

Colchester Institute Corporation

**Minutes of a Meeting of the Board
held on 12th December 2018
at the Sheepen Road Campus**

Present:

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

David Gronland
Scott Piper
Kevin Prince
Terry Smyth
Sue Thompson-Arnold
Richard Wainwright

In Attendance:

| | |
|-----------------|---|
| Maeve Borges | Vice Principal: Student Services and Support |
| Gary Horne | Executive Vice Principal: Finance and Corporate Development |
| Shaun McConnell | Executive Director: Human Resources |
| Hazel Paton | Clerk to the Governors |
| Jason Peters | Vice Principal: Curriculum Delivery and Performance |
| Mark Smith | Scrutton Bland, External Auditor (item 3 only) |
| Jill Wognum | Executive Vice Principal: Curriculum, Planning and Quality |

Apologies for absence were received from Daniel Clarke and Liz Goodall.

1. **Declaration of any conflicts of interest**

None.

2. **Membership**

It was reported that Ian Thurgood had resigned his membership of the Board with effect from 20/11/2018. Governors recorded their thanks for the work he had done for the College, including working with College Management on the development of the Marketing Strategy before joining the Board.

3. **Minutes**

The Minutes of the meeting held on 10th October 2018 (CIC/18/5/1) were received and confirmed. The Chairman signed the minute book.

4. **Matters arising from the minutes**

None, other than covered elsewhere on the agenda.

5. **Report and Financial Statements**

The External Auditor presented the:

- Report and Financial Statements 31 July 2018 (CIC/18/5/2)
- Letter of Representation (CIC/18/5/3)
- Report to the Audit and Compliance Committee (CIC/18/5/4)

It was reported that both the Resources and the Audit and Compliance Committees had considered the Report and Financial Statements in detail and were recommending them to the Board for approval. The External Auditor had issued a clean audit opinion in respect of both the regularity audit and the audit of the financial statements.

It was reported that the positive year end position was heavily influenced by the pension position. Income increased by £1.3m compared to the previous year.

Governors' attention was drawn to the non-statutory disclosure at the bottom of the financial statements which reports an underlying operating surplus of £841k before exceptional items compared to £485k in the prior year.

The financial statements include a large actuarial gain on the pension scheme of £8.5m compared to £3m last year.

Turning to the balance sheet it was reported that the increase in creditors to £1.6m was due to timing. This includes accruals of £330k for electricity costs which have not been invoiced, VAT Lennartz £450k, and some late invoices from the University of Essex. An area of positive impact on the balance sheet is the pension fund deficit provision (£21.7m compared to £27.66m in the prior year) reflecting a significant favourable movement in asset values in the year.

The cash position improved during the year and the overall cash position is now much stronger than previous years. It was reported that a number of colleges were facing significant challenges this year and going forward, particularly as a result of the forecast of an increase in pension costs. Additional funding to cover the extra cost of employer contributions to the Teachers' Pension Scheme is dependent on the outcome of the spending review.

Governors noted the current position in respect of two post balance sheet events:

- The accounts currently reflect a worst case scenario in respect of the Lennartz liability, pending the outcome of the College's appeal.
- The College has a commitment of £2.5m against future capital projects of £10m.

It was reported that the External Auditors concur with the Members assessment of going concern.

The Board APPROVED the Report and Financial Statements 31 July 2018 and Letter of Representation for signature by the Chair and the Principal on behalf of the Board.

The External Auditor was thanked for attending and left the meeting.

