

Colchester Institute Corporation

*Minutes of a Meeting of the Resources Committee
held on 12th July 2018
at the Sheepen Road Campus*

Present:

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

In attendance:

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| Natalie Hines | Director of Capital Projects (item 19 only) |
| 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 17th April 2018 (CIC/RC/18/3/1) were received and confirmed. The Chair signed the minute book.

3. Matters arising from the minutes

None, other than on the agenda.

4. Chair's Action

It was reported that:

- 4.1. The Corporation Chair and the Principal and Chief Executive approved (08.05.18) the appointment of Cadman Construction in respect of the competitive tender process for South Wing Extension / LGF Project. The accepted tender will create a saving of £281k against preliminary budget cost plan and is also £214k lower than the highest priced tender.
- 4.2. The Corporation Chair approved (30.05.18) the appointment of Cadman Construction for the STEM 2 project in Braintree.
- 4.3. The Corporation Chair approved (03.07.18) a purchase order for network storage replacement, replacement of production servers, and network infrastructure, value £249,620.95 to be paid over three years. The Chair made the Committee aware that whilst this investment was a significant step towards improving the College's network infrastructure, there would continue to be a demand to upgrade and modernise the IT systems.

It was reported that the new Director of Information and Learning Technologies would be presenting a three vision to the Senior Leadership Team early in the autumn term and this work represents enabling activity to get a platform of technology in place before the student experience can be further improved. A student survey of IT was undertaken in the last two weeks of term using questions asked by JISC of 22,000 students nationally, to benchmark the College's facilities. One question related to the reliability of Wi-Fi and this did not reflect well on the College, further emphasising the need for investment and the Executive are very keen to progress some IT improvements.

5. **Management Report May 2018**

CIC/RC/18/3/2, Management Report and Accounts May 2018 (Period 10), was received and noted. It was reported that budgeted income levels were not met largely due to credits coming through on HE fees. The College continues to make savings on the salary line and is forecasting a £373k improvement on the budget surplus outturn.

The Committee noted that although it was still reporting a profit, the performance of Colchester Institute Enterprises Ltd (CIE) was not to budget and asked if the underperformance was a matter of concern. It was reported that there was some lag in respect of the recharges between CIE and the College, but the College is still forecasting a full year surplus of £78k. One area that has not performed as well as the College would like is the Braintree refectory and there is a proposal to reduce staff costs in that facility next year. The reduced income in this area is a result of the reduced student numbers at the Braintree campus. The Braintree refectory was loss-making under the outsourced contract, and it was recognised when the service was brought back in house that it would take time to turn the position round. The College is looking for a breakeven position in the 2018/19 budget.

The Committee considered the year to date performance by department and noted that Creative Arts had overspent but that the full year budget forecast was unchanged. It was reported that the Finance Department normally meets monthly with budget holders to reflect on the current performance and amend the forecast; this in turn informs the overarching forecast for the College. These meetings have not been taking place as regularly this year due to setbacks integrating the new financial system with EBS which has created a backlog of work. Governors were reassured that the global forecast, undertaken at account code level was still correct.

Governors noted the cash position was encouraging. In response to a question it was confirmed that the forecast did not include any income in respect of the College's Brockenhurst or Lennartz claims. To support the Brockenhurst claim HMRC have asked for some income and expenditure analysis going back five years for the different commercial outlets: Balkerne Room; Colne Room; Hair and Beauty; MOT and servicing activity; and Creative Arts Live. Three different financial systems were in use over the five year period and it has been necessary to download the transactions for each year and work is currently being undertaken to proportion salary costs against the commercial income. The Executive Vice Principal: Finance and Corporate Development reported that he was hopeful that the College would provide sufficient information to enable HMRC to pay at least half of the c.£200k outstanding claim.

6. **Feedback from ESFA Financial Case Conference**

The Principal reported that the most recent ESFA Financial Case Conference was by telephone on 21st June; the previous Case Conference was on 12th March. The reduced regularity and rigour of the Case Conferences (the June meeting was with one member of the ESFA Intervention Team) is a reflection of the progress being made, as reported in the Monthly Management Reports. The meeting had focused on the April Management report; apprenticeships recruitment; and how the money allocated to support substantial work placements would be used. Headlines from the May report were also shared, as this Period 10 was almost finalised. During the meeting it was suggested by the ESFA that if things continue as currently the Notice of Concern could be lifted after consideration of the three year plan in October. The Executive had previously believed that the earliest the Notice of Concern would be lifted was after the signed accounts for 2017/18 were submitted in December.

