

Colchester Institute Corporation

*Minutes of a Meeting of the Resources Committee
held on 6th February 2018
at the Sheepen Road Campus*

Present:

Richard Wainwright, <i>in the Chair</i>	Mark Davies
Alison Andreas	Karen Tarling
Brenda Baker	Ian Thurgood
Christopher Bridge	

In attendance:

Gary Horne	Executive Vice Principal: Finance and Corporate Development
Shaun McConnell	Executive Director: Human Resources
Hazel Paton	Clerk to the Governors

There were no apologies for absence

1. Declarations of any conflicts of interest

None.

2. Minutes

The minutes of the meeting held on 30th November 2017 (CIC/RC/18/1/1) were received and confirmed. The Chair signed the minute book.

3. Matters arising from the minutes

None, other than on the agenda.

4. Management Report December 2017

CIC/RC/18/1/2, December 2017 Management Report and Accounts [Period 5], was received and considered. The Executive Vice Principal: Finance and Corporate Development reported an improving position. The full year operating forecast position was £97k better than budget. Adjustments to the full year forecast position on apprenticeships (£300k reduction) and FE Loans had been largely offset by the additional FE allocation which the College was aware of at the start of the year. At the end of Period 5 the College had achieved year to date savings against expenditure lines, including savings of £460k on pay costs.

Apprenticeship starts remains the biggest risk to the achievement of the year end budget target. Apprenticeship numbers were on target in monetary terms in the month, but behind YTD profile by £213k. The forecast start numbers will be updated for the Period 6 Management Report. Governors asked which areas had the biggest shortfall in apprenticeships. It was reported that the shortfalls were in all areas. Business and Service programmes are roll-on roll-off and these areas continue to recruit. It will be more difficult to recover the position in Health and Education unless the College is able to secure large levy paying contracts and potential cohorts of 10-20 learners.

In view of the shortfall in apprentices in health, Governors questioned if this was the right time to go ahead with the capital build programme at Sheepen Road to support health. It was reported that the College was looking to grow more than just apprenticeships in health and care. A stakeholder group, chaired by the Principal, will be established to engage with employers, and informal discussions have already been held with the local Clinical Commissioning Group. The Local Authority is very keen that

a health and care facility is established at the College in light of very high vacancy levels in these areas locally.

The shortfall in new starts at the College was put in the context of the national position. Although Colchester Institute has seen a reduction compared to the same period last year (around 15%), it is nothing like the 61% reduction that has been seen nationally. Also the mix of apprenticeships means the monetary value is only £200k short of budget at this stage. Governors were reminded the College brought forward 60 enrolments into July 2017 and is seeing the benefit of that carry-in value. Further information on the national position in respect of apprenticeship recruitment will be included in the Principal's Report.

The barriers to apprenticeship recruitment were discussed. It was reported that very few of the new standards contain a qualification, which is putting employers off. Other barriers included the red tape involved in setting up digital accounts and the requirement for 20% off the job training.

In a conversation about the College's successful application for an allocation to deliver non-levy apprenticeships, governors were notified that the College's former subcontractor, IWA, had now been added to the list of providers on the register for delivering government funded apprenticeships to non-levy. Governors were hugely disappointed to hear this, in light of the loss of £130K to the College due to the ineligibility of apprentices enrolled by that provider.

Governors asked if retention rates for apprentices had improved and were advised that currently the attrition rate for starts this year was 3% compared to the target of no more than 5% in-year attrition. This is expected to deteriorate, but it was hoped not to the levels in previous years. Retention is being closely monitored by the Executive Vice Principal: Curriculum, Planning and Quality.

The recruitment of Trainers/Assessors, particularly in the area of Construction, remains an issue. As a consequence the College has had to put some business on hold or turn it way. A number of HR led activities are underway to attract more individuals into these roles. In response to a question it was confirmed that the central issue is pay; other providers are offering considerably higher hourly rates of pay than the College is able to offer.

The cash position was discussed. The College was still performing better than budget. February and March remain a pinch point requiring careful monitoring, but it was anticipated at this stage that the College would be able to manage this without the need for short term funding.

