

Colchester Institute Corporation

*Minutes of a Meeting of the Resources Committee
held on 5th February 2019
at the Sheepen Road Campus*

Present:

Richard Wainwright, <i>in the Chair</i>	Liz Goodall
Alison Andreas	Kevin Prince

In attendance:

Gary Horne	Executive Vice Principal: Finance and Corporate Development
Shaun McConnell	Executive Director: Human Resources
Hazel Paton	Clerk to the Governors
Jill Wognum	Executive Vice Principal: Curriculum, Planning and Quality

Apologies for absence were received from Brenda Baker.

1. Declaration of any conflicts of interest

None

2. Minutes of Meeting held on 4th December 2019

The minutes of the meeting held on 4th December 2019 (CIC/RC/19/1/1) were received and confirmed. The Chair signed the minute book.

3. Matters Arising from the Minutes

None, other than on the agenda.

4. Chair's Action

The Chair approved (12.12.18) the quotation from AIT Partnership Group for the Wi-Fi replacement project. The chosen solution (Aerohive) will provide for an improvement in Wi-Fi capacity and reliability, improving teaching and learning and the student experience.

5. Management Report December 2018

CIC/RC/19/1/2, Management Report and Accounts December 2019 [Period 5], was received and considered.

It was reported that there has been a further deterioration across a number of income lines which has been recognised in the report. The full year income forecast is now £1m short of the budgeted position, largely due to reductions across the FE, Full Cost and HE income lines, due to under-recruitment against targets. There is also deterioration in Other Income as a result of reductions against special project targets. There are some associated savings on expenditure lines (£982k), but not as much as the drop in income (£1.1m). The full year surplus forecast at Period 5 is £164k against the full year budget of £265k. Although performance is ahead of budget on a year-to-date basis, as a result of a thorough review of the rest of the year it is felt that £164k is the most realistic position at this time. The Senior Leadership Team (SLT) is doing everything that it can to improve on this outcome.

Governors noted that the College had not achieved the adult recruitment target in trowel occupations in particular and asked if this was due to a lack of staff or lack of demand. It was reported that the College recruited fewer adult learners this year than in the previous year, and less than the target budget position. Governors were referred to the dashboard in the report from which it was noted that there was a down turn in adult recruitment across the College and few areas actually achieved their target. This may be because the College had a good year in 2017-18. The College normally has a healthy number of 20 year old learners on Study Programmes, but there are

fewer this year. The SLT has taken the decision that the only way to achieve the adult allocation target over the remaining seven months of the year, and safeguard the allocation for future years, is to sub-contract out the allocation through an existing partnership arrangement.

Governors noted that the projected financial health score had dropped from 170 to 140 and asked how close the College was to an Inadequate financial health score. The Executive Vice Principal: Finance and Corporate Development agreed to do some sensitivity modelling and include in Schedule 8 in the next report. The concerns at the moment are the impact of the reduced performance on the balance sheet, and the year-end cash reserves. The College was previously budgeting for significantly higher cash reserves in July as a result of the land sale at the Braintree Campus which has now been delayed until October. As well as the reduced surplus projection, the reduction in income in particular could affect all the ratios.

Governors noted that the College's contribution to the capital project programme (£400k) is to be achieved through positive cash generation, and asked if this was a risk. It was reported that if the College achieves a breakeven position it will still generate the cash because of the high depreciation charge through the Income and expenditure account.

Governors noted that one of the reasons the curriculum full cost fees line was not performing well was because of a lack of staffing in the Electrical Department. It was reported that this has been discussed at length by the College Executive and there has been some positive movement in this respect. A new Assistant Area Head has been appointed with a start date in March 2019, and a lecturer is being trained, but realistically the position will not be in place until May. Although the College has had success in making a couple of external appointments, the lack of staffing means the College has had to turn away business in the Electrical area. Governors asked if the salaries being offered were a factor. It was reported that that it had been necessary to offer a skills supplement and a golden hello in order to attract staff. The next step would have seen the new appointees on higher salaries than their line managers, which would create internal difficulties. The issue was that the demand from those in industry to achieve their 18th Edition training was at its peak, as well as a backlog of apprentices that needed to go through the same assessment process as full cost students. This demand could not be met without additional staffing.