6. Chairs Action

6.1. Use of Corporation Seal

The Chair and Principal signed (13.11.18), and the Corporation Seal was affixed to, the following Deeds in relation to the Braintree STEM 2 Development:

- (i) Deed of Appointment as Civil & Structural Engineer between Colchester Institute Corporation (1) and Alan Consibee and Associates Limited (2)
- (ii) Deed of Appointment as Civil & Structural Engineer Monitor between Colchester Institute Corporation (1) and Alan Consibee and Associates Limited (2)
- (iii) Deed of Novation of Civil & Structural Engineer Employer to Contractor between Colchester Institute Corporation (1) and Alan Consibee and Associates Limited (2) and Cadman Construction Limited (3)
- (iv) Deed of Collateral Warranty (Post Novation) from Civil & Structural Engineer between Colchester Institute Corporation (1) and Alan Consibee and Associates Limited (2) and Cadman Construction Limited (3)

The Chair and Principal signed (19.11.18), and the Corporation Seal was affixed to, HM Land Registry TP1 Transfer of part of registered title - land at Church Lane, Bocking, Braintree, Essex, CM7 5SN. The Principal signed the associated contract for the sale of the freehold land.

6.2. **Ofsted Inspection**

The Chair thanked those Governors who support the Principal and him during both the Ofsted Inspection and the recent FE Commissioner Diagnostic Assessment visit.

6.3. **Armistice Centenary Events**

The Chair attended the Armistice memorial ceremony at the Colchester campus on 7th November. Governors who had been unable to attend the ceremony were encouraged to view the video prepared for day which is available on YouTube. Unfortunately the Chair had been unable to attend a separate event at the Braintree Campus at which a montage of memorial art work prepared by staff and students had been unveiled.

6.4. **STEM II Building**

The Chair attended the breaking of the ground event for a newbuilding at the Braintree Campus, which is now in the process of construction.

6.5. **Performance Development Reviews (PDRs)**

The Chair confirmed that he had carried out the PDRs for senior post holders.

7. **Principal's Report**

The Principal presented her written report (CIC/18/5/6).

A Further Education deputy commissioner and adviser carried out a diagnostic assessment visit on 3rd and 4th December 2018. The College has received and commented on the factual accuracy of the draft report. The final report will be issued in the New Year.

The Chair commented on the importance of the forthcoming comprehensive spending review which will have an impact on college funding from April 2020. It was disappointing to note that despite the coordinated support of the AoC (Association of the Colleges) the sector was unable to get the 100,000 signatures necessary to trigger a debate on college funding in parliament. The College is facing a significant drop in 16-18 funding next year because it under recruited this year. 16-18 learner numbers are about 400 under target this year. The reasons for the under-recruitment were discussed. It was reported that there were three main reasons for the shortfall, and a fourth factor was worthy of note:

- (i) Demographic dip. There were up to 300 fewer year 11 leavers across the three districts the College serves compared to the previous year. Numbers will start to increase again from 2019 with 200 more year 11 leavers next year.
- (ii) Competition. Schools across the three districts are increasingly looking to retain their students into sixth form. An increasing number of vocational programmes are now being offered in schools that traditionally only offered A level provision. Schools are competing with BTEC programmes in more technical qualifications such as construction.
- (iii) Curriculum change. The College has traditionally picked up a number of students who had been on an A Level programme and transferred to a vocational programme when they did not perform well in the AS Level at the end of the first year. Many schools have stopped offering AS Levels because they no longer contribute to the final examination. The College received fewer Year 12 students as a result of this change.
- (iv) Some students were lost because of the deliberate action of College management to ensure efficient curriculum delivery. Students who applied late may not have been able to get onto their chosen programme because the groups were full. The College did not take students if it would result in inefficient group sizes. The College tried hard to move these students on to another programme but in some cases the student did not enrol at the College. The number of student groups was reduced by 18 compared to the original curriculum plan as a result of

this work during the enrolment period and it is believed that the College lost between 30 and 40 students. The College also took the decision during last year to close a couple of Steps Programmes at the Clacton and Braintree campuses and found these students, who have the most complex special educational needs, programmes elsewhere.

The impact of the under recruitment will be felt for two years as most students are on two year programmes.

