

Colchester Institute Corporation

**Minutes of a Meeting of the Board  
held on 26<sup>th</sup> July 2017  
at the Sheepen Road Campus**

**Present**

Christopher Bridge, *in the Chair*

Alison Andreas

Brenda Baker

Mark Davies

David Gask

David Gronland

Peter Hempstead

David Kerridge

Scott Piper

Kevin Prince

Sue Thompson-Arnold

Richard Wainwright

**In Attendance**

Jason Peters

Hazel Paton

Jill Wognum

Vice Principal: Curriculum Delivery and Performance

Clerk to the Governors

Executive Vice Principal: Curriculum, Planning and Quality

**Apologies for absence** were received from Christopher-Alan Churley, Bryn Morris and Karen Tarling.

**Board Briefing – A Marketing Plan for Colchester Institute**

The Principal introduced Mr Ian Thurgood, Management Consultant; who had been working with the College on the draft Marketing Plan (CIC/17/5/1). Mr Thurgood had been engaged to provide an external perspective and commercial awareness and as part of his research had met with a range of internal and external stakeholders, including the College Executive, Governors, and students.

Mr Thurgood outlined the approach he had taken, the people he had spoken to, and the questions he had asked. He had looked at the brand and examples of leaflets the College produces, and said that the College needed to have a clear direction and brand. The draft Marketing Plan is inclusive, and builds on the existing Marketing Plan. Mr Thurgood said that one of the challenges that he had found was that people were cautious and he expected that some changes would need to be made as a result of this plan. He added that it would be important for the College Executive to work with staff, encourage them to use the plan, and give them permission to fail.

The Principal outlined the next steps to put the plan into action:

- Ensuring the Marketing Plan reflects the priorities in the Strategic Plan
- The Marketing Plan includes actions for the Marketing Team and decisions for the College Executive. Both these groups will come together to ensure everything in the plan is covered.
- Agreement needs to be reached on simplifying the brand. There are currently around 40 brands, including CI, UCC, CIBS, Creative Arts Live and CH&FS. Which brands and house styles do we need and want to keep?
- Talk to internal staff
- Decide what the external marketing focus is going to be.
- Take forward the section Market Team development

Arising from the discussion Governors asked how the Marketing Plan was going to be communicated internally to staff. It was reported that it would be included in the Principal's staff address at the start of the new academic year.

There was support for the approach of one brand and promoting Colchester Institute rather than one particular element such as the Learning Shops.

Ian Thurgood was thanked for his contribution and left the meeting.

The Board APPROVED the Colchester Institute Marketing Plan.

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

None.

**2. Membership**

The Board approved the appointment of Christopher-Alan Churley and Scott Piper as student governors for a term of office 26.07.17 to 30.06.18. Scott Piper was welcomed to the meeting.

**3. Minutes**

The minutes of the meeting held on 14<sup>th</sup> June 2017 (CIC/17/5/2) were received and confirmed. The Chairman signed the minute book.

The notes of the planning meeting held on 14<sup>th</sup> June 2017 (IC/17/5/3) were received and noted.

**4. Matters arising from the Minutes**

None, other than on the agenda.

**5. Chairs Announcements/Action since last meeting**

5.1. It was reported that a panel of Governors, chaired by the Vice-Chair, had determined the winners of the staff annual awards 2017. The winners had been announced at the end of term staff address.

5.2. The Chair had attended the FE Awards ceremony and the opening of the new STEM Centre at The College at Braintree. Both events had been well received, as had the FE Awards ceremony at the Sheepen Road campus.

5.3. The College continues to foster its relationships with the LEP and local MPs. The Principal was principle speaker at the LEP AGM, and the LEP Vice-Chair attended the FE Awards ceremony and the opening of the STEM Centre.

5.4. The Chair attended a breakfast event at which the College demonstrated its commitment to helping the Armed Forces by signing the Armed Forces Covenant. The event also provided an opportunity to showcase the Building Heroes project. The Armed Forces Covenant is a pledge to support service leavers and their families after they leave the military. The College has started to provide advice and guidance for the Resettlement Centre. There were two cohorts of Building Heroes in 2016-17 and it is expected that over 100 service leavers will participate in the programme in 2017-18.