To offset the impact of the reduction in income the College Executive has put a stop on all non-essential spend within the College and is making good savings across the pay lines. Staff numbers are 50 under budget.

Governors asked if the shortfall in HE recruitment was as a consequence of the change of validating partner and were advised that this was not the case. The planned February start programmes will not go ahead because the College has not recruited enough students to make the group sizes viable. This applied to a small number of courses in September. The College could have recruited an additional 30 students but made the decision to turn them away because it would not have been viable to run a three year programme with just four or five students on a course.

The aged creditor analysis and position was noted. In response to a question it was confirmed that all creditors continue to be paid in accordance with the terms of the agreement.

The cash position was noted. It was reported that the College had hoped that it could hold off paying the Lennartz assessment received in October 2018 until the second appeal in the Upper Tribunal, but under pressure from HMRC made a down payment of £208k in January, which has reduced the March forecast cash balance.

Course contributions were discussed, and Governors asked about the hospitality area which does not appear to make a contribution. It was reported that this has always been the case. There are high delivery costs in this area in terms of staffing for restaurant elements and also non pay costs are high in proportion to other areas. The College did not recruit to planned target this year but was

prevented from making some efficiencies in that area due to some long term sickness. It was reported that the areas which have been RAG rated green (35%+ contribution rate) have been through a thorough review process to analyse the different income streams and charges and to ensure that all costs, including direct delivery costs are correct. In some areas this has resulted in an improved position. The figures for HE are currently draft as the College is still going through the iterative process. It is a complex tool and will not automatically pick up situations where two groups are taught together, which happens a lot in HE, or where there are in-fill students on an apprenticeship. The tool feeds into the curriculum plan and the long term financial plan.

Governor's attention was drawn to the long term cash flow forecast, and the deficit cash position currently being forecast for March 2020. This takes into account the much reduced income for FE next year and a £400k reduction in HE income. This will be kept under review as the budget is formulated for next year with the clear need to improve the position.

6. **Updated Financial Plan 2018-2021**

CIC/RC/19/1/3, updated Financial Plan 2018-2021, was received and considered. The Plan gives a snapshot ahead of the budget setting process for next year. The original plan approved by the Board in July 2018 covered three years. One of the recommendations arising from the FE Commissioner Diagnostic Assessment Visit was that the plan was extended by an additional year given the recent lifting of the notice of concern. This version is for internal use only and has been updated to reflect the 2017/18 outturn position, the reductions in income on the FE, HE, and Adult budget lines and improvement in apprenticeships this year, and to extend the plan to four years. The model is showing a £2m income drop from £39.1m this year to £37m in 2019/20. The College Executive have identified in outline form savings to offset the fall in income. Borrowings continue to fall as the long term loan is repaid. The College is forecasting an extra 150 FE recruits in September (generating £600k in the following year) and a modest £200k growth in apprenticeships, and at this stage is modelling a surplus in 2019/20 and 20/21 to maintain Satisfactory financial health.

Governors noted a sharp increase in pension costs in 2021. It was reported that this is in respect of the potential increase in the Teachers' Pension Scheme. There will be no impact next year as the Government has agreed to fund the full 11 months of the increase, but the costs have been built into the fourth year of the plan.

Governors noted a reduction in staff numbers in 2020. It was reported that the College currently has 605 FTE core staff compared to the budget position of 660. The College is forecasting a staffing position of 570, to be achieved through the non-replacement of staff wherever possible.