Progress against high level targets was discussed. A Governor commented on staff sickness compared to national benchmarks and asked if this was an area of concern. The Executive Director: Human Resources reported that he had looked at the CIPD data and found that across all sectors sickness absence is higher in larger organisations. Within the public sector sickness absence can be higher in organisations the size of Colchester Institute. The College is taking steps to achieve this year's target of 7 days. These include better reporting; using policies to support staff around wellbeing; and engagement in the HR Strategy. It was noted that there are also instances of long term sickness in the reported data. Governors asked if the College is performing less well than other colleges in terms of sickness absence rates and was advised that the AoC benchmark data is between 5 and 6 days. The College data is for salaried staff only whereas the AoC benchmark data includes hourly paid staff on zero hours contracts. An action in the HR operational plan is to expand sickness absence reporting to include hourly paid staff and it is believed that the number of day's sickness absence will be lower as a result.

8. Reports from Committees

8.1. Audit and Compliance Committee

The minutes of the meeting of the Audit and Compliance Committee held on 4th December 2018 (CIC/18/5/7) were received and presented by the Committee Chair Kevin Prince.

8.1.1. Pension Costs

The Committee had discussed the impact on the College of the proposed increase in employer contributions to the Teachers' Pension Scheme, which could be as high as 23% adding a possible c£780k to annual employment costs. This is something that the Board will need to consider at a future meeting. Unlike the Local Government Pension Scheme, which is a funded scheme, the Teachers' Pension Scheme is funded out of current income and the employer contribution is set by Government. The funding body will provide short term relief to cover the additional costs, but only for one year. The Executive Vice Principal: Finance and Corporate Development reported that he was preparing a revised three year financial plan for the Resources Committee and at this stage it is assumed that the College will not receive additional funding after March 2020 and that this will be an additional cost for the College to meet.

8.1.2. Value for Money

The Committee had received an annual report on value for money. During 2017-18 the College achieved savings of £963k against a target of £700k. The Executive Vice Principal: Finance and Corporate Development was thanked for his work in this area.

8.1.3. Attempted Fraudulent Activity

There was an attempted fraud on a College credit card. The sum involved was small (£200) and the College has little information to share with Governors as the bank was not willing to share any details. The payment was declined and the card was stopped and a replacement issued.

8.1.4. Procurement

Due to difficulties recruiting, procurement has been outsourced to a part time consultant. The appointment has had a positive impact with savings of £35k already achieved to date.

8.1.5. **Audit Annual Reports**

The Board received, considered and approved:

- CIC/18/5/8, Internal Audit Annual Report 2017-18
- CIC/18/5/9, Audit and Compliance Committee Annual Report to the Board and Chief Executive 2017-18.

8.1.6. **Regularity Audit**

CIC/18/5/10, Regularity Audit Self-Assessment Questionnaire 2017-18 was received and noted.

8.1.7. **Corporate Risk Register**

CIC/18/5/11, Corporate Risk Register (Strategic Risks) was received, considered and APPROVED. Staffing is now the top strategic risk for the College, following by student recruitment. The number of task and finish actions have increased significantly in the light of the additional risks the College is facing.

8.1.8. **Health and Safety**

CIC/18/5/12, Health and Safety Committee Annual Report, was received and noted. There were no items to bring to the attention of the Board.

8.2. **Curriculum and Quality Committee**

The minutes of the meeting held on 13th November 2018 (CIC/18/5/13) were received and presented by the Committee Chair David Gask.

8.2.1. **Ofsted Inspection**

The Executive Vice Principal: Curriculum, Quality and Planning gave an overview of the Ofsted outcomes. Inspectors found many good aspects, including behaviour, student attendance, and student engagement opportunities. Apprenticeship provision was also found to be good. The Ofsted visit focused on outcomes and English and maths, particularly GCSE results. All areas with the exception of Apprenticeships and Personal Development, Behaviour and Welfare were found to require improvement. The College recognised before the Inspection that outcomes in 2018 were not as good as they needed to be, and were very disappointing in 2017. In respect of GCSE outcomes, the number of students moving from Grade 3 to 4 (D to C) is not as good as the College would like, and is below many other colleges, potentially because of the make-up of the students and because the entry criteria at Colchester Institute is not directly comparable.