**6. Facility Agreement with Barclays Bank plc**

It was reported that an agreement has been reached with the Bank in respect of the covenant breach that occurred as a result of the 2015-16 operating deficit. It has been confirmed that interest rates will increase by 1% from 01 August 2017, with a further 1% increase from 01 August 2018. As part of the agreement, the bank requires the College to provide security against the Clacton Campus. The Bank had issued an amendment and restatement agreement reflecting the above, which required Board approval. There are no changes to the covenants.

## 6.1. Legal Charge to Barclays Bank plc

There was produced to the meeting a first legal mortgage in respect of the property known as The College at Clacton, Church Road, Clacton on Sea Essex CO15 6BQ to be granted by the Borrower in favour of Barclays Bank plc (the "Bank") (the "Legal Mortgage")

### CONSIDERATION OF DOCUMENTATION

1. The Board of Governors considered the Legal Mortgage and noted in particular that:
  - (a) the Legal Mortgage secures the payment to the Bank of all monies and liabilities at any time due, owing or incurred by the Borrower to the Bank from time to time; and
  - (b) the Legal Mortgage contains a statement that the security created pursuant to the Legal Mortgage does not fall within section 124(9) of the Charities Act 2011 as the secured property is held by, or on trust for, the Borrower, which is an exempt charity.
2. The Board of Governors considered in detail the form of the Legal Mortgage and the risk to the Borrower in entering into the Legal Mortgage, namely that if the Borrower were not able to repay the secured facilities when due, this could result in the enforcement of the Legal Mortgage against the Borrower. Whilst these consequences were serious, the Board of Governors considered that the Borrower would be able to meet its obligations when due.
3. The Board of Governors considered whether it was in the best interests of the Borrower to provide the security constituted by the Legal Mortgage to the Bank and to execute and deliver the Legal Mortgage.

### IT WAS RESOLVED

1. That, bearing in mind the Board of Governors' duty to promote the success of the Borrower, the Borrower should enter into the Legal Mortgage, grant the security in favour of the Bank constituted by the Legal Mortgage and perform its obligations and exercise its rights in relation to the Legal Mortgage as to do so would benefit the Borrower.
2. That the Borrower has considered whether it needs to obtain professional independent advice (legal, financial or otherwise), prior to resolving to enter into the Legal Mortgage and (whether on the basis of such advice or otherwise) it has made its own independent decision to enter into the Legal Mortgage and understands the terms, conditions and risks involved
3. That *Alison Andreas* and *Gary Horne* are authorised to negotiate and finalise the Legal Mortgage on behalf of the Borrower.
4. That *Christopher Bridge* and *Alison Andreas* are authorised to sign the Legal Mortgage on behalf of the Borrower to indicate acceptance of the terms and conditions and to witness the affixing of the Borrower's seal to the Legal Mortgage.

## 6.2. Re-documented Terms of Facility Agreement

There was produced to the meeting:

- (1) an amendment and restatement agreement in relation to a facility agreement originally dated 9 May 2008 (as amended by variation letters dated 23 February 2009, 19 June 2009, 24 March 2010, 9 May 2011, 5 December 2016 and 28 February 2017) between the Borrower and Barclays Bank PLC (the Bank) (the Amendment and Restatement Agreement) and attaching as a schedule thereto the draft document containing the key terms of the amended facility as well as terms and conditions (together the Restated Facility Agreement and, together with the Amendment and Restatement Agreement, the Documents) from the Bank

to the Borrower setting out the terms and conditions, re-documented on the Bank's standard form documents, upon which the Bank continues to make available to the Borrower a term loan facility (the Facility) in the maximum principal sum of £11,168,906.

#### CONSIDERATION OF DOCUMENTATION

1. The Board of Governors considered the Documents.

#### IT WAS RESOLVED

1. That the borrowing by the Borrower of up to the full amount of the Facility on the terms and conditions set out in the Facility Agreement (as further negotiated by the Bank and the Borrower) is in the interests of and for the benefit of the Borrower and is most likely to promote the success of the Borrower for the benefit of the members as a whole and that such terms and conditions (as further negotiated by the Bank and the Borrower) be and are approved and accepted.
2. That the Borrower has considered whether it needs to obtain professional independent advice (legal, financial or otherwise), prior to resolving to enter into the Documents and (whether on the basis of such advice or otherwise) it has made its own independent decision to enter into the Documents and understands the terms, conditions and risks involved including, without limitation, the circumstances in which Fixed Rate Breakage Costs (or other payments) may be payable in accordance with, and as defined in, the Facility Agreement.
3. That Alison Andreas and Gary Horne are authorised to negotiate and finalise the Documents on behalf of the Borrower and to agree amended terms and conditions of the Documents.
4. That Christopher Bridge and Alison Andreas are authorised to sign the Documents as further negotiated by the Bank and the Borrower on behalf of the Borrower to indicate acceptance of the terms and conditions.
5. That the Bank is authorised to act in all matters concerning the Facility upon instruction from the Borrower signed in accordance with the Bank's mandate for any of the accounts of the Borrower held with the Bank current from time to time.

