

Colchester Institute Corporation

*Minutes of a Meeting of the Resources Committee
held on 2nd October 2018
at the Sheepen Road Campus*

Present:

Richard Wainwright, *in the Chair*
Alison Andreas
Brenda Baker

Christopher Bridge
Mark Davies
Liz Goodall

In attendance:

Gary Horne	Executive Vice Principal: Finance and Corporate Development
Hazel Paton	Clerk to the Governors
Kevin Prince	Vice Chair of Governor
Jill Wognum	Executive Vice Principal: Curriculum, Planning and Quality

Apologies for absence were received from Ian Thurgood.

Liz Goodall was welcomed to her first meeting of the Committee.

1. Declarations of any conflicts of interest

None.

2. Minutes

The minutes of the meeting held on 12th July 2018 (CIC/18/4/1) 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 July 2018

CIC/RC/18/4/2, Management Report and Accounts July 2018 [Period 12], was received and discussed.

Governors were pleased to note that for the second year the College had achieved a surplus ahead of budget and the strong performance will result in a Good grade for Financial Health. It was noted that total income was £1.25m higher than the prior year. Costs had been well controlled and were under budget by £687k. Significant salary savings (£1.4m) had been achieved. The Executive Vice Principal: Finance and Corporate Development reported that the College had taken the opportunity to bring forward some summer works into this financial year and to provide for a range of dilapidation costs at the Minories which the College is required to implement under the terms of the lease agreement.

It was reported that the College had budgeted for 140 Financial Health points at the start of the year but ended on 180, which will move the Financial Health grade from Satisfactory to Good. This was largely due to an improvement in the current ratio to 0.72. Borrowings as a percentage of income dropped below 30%. It was reported that the year-end outturn had been discussed with the ESFA (Education and Skills Funding Agency) at a recent Financial Case Conference meeting and ESFA officers were very pleased with the College's results.

Governors noted an increase in aged debtors and asked if the new Credit Controller was place. It was reported that the Credit Controller had not yet started in post, but the Finance Team are focused on debts over one year old, which have climbed compared to previous years. The funding changes in recent years have moved the risk around income to the College. The College no longer draws down

funding for all its activities but has to invoice students (loans and fee paying) and employers (apprenticeship contributions).

It was noted that expenditure on staffing as a percentage of income had fallen to 66.8%. This was achieved by underspending on staff salaries and not increasing expenditure on agency staff and overtime. It will be a challenge for the College to hold this level of expenditure on staffing against reduced income. The College benefited from gap posts during 2017-18 to achieve significant savings on the staffing line but it has had to be careful to ensure no adverse impact on service delivery.

The Committee extended its thanks to the Principal and members of the College Executive on achieving a very good year-end financial position.

5. **Essex Pension Fund**

5.1. **FRS102 Report for Colchester Institute**

CIC/RC/18/4/3, FRS102 Report for Colchester Institute, was received and noted. The Executive Vice Principal: Finance and Corporate Development drew Governors' attention to the headline position. The External Auditors will give a fuller report to Governors when they present the Report and Financial Statements to the December meeting. It was noted that assets within the Local Government Pension Scheme had increased by £5m over the course of the year and liabilities had reduced. The overall impact is a £6m reduction in longer term liabilities on the balance sheet, and a return to a positive balance sheet (the College has reported negative net assets for the last two years). This will not have an impact on the Financial Health score but will benefit the College when bidding for new work and tenders and in discussions with bankers.

5.2. **Revised Administration Strategy for the Fund**

CIC/RC/18/4/5, Revised administration strategy for the Fund was received and noted. Governors asked if the College was compliant in terms of its obligations and whether the obligations on the Pension Fund were sufficient. It was reported that the strategy document had only just been received for consultation and the Executive Vice Principal would be talking to the HR Department about whether they had any concerns.

6. **Apprenticeship Monitoring Report**

CIC/RC/18/4/5, Apprenticeship Monitoring Report September 2018, was received and the position in respect of apprenticeship starts as at the end of the previous week noted. It was reported that although the College had not met the ambitious sign-up target for the end of September (164 enrolments against a target of 435) a large number of students were in the sign up process. There were fewer sign-ups in August compared to the previous year due to a shortage of assessors in key areas. The College Executive were confident that at this point in the year numbers are buoyant and the position will be recovered. Monthly management meetings are held which focus on any barriers to getting learners signed up as quickly as possible.