The Committee Chair reported that an extraordinary meeting of the Curriculum and Quality Committee was held on 6th December to look at the detail of the Ofsted outcomes and the post inspection action plan. The Committee recognised that Governors were being criticised for paying more attention to financial matters than teaching and learning, and had explored why the College struggles to consistently achieve robust improvements in outcomes across all areas. The Committee had identified a number of contributory factors:

- The College's student tracking system may not be as good as the systems used in other colleges.
- The aspirations of some of our students are not as high as they could be.
- The realistic expectations of the Inspectors of what a general further education college with our student base can deliver, particularly in English and maths.

Many areas of the College are performing well; a smaller proportion of areas are not delivering. If Colchester Institute is to be a Good College it has to raise the performance of all areas of provision to the level of the best and minimise the variability between areas. From a

Governance point of view, the Board needs to be more challenging. The Governing Body will need to review how it works. The Curriculum and Quality Committee had discussed the link governor arrangements and how the scheme can be revised in order to support this.

The College Management have put together a substantial all-embracing action plan. Recognising that resources are finite, and that there is an expectation that the College will deliver a level of improvement in the short term, the Committee is of the view that the action plan needs to be more focussed and suggested that College Management look at more focus in the short term on the underperforming areas.

The challenge of getting students from Grade 3 to 4 in GCSE English and maths was discussed. This is not an area where the College performs well. The standard of teaching has to improve, and will be a significant challenge.

The Assistant Principal: Curriculum and Delivery reported that in terms of outcome data, a number of areas made improvements last year and work has started on closing the gap.

The Committee Chair reported that the Curriculum and Quality Committee has previously looked at performance at a College level. Going forward the Committee will focus on areas which appear to be under performing, and at the quality of teaching, learning and assessment. In addition the College Leadership has been asked to make their reports to the Committee more evaluative rather than just a narrative of what has happened. The Board has to play an active and supportive role.

A Governor expressed disappointment at the findings identified by the Ofsted Inspectors in respect of student destinations. The Vice Principal: Curriculum Delivery and Performance reported that he had shared with Inspectors the intended destinations of 4600 students and had explained that the College had the actual destinations of over half of those students who were currently continuing their studies at the College. In addition, although there is no requirement to audit destination data the College had sampled a further 200 students which indicated that the College's data was accurate. The Inspectors had met with three Area Heads who were able to demonstrate awareness of their students' destinations, but the view of the Inspectors was that the College should collect the actual destination of students later in the year. The College last collected actual student destination data three years ago but stopped doing this because of the cost of employing a commercial company to collect this data. The criticism of the Inspectors was that the College is not using its destination data to improve the curriculum plan for the following year. The College has accepted the comments in the Inspection report and plans are in place to contact every student that the College does not hold actual destination data for in the New Year.

The Principal addressed the Board's concerns over the complexity of the Post Inspection Action Plan and stated that there was nothing in the plan that was not important and could be removed. She reassured Governors that the College had made an excellent start in addressing the actions identified, but that it would take more time to change the culture of the College. Staff meetings were due to be held later that week to talk about what is in the plan and the new approach. The Executive Vice Principal: Curriculum, Quality and Planning is working on a focussed guidance document on the new approach to supporting every student to achieve and challenging every student to excel, which has progress at its heart. Progress data will be shared with Governors.

Governors had been circulated earlier in the day with a letter that the Principal had sent to all staff in response to the published Ofsted Report. It was reported that similar letters had been sent to students, parents, employers and other stakeholders, including the three local MPs, senior County Council Leaders, the three Borough Councils and the University of East Anglia. Governors noted the balance in the letter, which focussed on the good as well as the

areas for improvement, and the determination to put improvements in place. The Principal reported that the College's inbox has been flooded with positive messages from parents and other stakeholders.

8.2.2. **College Self-Assessment Report**

CIC/18/5/14, College Self-Assessment Report (SAR) 2017-18, was received, considered and APPROVED. The SAR had been withdrawn and updated in response to the Ofsted Inspection and now reflects the findings in the Ofsted Report.