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

CIC/17/5/5, Principal's Report – July 2017, was received and considered. It was noted that Anne Milton MP had been appointed Skills Minister, replacing Robert Halfon MP. The requirements for becoming an Institute of Technology have still not been published, and it will be the autumn before bids can be submitted.

A Governor referred to reports in the media about the increase in teachers in school without formal teaching qualifications and asked what the College policy was in this area. It was reported that about 95% of teaching staff hold a teaching qualification, and teaching staff without a formal qualification are expected to start working towards a teaching qualification within two years of joining the College.

Governors noted the national Government campaign as a result of the recent fire at Grenfell Tower. It was reported that the College had received written confirmation from Building Control that the type of cladding on the South and West Wings in Colchester comply with current regulations. Governors asked if that was sufficient reassurance and were advised that the College has been told that the risk is minimal. The local Fire Officer has been in to the Colchester and Braintree campuses since the fire in London and they are not concerned.

Governors asked if any decision had been taken in respect of the future of Epping Forest College. It was reported that the college was still going through the strategic options appraisal process but it

was anticipated that it would merge with another provider. It was noted that between 70 and 80 mergers had been recommended as a result of the Area Based Reviews but less than half the planned mergers will go ahead. It was reported that about 70 colleges had been issued with a Notice of Concern and a number of colleges will be reducing their curriculum offer.

The Board was pleased to note that the College had received a silver award for its HE provision in the recent TEF (Teaching Excellence Framework) process. This was an excellent achievement. It was reported that Colchester Institute was one of 37 colleges nationally to receive a Silver award, and the only college in Essex to have been graded.

## 8. **Strategic Plan 2017-2020**

CIC/17/5/5, outline Strategic Plan 2017-2020, was received and presented by the Principal. The document was built on the early draft discussed at the Board planning meeting, taking into account the comments of Governors. The final document will include a section on curriculum delivery priorities. This will be finalised when the new Dean of Higher Education takes up his post on 1<sup>st</sup> August and is able to contribute to the section on higher education. It is proposed that the Strategic Plan will have less detail than the current plan, and will be supported by an annual action plan, monitored through relevant Committees of the Board.

Governors debated the level of detail to be included in the monitoring section. It was agreed that quantitative targets were more appropriate for the one year action plan and agreed not to include this level of detail in the Strategic Plan.

Governors discussed how Colchester Institute will look at the end of the planning period if all the strands of the Strategic Plan are successfully implemented. There will be a smaller number of students on a smaller range of programmes, with better student outcomes. It is no longer financially viable to run small courses and offer everything to everyone. Good progress has been made over the last two years. Average class sizes have increased from 13 two years ago to 17 this year, and the College has a better understanding of what contribution is being made at course level. Managers are focusing on producing viable classes and unviable groups will not continue. The number of courses offered will be rationalised because the number of students is not going to grow in the next five to seven years. It is expected that FE learners will move across to apprenticeships.

Governors asked how the plan will drive change and distinguish the College from other providers. It was reported that the action plans underpinning the strategy will be critical. Teaching and Learning will be put at the heart of everything we do, helping us achieve better outcomes and positively impacting on the College's reputation.

Governors proposed adding a metric against the priorities which measures the extent to which the staff understand the strategy. Examples of how this has been measured in other organisations were discussed, such as workshops. It was reported that there is an opportunity to raise awareness through the PDR process which links to the strategic plan. Governors felt that the biggest challenge in doing this through the PRD process would be getting staff to buy into it.

The Board APPROVED the outline Strategic Plan, revised Mission and Vision statements and five key priorities and asked to be circulated with the final version of the Plan when it is complete and to receive the one year action plan at the October meeting. The Strategic Plan will be distributed to staff at the staff meeting on 4<sup>th</sup> September.