7. **Budget 2018-19**

CIC/RC/18/3/3, Corporate Budget 2018-19, was received and considered. The Executive Vice Principal: Finance and Corporate Development outlined the challenges faced by the College Executive in putting together the budget. FE income will be down next year as a result of the lagged learner number funding methodology. This will be partly offset by the Capacity and Delivery Funding

for the work experience element, but additional staff (including a Health and Safety Officer, Placement Officer, and an additional member of the Business Development team to engage with employers) have to be employed to deliver the work experience element. There will also be a significant reduction in HE income as enrolments drop by nearly 20% compared to this year. The drop in HE enrolments has been a trend over the last five years and it was suggested that HE numbers could continue to fall until 2020/21 before recovering as new and different courses become validated/re-validated by the College's new HE partner.

It was reported that costs continue to rise. The staff budget is steady state in terms of FTE, but shows an increase in financial terms compared to 2017/18 as a result of potential cost of living rise subject to outturn for 2017/18 and start 2018/19, allowance for staff progressing through increments, and additional pension costs. It was noted that the Teachers' Pension Scheme valuation has still not come through, but allowance has been made for an increase in April 2019.

The Corporation Chair reminded Members that the Board has a strategic objective to reduce expenditure on staffing as a percentage of income by 2% per annum. It was reported that expenditure on staffing this year was 67%, largely as a result of recruitment drift. The budget provides for 30 vacant posts next year compared to average vacancies this year of 46 posts. Governors were reminded that the three year Strategic Plan includes an objective to improve the effectiveness of staff through transformational change within the organisation. Some projects started this year, including improvements to HR Select, the upgrade to the Finance System, and IT improvements, but there are further opportunities to improve.

It was reported that the College is looking to grow income on the FE adult line; full cost curriculum; and apprenticeships. Increasing apprenticeships will be a challenge but it is believed that the destabilising effects of the funding reforms have passed. The College has achieved its revised apprenticeship target for this year with three weeks to go, and has performed better than the wider sector this year. It is expected that numbers will continue to grow as new pathways are offered for employers. Governors asked what the level of confidence was that the budgeted increase in apprenticeship numbers would be achieved. The Executive were aware that the increase was ambitious compared to the national picture, but believes the growth is realistic. New and 'in-demand' Standards were being offered such as CIPD and Procurement (CIPS). The monetary targets are achievable with lower numbers due to the higher funding for standards. The College will also start the new budget year in a much better position because unlike last year it will not be bringing forward enrolments from August into July. The improvement in retention and overall achievement will also have a positive impact. In response to a question it was confirmed that the Account Managers focus on attracting levy paying employers. It was reported that the College Executive have approved the appointment of an additional post to support apprenticeships from a quality perspective to improve retention, which will have a positive impact on both quality and revenue targets. The College will shortly be submitting a capital bid to the LEP to support the development of programmes in ground works and civil engineering.

It was noted that the sale of land at Braintree was a key risk next year. The Executive Vice Principal: Finance and Corporate Development updated the Committee on the current position in respect of the telephone masts. It was reported that one of the telecoms companies was co-operating and had scoped out three alternative locations on campus to relocate their masts and are also looking at off site locations. Unfortunately the position of the second telecoms company is that they will not move until the College has planning permission and then serves them with notice of 18 months. They would also like the College to fund the cost of the relocation. The College has already taken legal advice and can either incur additional expenditure on further legal advice through Counsel or try to meet a representative of the telecoms company to try and reach an amicable arrangement. Possible concessions were discussed. The Committee asked the Executive Vice Principal: Finance and Corporate Development to open up discussions with the telecoms company.

The risks associated with the budget, which were outside the control of the College Executive, were discussed at length and the Committee agreed that it would prudent to reduce the forecast surplus by £100k. Subject to this amendment it was AGREED to recommend the budget to the Board for approval.

8. **Financial Plan**

CIC/RC/18/3/4, Financial Planning Checklist, was received and noted.