Turning to the balance sheet, Governors questioned the drop in reserves in 2021. It was reported that this is formula driven, and is modelling a worsening of the defined pension scheme position, which might not in fact be the case. Governors were reminded that the pension position improved last year. Because of the uncertainty over the performance of the pension scheme, some colleges do not complete the pension lines in the model. Governors asked for some narrative to be added to Plan to explain what the College (and the LGPS actuary) was modelling in respect of the future pension forecasts.

7. **Resourcing for Teaching, Learning and Assessment**

The Principal updated Governors on investments being made to support teaching and learning and quality assurance. A decision was made earlier that day to invest £40k pa in learning coaches based in the curriculum areas to support staff who have had a training need identified, for example through the observation or learning walk process. They will also support staff that are new to the organisation who may have industrial skills but no teaching experience. The process will be announced at the Learning and Teaching Development Day on 15th February, and people will be able to apply for one of the posts. Training will be provided by a national trainer. This has been costed in the Post Inspection Action Plan.

The learning coaches will complement the resources that are already in place. These include a post in the Quality Team who carries out this kind of work already. The College is also advertising a post to relieve the Teaching and Learning Improvement Manager of those elements of her role not directly related to teaching and learning, such as complaints handling, so that she can pick up more CPD activity in particular to help embed the 'CI7' internal standards for Teaching and Learning.

The College has also engaged with a number of consultants to take forward improvements in the quality of teaching and learning. An HMI will be working with the College on its observation process, and working with observers to ensure they are observing to the correct standard and able to identify the most appropriate follow up and improvement actions.

Governors asked how the £40k allocated for learning coaches will be utilised. It was reported that there will probably be 15 practitioners, who will receive two hours remission from their teaching and will be asked to deliver three hours of support per week. This will allow them to have a case load of one or two members of staff at a time. The £40k will be used to cover the cost of back filling their hours. This year it may be necessary to engage part time staff to cover the hours. Next year Area Heads may be able to use core staff to cover the hours as it will be planned from the beginning. Further initiatives are under development and will be shared with Curriculum and Quality Committee next month.

8. Property Issues

8.1. Braintree Campus Developments

It was reported that the contract for the land sale at Braintree approved by the Board last year has undergone further negotiation with the purchaser. This was triggered by the College asking for the completion date to be pushed back from 31st July. Following a meeting with legal representatives, a Deed of Variation will be drawn up dealing with the change of date, as well as some peripheral matters including the boundary which is complicated by the fact that Braintree District Council has an interest in part of B Block at the Braintree Campus. The Council also has an interest in the junction as it goes into the main entrance. It has been necessary to agree a couple of conditions with the buyer. The College is now required to make reasonable endeavours to disconnect the electricity supply. The College will work with UK Power Networks to identify where the supply comes into the site and arrange for UK Power Networks to be available during half term week to carry out the work.

There was nothing further to report in respect of the telephone masts. Governors asked about planning permission for the phone masts. It was reported that planning is not required for the temporary masts but the phone companies will need to apply for planning for the permanent mast. The College is expected to make a contribution to the cost of the new mast in line with the current lease agreement.

Piling works for the new STEM 2 building are now complete. The cold weather has put work back by one week.

8.2. Update on LGF Capital Projects

Planning permission has been received for the additional floor to South Wing at the Colchester Campus. The College is currently working through the pre-commencement planning conditions.

8.3. Update on LGF 3b Bid

The Executive Vice Principal: Finance and Corporate Development updated Governors on the £350k bid submitted to the SE LEP to support the ground works and scaffolding project. Following a meeting at County Hall with independent advisors on 28th January, the College has resubmitted its bid for a lower sum of £250k, reducing the contribution from the LEP from £200k to £100k. It is hoped that this will enable the project to be supported. The College was able to value engineer the project by clearing the site at its own cost rather than buying in a contractor. The College has also secured some external sponsorship.