## 9. **Reports from Committees**

### 9.1. **Audit and Compliance Committee**

CIC/17/5/7, Internal Audit Plan 2017-18, was received and considered. The plan had been revised in response to concerns raised at the last meeting of the Audit and Compliance Committee that there was too much in it and that it needed to be slimmed. It was noted that the number of internal audit days had been reduced from 70 to 41. The Internal Auditors had rejected a proposal to reduce the

frequency of the audit of governance on the basis that risk management, internal control and governance needs to be reviewed annually in order for the Internal Auditor to provide an assurance opinion to the Audit and Compliance Committee. The Board APPROVED the Internal Audit Plan 2017-18.

## 9.2. Curriculum and Quality Committee

CIC/17/5/8, Minutes of the Curriculum and Quality Committee meeting held on 27<sup>th</sup> June 2017, were received and presented by the Committee Chair David Gask.

### 9.2.1. Performance Measures

It was disappointing to note that there was a dip in the College's performance in 2015-16. It was expected that this would be mirrored by national data, particularly in English and maths, but national benchmarks had improved. Within the College performance was variable. Some areas did well; others did not perform as well as predicted. The reasons for the variability in performance had been discussed at length by the Curriculum and Quality Committee. A plan has been put in place for next year which will be monitored by the Committee. The Principal reported that a meeting had been held earlier that day, focusing on putting teaching and learning back at the heart of what the College does. The discussion was informed by the paper presented to the Curriculum and Quality Committee. The actions arising from that meeting will be reported to Governors in the autumn term.

### 9.2.2. Students' Union

The Board received, considered and APPROVED:

- CIC/17/5/9, Colchester Institute Students' Union Annual Report 2016-17, and
- CIC/17/5/10, Student Union Constitution

## 9.3. Resources Committee

CIC/17/5/11, Minutes of the Resources Committee held on 11<sup>th</sup> July 2017, were received and presented by the Committee Chair, Richard Wainwright.

### 9.3.1. Lennartz VAT Appeal

It was reported that the Lennartz VAT Appeal was currently being heard in the First Tier Tribunal. Four members of staff had attended the opening day of the Tribunal on 24<sup>th</sup> July, and the Executive Vice Principal: Finance and Corporate Services and Director of Funding and Information had given evidence the previous day. This is an important decision for the sector and it is anticipated that the College will know the outcome within 28 days.

### 9.3.2. Apprenticeship Starts 2016-17

There had been a lot of discussion at the Resources Committee around apprenticeships, and the reasons why new starts were behind target. The introduction of the apprenticeship levy has had an impact, which will impact on the achievement of next year's budget as well. The issues include (i) employers unwilling to release staff to fulfil the 20% off the job requirement; (ii) employers getting legal opinion on the standard contract; and (ii) non levy paying employers are now required to make a contribution to the cost of the apprenticeship. It was agreed that the College should be focussing on attracting large employers. It was noted from the June Management Report that a lot of work has been done in terms of increasing the number of apprenticeship starts.

### 9.3.3. Management Report

CIC/17/5/12, Management Report and Accounts June 2017 [Period 11], was received and considered. It was noted that the College was forecasting a full year operating surplus of

£402k. The College has been focussing on apprenticeship and full cost income and there was a slight improvement on both these income lines in Period 11. As of that morning, the College had enrolled 651 apprentices this year compared to the revised target of 650. The College should return to Satisfactory financial health this year. It was noted that staff costs were still 70% of turnover (71% last year) but should be down to 69% by the end of year.

#### 9.3.4. **Budget 2017-18**

CIC/17/5/13, Corporate Budget 2017-18, was received and considered. It was noted that the College was forecasting a significant increase in apprenticeships from 651 to 873 next year. Governors questioned the rationale for the increase and were advised that the figure had been generated from detailed plans submitted by each of the of the curriculum areas. Governors were referred to the apprenticeship funding schedule in the budget which included a list of levy paying employers that the College is working with, and the number of apprenticeships each is suggesting. These are organisations that the College has not worked with previously. The College recognises that the apprenticeship income is a risk in the budget and has mitigated this by applying a 9% reduction to the expected income. Based on the plans and particular standards, the 873 apprenticeship starts should generate £4.3m funding but only £3.94m has been recognised in the budget.