8.2.3. **Post Inspection Action Plan**

The Post Inspection Action Plan (CIC/18/5/15) was received discussed. The Action Plan is a dynamic document and the Principal will be updating the document in response to feedback from the Curriculum and Quality Committee.

A Governor noted that many of the actions had November 2018 and December 2018 due dates and asked if the plan was achievable in terms of College resources, staff time and financially. It was reported that the November actions had already been achieved. The culture of the College will be the most difficult aspect to change.

It was noted that there was currently only one reference to Governors in the Post Inspection Action Plan and agreed that it needs to be a whole college plan and a mechanism needs to be found to bring the role of the Board into the plan. The Principal was asked to update the Post Inspection Action Plan to reflect the role of the Corporation Board.

8.2.4. **Performance against High Level Target**

CIC/18/5/16, Performance against High Level Targets 2017-18 and Targets 2018-19, was received and noted. In response to feedback from the Curriculum and Quality Committee the report will include the most recent national benchmark data when it is next produced.

8.2.5. **OfS Annual Assurance Statement 2018**

CIC/18/5/17, Office for Students Annual Assurance Statement 2018, was received and noted. A Governor made a general observation that the document includes statistical information, but no supporting comment. For example in respect of attendance, the College achieved 80% against a target of 85%, but there is no commentary on actions being taken to increase attendance. The Executive Vice Principal: Curriculum, Quality and Planning acknowledged that the report would be enhanced by an executive summary and this will be included in next year's report. In respect of attendance, 80% is generally very good in an HE environment.

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

CIC/18/5/18, Update on One Year Strategic Plan Action Plan (Priorities 1-2), was received and noted.

8.2.7. **Policy Review**

The Board received, considered and APPROVED:

CIC/18/5/19 Safeguarding Policy

CIC/18/5/20 Additional Learning Support Policy 2018-19

8.2.8. **Link Visit Reports**

CIC/18/5/21, feedback from link visit reports 2018, was received and noted.

8.3. **Resources Committee**

The minutes of the Resources Committee held on 4th December 2018 (CIC/18/5/22) were received and presented by the Committee Chair Richard Wainwright.

8.3.1. **Management Report and Accounts**

CIC/18/5/23, Management Report and Accounts October 2018 [Period 3], was received and presented by the Executive Vice Principal: Finance and Corporate Development. It was reported that on a year to date basis income had fallen short of budget target but the overall surplus was currently c£300k as a result of recorded savings. Recognising that it is still very early in the year the College is only forecasting an improved outturn of £40k on the budget surplus.

8.3.2. **Finance Dashboard**

The Resources Committee had received a finance dashboard produced by the Education and Skills Funding Agency. The dashboard compares Colchester Institute's financial performance to that of other colleges. The ongoing impact of the 2009 debt financing is that the College has a higher debt ratio and lower current ratio than other colleges.

8.3.3. **Property Issues**

The Executive Vice Principal: Finance and Corporate Development updated Governors on property issues.

The College has received notification from Braintree District Council that the planning application for a new Learning and Technology Centre at the Braintree Campus was approved on 14th November. The Council waited until the last week of the determination period to raise questions in relation to the drainage strategy, root protection strategy, and some other structural questions, which delayed the programme by five weeks. As a result, the July 2019 completion data is no longer achievable. It has therefore been agreed to extend the programme and move from the main part of the Braintree campus into the new facility during the autumn half term 2019. The project is interlinked with the land sale, and the purchasers of the land are very supportive of this change.

The College has instructed its solicitors, Birkett Long, to give formal notice of the determination of the leases held with the two mobile phone companies. Following a meeting in London the previous week, agreement has been reached on a date for a survey of the land on the retained area of the campus. There is also agreement to a temporary mast in order to meet the 31st October 2019 vacant possession requirement. Governors thanked the Executive Vice Principal: Finance and Corporate Development for progressing this issue.