5. **ESFA Finance Case Conference Notes**

CIC/RC/18/1/3, Minutes of the Colchester Institute Financial Health Case Conference held on 7th December 2017, was received and noted. The meeting had focussed on the October 2017 Management Report and Accounts, which have now been superseded. The next meeting is scheduled for March 2018.

The minutes referred to a Work Placement Capacity Building Fund, which Governors were not familiar with. It was reported that from September 2018 a proportion of Study Programme students will have to have a far more significant component of quality work experience than is currently required (between 45 and 60 days compared to the current 30 hours). This is one of the recommendations arising from the Sainsbury Review. From next year the College will have about 200 students engaging in these longer work placements, and the numbers will grow over the next three years. The Government has recognised that a considerable amount of work will be involved in securing these work placements and undertaking health and safety visits etc., and has put some generous funding in place. The College submitted a successful bid in November 2017 and expects to receive in excess of £400k (first paid in August) to cover the period April 2018 to July 2019 to put systems in place. It is unclear whether funding will be available for future years.

6. **Property Issues**

The Executive Vice Principal: Finance and Corporate Development update Governors on Local Growth Fund Capital Projects.

6.1. **STEM 2 The College at Braintree**

It was reported that a number of tender processes had been undertaken for the new capital build project. He then outlined the College's recommendations for the professional team, and the rationale supporting the recommendations. After discussion the Committee APPROVED the appointments of:

- (i) Architects: MCW. Although not the lowest priced proposition, of the four vendors who submitted tenders, MCW were judged to have provided an excellent tender in terms of demonstrating experience, value added and overall value for the College.
- (ii) M&E Building Services: Max Fordham
- (iii) Structural Services: Conisbee. Conisbee worked with the College on the STEM 1 project.

The Committee Chair signed the position paper which provided more detail on these appointments, and made recommendation to award documentation for each appointment.

It was reported that MCW had offered the College an alternative programme for the STEM 2 building. The original proposal was for a 24 month build programme, January 2018 to December 2019. MCW and cost consultants believe that the programme can be delivered by August 2019 if good early progress is made from February 2018. Governors asked if a shorter project would put additional pressures on the College's cash flow and were advised that the College's contribution would not be paid until June-August 2019.

It was reported that as a standalone building, predominately for 16-18 years old student, the STEM 2 building may meet the criteria to be zero rated for VAT purposes, and the College will shortly be going out to tender for VAT consultants to help with the application process.

6.2. **Additional Floor South Wing Sheepen Road**

The Executive Vice Principal reported that the £5m funding for the additional floor on the South Wing at Sheepen Road allowed for a large contingency, and outlined the work that could also be carried to support learning resources for fitness and wellbeing. Options included potentially upgrading the fitness gym and associated facilities. Modern methods of construction could potentially reduce the risk of noise disruption on the South Wing and he hope is that the most disruptive works will be completed by the end of August 2018 – i.e outside of term time.

It was reported that following a tender process, an intention to award notice had been issued to the selected architects, who subsequently advised of a change of professional team that would be supporting the college. As the tender, which was higher than the quotes from the other vendors, had been accepted based on the members of the proposed team, the intention to award has been withdrawn and the College will retender for architectural services.

The Committee APPROVED the recommendation to award the contract for M&E Services to Ingleton Wood LLP and Structural Services to Conisbee. The Committee Chair signed the position paper and recommendation to award documentation

7. **Update on One Year Strategic Plan Action Plan**

CIC/RC/18/1/4, Progress against One Year Action Plan 2017-18 (sections 3-5) – updated 29 January 2018, was received and considered. It was noted that good progress had been made in most areas and the College was where it expected to be at this stage in the academic year.

8. **LGPS – Request for Security**

Governors were reminded that the introduction of a College insolvency regime is a concern to pension funds. The response of the Essex Pension Fund is to ask for security where there is a deficit in the pension scheme. The College first received a request for security last year, but successfully deferred the request on the grounds that the Area Review process meant that there was uncertainty over the structure of Essex colleges going forward. A further request for security has been received, and the College asked for a further deferral, which has been rejected by the Pension Fund, on the grounds that the Government has commissioned a review of Tier 3 employers in the scheme which may result in changes to the way the scheme is administered.