Other key assumptions in the budget include a potential mid-year cost of living pay increase, subject to Board approval at the December meeting; and additional income driven by additional HE subcontracting. The College is working with VLUK, a sports organisation providing HND programmes to students studying at football and rugby clubs, and OLC, a private college operating in London and Manchester offering HN's to hard to reach learners. Sub-contracting in FE will start to drop off from Christmas.

Governors noted that the main areas of risk were apprenticeships and recruitment. The Principal reported that the only area where recruitment will impact in year is HE and the College has taken a prudent approach to HE with a reduction of 40. In respect of apprentices, the College will need to recruit a large number early in the year in order to generate the budgeted funding.

The Principal drew the Board's attention to two proposed amendments to the capital plan (schedule 13). One related to an increase in expenditure from £40k to £62k on a new motor vehicle workshop in Colchester to support growth in motor vehicle numbers. The second related to high spec PCs to service current demand and predicted future growth in student numbers in Media. The Executive Vice Principal: Finance and Corporate Development was concerned that given the other costs that were coming this summer the College might have to look at leasing for some of this. This was approved in principle.

The Board APPROVED the budget 2017-18.

#### 9.3.5. **Financial Plan 2017-19**

CIC/17/5/14 Financial Planning Checklist was received and noted. Governors were satisfied that the items in the checklist had been addressed in the Financial Plan.

CIC/17/5/15, Financial Plan 2017-19, was received and considered. It was noted that the plan was predicated on another 127 increase in apprenticeship numbers in 2019 and a corresponding drop in FE numbers. Governors asked the basis of the assumptions on learner numbers and were advised that they were in keeping with demographics plans. New housing in the District and Borough Council may see significant pipeline growth in 16-18 learners; adult learners are more difficult to predict but it could be a growing market. It was reported that the campus strategy at the College at Braintree (reducing overhead costs and running the campus efficiently to generate cash) is central to the achievement of the Financial Plan.

The second year of the Braintree Stem Centre should generate additional apprenticeship numbers.

Governors noted that the operating surplus was forecast to increase from £403k this year to £433k in 2018 and £601k in 2019. In an earlier draft of the Financial Plan reviewed by the Corporation Chair and Chair of the Resources Committee the previous week, the operating surplus in 2019 was higher at £700k, but the Executive Vice Principal: Finance and Corporate Development had been asked to revisit the forecast for 2019 as it was felt that this was too aggressive.

The Board APPROVED the Financial Plan 2017-2019.

#### 9.3.6. **Fee Policies**

The Board received, considered and APPROVED:

- CIC/17/5/16, FE Fees Policy 2017-18
- CIC/17/5/17, International Fee Policy 2017-18
- CIC/17/5/18, Supply Chain Management Fees and Charges Policy
- CIC/17/5/19, Employer Co-investment Policy

#### 10. **Targets 2017-18**

CIC/17/5/20, Headline Targets 2017-18, was received and considered. Actual results against target for the current year were included where known, and noted. An update on 2016-17 performance against targets will be provided to Governors at the October meeting and the Executive might wish to make some amendments to the targets at that point.

Governors noted that the proposed target for Functional Skills (English and maths) was down from 70% this year to 60% next year and asked the rationale for this. It was noted that that target was still aspirational and that the national average last year was about 50%.

The Board APPROVED the targets 2017-18. .

#### 11. **Feedback on Link Visits**

Governors were invited to provide feedback on their link visits. Few link visits had been made during the summer term and Governors were encouraged to arrange visits for the start of the new academic year.

#### 12. **Date of Next Meeting**

12.1. There will be a Board/planning meeting on Wednesday, 11<sup>th</sup> October 2017 at 4.30pm

12.2. CIC/17/5/21, Board meeting schedule 2017-18, was received and noted.

#### 13. **Any Other Urgent Business**

Peter Hempstead was thanked for his contribution to the work of the Board and the Curriculum and Quality Committee. Governors wished him well in his retirement.



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

**14. Part II Minutes**

The Part II confidential Minutes of the:

- Board meeting held on 14<sup>th</sup> June 2017 (CIC/17/5/22) were received and confirmed. The Chairman signed the minute book.
- Remuneration and Search Committee held on 26<sup>th</sup> April 2017 (CIC/17/5/23) were received and noted.