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

CIC/18/5/24, Update on One Year Strategic Plan Action Plan (Priorities 3-5) was received and note. It was noted that more progress has been made on priorities 3 and 4 than priority 5 (Colchester Institute brand). The Principal reported that more work needs to be done engaging with staff so all staff understand their role in promoting the College brand.

8.3.5. **Annual HR Operational Plan 2018-19**

CIC/18/5/25, Annual HR Operational Plan 2018-19, was received, considered and APPROVED.

8.3.6. **Annual Report**

CIC/18/5/26, Resources Committee Annual Report to the Board 2017-18, was received and noted.

9. **Remuneration and Search Committee**

The Committee Chair, Christopher Bridge, gave an oral report on the meeting of the Remuneration and Search Committee held earlier that day. The minutes will be received at the next meeting.

9.1.1. **Membership Matters**

The Chair outlined the background and experience of a potential new member. The Board accepted the recommendation of the Remuneration and Search Committee and APPROVED

the appointment of Mr Keith Moule as an Independent Member for a four year term of office with effect from 1 January 2019. It was further agreed to appoint Mr Moule to Curriculum and Quality Committee.

There will be a vacancy on the Board when Christopher Bridge stands down on 31st December 2018. The Remuneration and Search has considered the skills profile of the Board, and is looking for a new member with a legal background to fill the vacancy.

9.1.2. **Board Objectives**

The Chair reported on progress against the Board objectives 2018:

- (i) Retain Satisfactory financial health status – achieved
- (ii) Return to College Self-Assessment Grade 2 – not achieved
- (iii) Achieve the first year of the Strategic Plan – good progress on priorities 1, 3 and 4.

The Remuneration and Search Committee started to consider Board objectives for 2019. The Chair Elect will reflect on these and would welcome comments and suggestions from Board members. This will be discussed further at the February Board meeting.

9.1.3. **Governor Self-Assessment 2017-18**

CIC/18/5/27, Governor Self-Assessment analysis 2017-18, was received and noted. The findings had been considered in detail by the Remuneration and Search Committee. One action arising is that the incoming Corporation Chair will be meeting with Governors on a one-to-one basis to discuss matters such as their contribution, effectiveness and training needs.

A recently appointed Governor asked about training opportunities for Board members, and suggested that internal training events with external facilitators can be quite useful. The Chair responded that this would be for the Board collectively to decide with the new Chairman. There is a tradition of scheduling a thirty minute slot before Board meetings for training activity, usually led by a College manager. The Chair Elect reported that one thing the Board has not been particularly good at in the past, and which he is keen to improve, is to ask Governors who have attended external courses to provide feedback to the whole Board, either through a written paper or an oral report at a Board meeting.

9.1.4. **Election of Corporation Chair**

At the Board meeting on 25th July 2018 Kevin Prince was appointed as Chair Elect with effect from 1 August 2019. The Board CONFIRMED his appointment as Corporation Chair for a one year term of office with effect from 1 January 2019. The retiring Chair wished Kevin every success in the role.

10. **Future Meetings**

10.1. The Chair's meeting with the College Management Group is on Thursday, 13th December 2018 at 10.00am. All Board members are welcome to attend.

10.2. The next meeting of the Corporation Board is scheduled for 4.30pm on Wednesday, 13th February 2019. If required, the meeting will be preceded with a Board briefing a 4.00pm.

11. **Any Other Urgent Business**

11.1. **ETF Governance Development Programme**

The ETF has commissioned the AoC to develop a comprehensive training programme for college governors. The programme will be in development between January and March 2019 and the AoC are looking for pilot colleges to complete and evaluate eight modules in their test phase. To help

gauge whether there is any support from Governors for submitting an expression of interest for Colchester Institute to participate in the pilot, Governors were asked to let the Clerk know which, if any, modules they would be interested in doing.

11.2. Christopher Bridge

The Chair Elect, Kevin Prince, personally thanked Christopher Bridge for the support he had given him since joining the Board, and on behalf of the Corporation thanked him for all the work he had done for the Board and the College. In response, Christopher thanked Governors and the College Executive for the support that they had given him.