The Executive Vice Principal: Finance and Corporate Development reported that he was currently working on the Financial Plan for submission to the Board on 25th July. The first year of the plan would be the outturn for the current year as at Period 11; the second year will be the budget 2018/19; and the third year will be the forecast for 2019/20. The College Executive expect a 1% increase on the FE 16-18 line in 2019/20; that apprenticeship numbers will continue to increase although perhaps to a lesser extent; and that HE numbers will be steady state. These outcomes are currently being modelled against rising pay costs, corporate costs, and overhead savings.

9. **Property Issues**

9.1. **Braintree Campus Masterplan including LGF Project ‘STEM Innovation Campus’**

It was reported that the planning application for the new STEM building at the College at Braintree has been submitted, validated and published on the Braintree District Council planning portal. There is a thirteen week determination period and the College should know the outcome by early October. Governors noted that the application had been submitted later than originally planned and asked why the timing had slipped. It was reported that as part of the tender process it had been decided to take extra time to seek input from the selected contractor, provide more surveyors reports, and talk to the neighbours about the proposals. The motor vehicle facility has been removed from the scheme based on curriculum rationale, however this will provide for more parking.

9.2. **Colchester Campus LGF Project ‘Centre for Health and Development’**

It was reported that asbestos removals in C Block went to plan and enabling works on the gym have started. The full planning application for the extension to South Wing is being developed. The planning application will be submitted within the next four to six weeks, with work starting in April 2019.

It was reported that, given the concerns over cash flow, the College Executive have taken the decision to remove the link bridge between the back of C Block and South Wing. It will be possible to retrofit the link bridge at a later date, and the money saved by not carrying out the work now can be better spent on computer equipment and other infrastructure.

9.3. **Clacton Campus Project Update**

It was reported that the ground floor at the College at Clacton is being reconfigured to create a multi-skills workshop aimed at adult courses; the wood workshop is being moved upstairs; and part of the painting and decorating facility on the top floor (which was not used last year) is being converted to a facility to teach kitchen fitting. The work has been carried out by wood occupations students and is almost complete.

10. **Fee Policies 2018-19**

The Committee received and considered:

- CIC/RC/18/3/5, FE Fees Policy 2018-19
- CIC/RC/18/3/6, UCC Fee Policy 2018-19
- CIC/RC/18/3/7, International Fees Policy 2018-19
- CIC/RC/18/3/8, Supply Chain Management Policy
- CIC/RC/18/3/9, Employer Co-investment Policy

It was reported that since the FE Fee Policy was submitted there had been internal discussion about refunds for students who are in receipt of Advanced Learner Loans (Level 3 and above) and the College Executive would like to make it clearer in the policy that where people paying through a loan leave a course early they are still expected to pay for the whole course. This was supported by the Committee.

It was reported that additional amendments may be required to the Supply Chain Management Policy. Under changes to funding regulations, the College will not be taking on any new work based learning sub-contractors but may still need a policy in place for existing sub-contractors with students still in learning. The College Executive were authorised to make any changes they deemed appropriate prior to submitting the final policy to the Board for approval.

Subject to the above, the Committee agreed to recommend the Fee Policies 2018-19 to the Board for approval.

11. Proposal to increase subsistence rates from 01/08/2018

CIC/RC/18/3/10, proposal to increase subsistence rates from 01/08/2018, was received and considered. Subject to increasing the allowance for dinner from £14.00 to £18.00 it was agreed to recommend the subsistence rates to the Board for approval.

12. Update on One Year Strategic Action Plan

CIC/RC/18/3/11, Progress against One Year Action Plan 2017-18 (sections 3-5) – updated July 2018, was received and presented by the Principal. It was noted that the College was making reasonable progress although there were a few areas where progress has not been as rapid as the Executive would like, such as around business transformation, One CI, and staff engagement and wellbeing. Key people who would have taken the lead on projects that did not start this year had considerable amounts of their time taken up with preparing for the introduction of the General Data Protection Regulation.

It was reported that the second Wellbeing Day on 29th June was an excellent event, which was well received by staff.

13. HR Strategy 2018-2020

CIC/RC/18/3/12, HR Strategy 2018-2020, was received and presented by the Executive Director: Human Resources. It was reported that the Strategy had been changed as a result of consultation with managers, and now refers to career development plans rather than succession planning. The timeframe for the Strategy, which was originally aligned to the Strategic Plan 2017-2020 is now two years

It was agreed to recommend the HR Strategy 2018-2020 to the Board for approval.