The financial implications of the late sign ups in terms of cash flow were noted. It was reported that cash flow had been modelled on how the College performed last year. Enrolments were currently 50 down on the same point last year but if numbers are recovered over the course of October/November to risk should be minimal.

Governors asked if there was a danger that the learners would go elsewhere if they could not be signed up on a timely basis and were advised that most of these learners are already attending College and work while going through the sign up process.

It was reported that a number of new programmes were starting, for example in groundworks, and the College was working with local employers to fill those vacancies. Other new apprenticeship routes are in HR and Procurement. The College had anticipated a small number of starts in CIPD HR apprenticeships but the interest in this new route has been significant.

Noting the actual starts to date by area, Governors asked if there were any particular problems in the area of Business, IT and Professional. It was reported that the target was probably a little over ambitious, but this area has roll-on/roll-off programmes in areas such as accounting, business admin, IT and hospitality, and will continue to enrol throughout the year.

A Governor asked about the status of a higher level framework in business studies and was advised that there is only a general framework in management, and frameworks for specific roles such as business, HR etc.

The College will have a better picture of how the year has started by November.

7. Feedback from ESFA Financial Case Conference

It was report that the Vice Chair, Principal and Executive Vice Principal: Finance and Corporate Development had met with three officers from the ESFA on 26th September 2018. This was the first formal meeting since a telephone conference in March 2018. The meeting had focussed on the year-end position and enrolments to date. The ESFA officers were very complimentary about how rapidly things had improved during the two years the ESFA had been working with the College. The move from Inadequate, to Satisfactory, to Good financial health was acknowledged and the Executive Vice Principal was congratulated for the work that he had done.

Future monitoring arrangements were discussed and the ESFA officers were of the view that they would be lifting the Notice of Concern and the College would be in receipt of letters confirming this recommendation within two to three weeks and then a formal letter in due course. The ESFA Officers said that the FE Commissioner looks at all cases where a Notice of Concern has been lifted and this may prompt a visit.

The meeting concluded with the ESFA officers congratulating the College on how it had responded to the recommendations from the Strategic Area Review, ie continued to align provision to meet local need, and changed the curriculum in line with skill priorities for this area while continuing to focus on financial recovery and improving financial health.

8. Principal's Report October 2018

The Principal presented her written report (CIC/18/4/6).

The Committee was updated on the national fair funding campaign. The Principal has sent letters in her capacity as Chair of FEDEC (Federation of Essex College) to various people in Government including Phillip Hammond and Damian Hinds but has taken the decision not to do much locally. A good news campaign is planned for College's Week, which coincides with the start of open evenings for next year's recruitment. There will be a focus on Level 3 and progressing on to university. Any Governor wishing to join the minibus trip to Westminster as part of the fair funding campaign was asked to contact the Principal.

The Corporation Chair said that the issues around apprenticeships had been raised at the Conservative Party Conference and there is going to be an enquiry which is likely to result in a favourable outcome for business.

It was reported that the refurbished gym at the Colchester campus was now open. There will be an opportunity for Governors to tour the new facilities prior to the Board meeting on 10th October.

9. Student Enrolments 2018

The Principal updated Governors on the current enrolment position. It was reported that the College had fully enrolled 3697 16-19 learners, with a further 190 learners still be enrolled, against a target of 4131. The Committee noted that there is little or no prospect of a recovery to target in these numbers and that this will have a negative impact on income for the 2019/20 year. It is therefore critical that the College retains these students until the funding point to mitigate the impact on this

funding stream in 2019-20. Because the College enrolled progressing students differently this year it is not possible to apply historical withdrawal trends to the data. Throughout the enrolment period the College Executive closely monitored enrolments and where appropriate reduced the number of student groups against the plan to ensure that there are no inefficient group sizes. The College is running 18 fewer groups than planned, with consequent savings on staff and other costs directly linked to student numbers. In some of the areas where the College has been carrying vacancies, these will no longer be filled. Governors asked about the impact on cash flow and were advised that funding this year is based on enrolments in 2017-18. However, the ESFA continue to talk about in-year reconciliation where numbers fall by more than 10%; it is hoped that this will not be the case.

It was reported that the College has enrolled 170 full time HE students against a target of 185. There will be a further opportunity to enrol learners in February 2019. Part time HE enrolments are currently 62 against a target of 80. There is currently no firm data on returning HE students.

