00pm.

10. **Any Other Urgent Business**

There were no items.

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

11. **Minutes**

The Part II minutes of the Board meeting held on 11th October 2017 were received and confirmed (CIC/17/7/24).

12. **Resources Committee**

CIC/17/7/25, Part IIB minutes of the Resources Committee meeting held on 30th November 2017, were received and noted.

13. **Audit and Compliance Committee**

CIC/17/7/26, Part IIC minutes of the Audit and Compliance Committee meeting held on 5th December 2017, were received and noted.