The Executive Vice Principal: Finance and Corporate Development presented the proposal from the Pension Fund. Under a 24 year recovery plan, the College is currently paying £210k pa deficit repayment in addition to the 15.6% employer contribution. If the College does not provide security over its property the Pension Fund proposes to reduce the deficit recovery period and have provided quotes for 12.9 and 15 years, which significantly increase annual charges. The College does not particularly wish to provide additional security, which will incur not insignificant one-off set up fees, and has asked if the Pension Fund will agree to an 18 year recovery period (mid way between the 12.9 and 24 year options) , potentially maintaining the deficit repayment under £300kpa.

Governors discussed challenging the investment strategy of the Fund. It was reported that the College is required by statute to enrol its business support staff in the Local Government Pension Scheme. There is one seat for education on the board that oversees investment decisions, which is filled by a school in South Essex. The College is invited to attend an annual presentation on the Fund but there is no opportunity to ask questions.

After a wide ranging discussion it was agreed to await a response from the Pension Fund to the College's request, but the preferred position of the Committee was to provide a second legal charge over property rather than pay increased deficit repayments for 18 years which will impact on cash flow each year. The College Executive will take forward discussions with this position in mind.

9. **College's Insolvency Regime**

CIC/RC/18/1/5, AoC guidance note on the College Insolvency Regime, was received and discussed. The Department for Education published a technical consultation on the college insolvency regime just before Christmas, which runs until 12 February 2018. It was noted that the new college insolvency regime will supplement the existing intervention regime run by EFSA and the FE Commissioner and is being described as a "last resort" rather than a "normal route" to secure change. The implications of the new rules were noted. It was agreed not to respond to the consultation. The College Executive were asked to confirm that the College holds appropriate Governors Indemnity insurance.

10. **Draft HR Strategy**

CIC/RC/18/1/6, draft HR Strategy 2017-2020, was received and presented by the Executive Director: Human Resources. The HR Strategy links directly to the Strategic Plan 2017-2020 and will give direction to the annual HR plan for the next three years. It was reported that the next stage would be to consult managers on the Strategy and bring a final draft to the Board for approval in April 2018. Governors asked for the final draft to include a plan showing priorities and the timeframe for implementation.

11. **Sickness Absence Report**

CIC/RC/18/1/7, Sickness Absence Report, was received and considered. The Executive Director: Human Resources reported that sickness absence was a cause for concern. Current headline data was 8.05 average days absence per employee for the previous 12 months compared to 7.07 for the same time for the previous year, and the target for this year of 5.00 days. It was reported that a

revised Sickness Absence Policy was launched in September 2017, but due to staff turnover in HR, Bradford Factor reporting and case management has not progressed, but should be in place from March 2018. It is hoped that a Staff Wellbeing Policy, which will be brought to the Board for approval in April, better reporting and the management of cases, will help underpin a reduction in sickness absence. A further report will be brought to the April meeting of this Committee, including a breakdown of the reasons for absence, and benchmark data.

12. **Wellbeing Annual Report**

CIC/RC/18/1/8, Report to the Resources Committee on activity to promote Staff Wellbeing during 2017, was received and considered. It was noted that the Wellbeing Group would be refreshed and re-convened in the spring of 2018. The key activities undertaken during 2017 were noted and the priorities for 2018 discussed. The College continues to promote staff benefits, including the free counselling for staff which is available through the Employee Assistance Programme. An improved staff communications plans has been introduced this year to address concerns raised by staff, and a new staff engagement plan will be launched in the next few weeks.

13. **Statement on Modern Slavery and Human Trafficking 2016/17**

CIC/RC/18/1/9, Colchester Institute – Statement on Modern Slavery and Human Trafficking, was received, considered and approved. The Statement was signed by the Corporation Chair and will be published on the College's website.

14. **Date of next meeting**

Tuesday, 17th April 2018 at 4.30pm

15. **Any Other Urgent Business**

There were no items.