10. **Property Issues**

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

It was reported that determination of the College’s planning application for the STEM2 building is due on 11th October 2018. During the consultation period, statutory consultee comments have generally been supportive of the proposal. There has been one objection from a neighbour in Church Lane. The College has responded to the objection on the Portal and believes suitable responses have been provided. At this stage the College is hopeful that the planning officers will provide a positive outcome. Should the matter progress to a Committee (the next committee meeting is on 23rd October) and pre-commencement conditions are imposed, the project will be put at risk. The programme is based on a 44-week construction period; if any conditions delay the start on site date, the College will miss the September intake.

The other risk to the Braintree Masterplan is in respect of the sale of land. It was reported that the negotiations with the mobile phone operators regarding the relocation of phone masts are moving forward slowly. The two operators have now agreed in principle to share a mast. Once designed, the operators will have to submit their own planning application. To mitigate the risk of not being able to offer vacant possession of the land in July 2019 the College has offered the operators a site on the edge of the campus.

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

It was reported that the enabling work package supporting health and wellbeing had been completed. The College has been in early pre-planning discussions with Colchester Borough Council and these discussions will continue until the full application for the addition to the South Wing is submitted. The College Executive expressed their frustration at the questions from the pre planning meeting (eg flood risk etc) given the nature of the planning application (construction of an additional floor on South Wing).

10.3. **Clacton Campus Project**

It was reported that work at the Clacton Campus was almost complete.

10.4. **Local Growth Fund Bid**

It was reported that the College had submitted a bid to the LEP under the Local Growth Fund for £300k to support a £430k project to develop the Colchester Campus for new provision in ground works.

11. **Subcontracting 2018-19**

11.1. **Report on Sub-Contracting Activities**

CIC/RC/18/4/7, Subcontractor Report 2017-18 Performance, was received and presented by the Executive Vice Principal: Curriculum, Planning and Quality. Governors were reminded that the

College's relationship with its sub-contractors has changed over the last year. Previously, the College would have been monitoring the performance of the sub-contractors and taking a view on whether to continue to work with them. Sub-contractors now have their own contracts. Colchester Institute still have learners to complete, but are not in a position to change the performance of the sub-contractors other than through ongoing dialogue.

It was noted that the College worked with six main contractors in 2017-18. There were no particular problems except with one contractor, where the decision was taken not to offer any new starts in 2017-18 because of quality issues. Sub-contractors had good success rates against benchmarks.

11.2. Contract Arrangement Arrangements

Contract Contingency Arrangements – WBL Subcontractors (CIC/RC/184/8), and Non WBL Subcontractors (CIC/18/4/8a), were received, considered and APPROVED. The Chair signed off the contingency arrangements on behalf of the Board.

12. Venue Hire Rates 2018-19

CIC/18/4/9, Venue and Facilities Hire Rates 2018-19, was received, considered and APPROVED. It was noted that lettings income in 2017-18 exceeded £200k.

13. Financial Regulations and Associated Procedures 2018-19

CIC/RC/18/4/12, changes to the Financial Regulations and Associated Procedures for 2018-19, was received, considered and APPROVED.

14. Staff Engagement Plan

CIC/RC/18/4/12, Staff Engagement Plan, was received and presented by the Principal. It was noted that there were a number of actions around activities directly linked to trying to improve the staff survey results and getting staff feeling more committed to the organisation.

The first meeting of the new group of people who volunteered to join the Wellbeing Group was due to the meet later that week. Chaired by the Principal, the Wellbeing Group will look at short and long term projects which they feel will make a difference to people's working lives.

Other areas of work within the plan are around Leadership and Management CPD and associated action plans.

Governors welcomed the plan but were concerned at the short timeframes proposed for many of the actions, and the demands on senior staff time to drive it forward. After discussion it was agreed that the Principal would review the plan prior to its being received at the October Board meeting.

15. Trade Union Facility Time at Colchester Institute

CIC/RC/18/4/13, Trade Union Facility Time at Colchester Institute, was received and noted.

16. Date of next meeting

Tuesday, 4th December 2018 at 2.30pm, followed by a joint meeting with the Audit and Compliance Committee at 4.00pm. The External Auditors will present the Report and Financial Statements 2017-18 to the joint meeting.

17. Any Other Urgent Business

The Committee acknowledged the outstanding contribution of the Executive Vice Principal: Finance and Corporate Development to the organisation.