14. Staff Survey 2018 Results

The Committee received and considered:

- CIC/RC/18/3/13, Staff Survey 2018 – Summary for Trade Unions, CLG, CMG and Corporation Board; and
- CIC/RC/18/3/14, Staff Survey 2018 - Summary of Results, which was published to all staff

It was reported that the overall results were very similar to the previous survey carried out 18 months ago. There was a slight increase on the wellbeing indicators, but staff taking time off through stress etc is still an area of concern. There was an increase in the number of staff completing the survey compared to 2016, and there were more comment this time.

The Executive Director: Human Resources drew the Committee's attention to the areas where there were the greatest difference to the comparator group (employers in the eastern region).

Governors noted that the scores for motivation were lower than the College would like and observed that if motivation can be improved through better communication then the other indicators would improve.

The low scores for training and coaching were discussed and it was agreed that it is important to increase staff development.

In response to the survey outcomes, some corporate initiatives are being discussed for September, and workshops will be held with staff to take forward key questions.

15. **Sickness Benchmark Data**

CIC/RC/18/3/15, Sickness Benchmark Data and proposed HR KPIs 2018-19, was received and considered. It was noted that sickness absence was still high (8.5 days) compared to the target (5 days) and AoC (Association of Colleges) sector benchmark data (5.8 days). However, it was believed that the sector benchmark data published by the AoC includes hourly paid staff whereas as the College data is only for salaried staff.

Governors asked why sickness absence rates were not reducing. Anecdotally, it is believed that the changes to the sickness policy and the introduction of mandatory return to work interviews which require a form to be returned to the HR Department after every period of absence, has resulted in better reporting of sickness absence. There has been a surge in the number of days absence due to post-operative recovery this year. The College will monitor whether this is a one-off increase or a continuing trend.

Going forward, sickness benchmark data will be included in the Monthly Management Report.

The proposed HR KPIs for 2018-19 were discussed and approved.

16. **Policy Review**

The Committee received, considered and approved for recommendation to the Board:

- CIC/RC/18/3/16, Wellbeing Policy
- CIC/RC/18/3/17, Code of Conduct
- CIC/RC/18/3/18, Maternity Policy

The Committee had reviewed the draft Wellbeing Policy at the last meeting, and were advised that minor changes had been made to the policy in respect of stress risk assessments following consultation with managers, the trade unions and the Health and Safety Committee.

17. **Revisions to Committee Terms of Reference**

CIC/RC/18/3/19, revised Resources Committee Terms of Reference, was received, considered and accepted for recommendation to the Board.

18. **Date of next meeting**

Tuesday, 2nd October 2018 at 4.30pm

19. **Any Other Urgent Business**

19.1. **STEM 2a and F Block Tender (Braintree)**

CIC/RC/18/3/20, extracts from the STEM 2a and F Block Tender Analysis report, including the recommendation, was received and presented by the Director of Capital Projects. It was reported that the College had undertaken a tender process using external cost consultants Ingleton Wood. Four contractors withdrew from the tender process during the tender period; three contractors submitted tenders based on the College's specification. The tender was in respects of works to the

STEM 1 building which were out of scope during the original works. The project includes the main reception area; student area; library and resources zone; common room for IT; and refectory space in F Block. It was recommended that the contract is awarded to Cadman Construction, who is known to the College and who submitted the best value proposition. The College is used to working collaboratively with Cadman in a live environment and Cadman have proven experience in coming up with innovative ideas to reduce costs.

Governors noted that Cadman were not able to complete the work in the timeframe originally proposed by the College. It was reported that Cadman had put forward alternative plans that fit in with the needs of the College. All the heavy refurbishment work in the STEM Building would be completed out of term, with the soft fit out taking place during the early part of term, with a completion date of October. Work would then start on the F Block refectory which is not needed immediately.

Arising from the discussion it was reported that there is concern over the capital budget allocation within the budget for 2018-19 and the Director of Capital Projects will be working collaboratively with Cadman to reduce the contract price as much as possible to enable improvement works to be carried out elsewhere on campus.

The Committee noted that Cadman had been awarded other contracts and questioned whether the College would be exposed in the event of the company failing. It was reported that Cadman's financial position was strong.

The Committee APPROVED the appointment of Cadman Construction. The Chair signed the tender analysis report.

19.2. **UCC Website**

It was reported that as part of the Marketing Strategy approved by the Board last year an updated UCC website had now been launched. Governors were encouraged to do an internet search on UCC and review the new site.