9. **Contract Extension**

It was reported that the College has agreed to extend the Enterprise cleaning contract for an additional year, subject to a review of service and costings in September 2019 when student numbers are clear.

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

CIC/RC/19/1/4 Update on One Year Strategic Action Plan (priorities 3, 4 and 5) was received and presented by the Principal. The College has made steady progress and is where it should be for most actions. When the plan was put together on 2017 the College did not anticipate the downturn in recruitment and is looking at a different approach in this area.

The Executive Director: Human Resources was asked for an update on the Staff Engagement Plan and Human Resources Plan, both of which had a number of actions which were due to be completed by 20th December 2018 and 31 January 2019. It was reported that the Staff Engagement Plan was moved into the HR Plan. The plan was recently reviewed with the Principal and RAG rated, and the focus is currently on all actions RAG rated red. Priorities are around cost reduction, updates to policies, and safeguarding. About 60% of the actions with a due date of 20 December or 31 January have been achieved. It was noted that there is likely to be a gap between the current Executive Director leaving the College and the appointment of a successor, which will impact on the implementation of the HR plan. Governors asked to receive a brief progress report on implementation of the HR Plan at the next meeting.

Governors asked what marketing campaigns have been run since the start of the academic year and whether they had worked and provided value for money. It was reported that major open events were run in October supporting recruitment for Study Programmes and apprentices. Campaigns were run over Christmas for staff recruitment to Electrical installations and around the launch of the Construction Skills Centre at Clacton. The College collects and analyses data on the number of people attending events; applications; hits on social media; following through on links; enquiries etc. It is difficult to know the real impact of this as so many other factors can influence applications and enrolments.

The College received the same number of applications for September 2018 as the previous year, but enrolments are 10% down because there were fewer conversions. The College needs to consider whether it is doing enough to keep students warm and interested between applying and enrolment.

Governors asked if there had been any changes to the approach to marketing. It was reported that in response to feedback from people attending open events and discussion with current students in recent years, the decision was taken to discontinue cinema advertising. Radio advertising has been reduced because the Marketing Manager did not believe that it was helpful, but the College continues to advertise on the back of buses. A good campaign utilises a number of channels including a range of social media, such as Twitter and Facebook.

Governors asked if the Ofsted Inspection will have an impact on recruitment next year. Attendance at the open event in January was in line with the previous year, and parents /applicants did not raise questions about this when they had the opportunity to do so. So it is hoped that the Ofsted outcome does not have an impact. Indeed, the downturn in numbers in September 2018 was before the Inspection had been taken place whilst the College was still graded as 'Good'.

11. **Sickness Absence Report**

CIC/RC/19/1/5, Sickness Absence Report, was received and presented by the Executive Director: Human Resources. Sickness absence is at 8.5 days average per employee per year. This is higher than the College's target of 7 days, and higher than the most recent benchmark data. It was noted that average sickness days has been on an upward trend over the last three years, which is a concern. Absence due to stress and mental ill health has dropped slightly compared to last year. The actions within the HR Plan to assist with absence management were noted.

Governors noted that in 12% of cases, no reason for the absence had been recorded, and asked why this was so high. It was confirmed that there are mandatory return to work meetings following a period of sickness and this information should be recorded in all cases. Actions to improve the quality of the data were discussed. These will include reminding Managers of the requirements in the next HR update, offering further training to managers, and monthly monitoring of self-certification forms by the HR Team.

Governors consider future reporting of sickness absence and whether it would be more appropriate to include a report in the MMR. It was agreed that this Committee should continue to receive specific reports on sickness absence.

12. **Gender Pay Gap Reporting**

CIC/RC/19/1/6, Gender Pay Gap Reporting, was received and presented by the Executive Director: Human Resources. This is the second year of this statutory report. It was noted that the gender pay gap has narrowed between the two years, although it is still higher than the College would like it to be. This is primarily driven by a higher proportion of females in the upper quartile. The median gender pay gap is 20.9% compared to 23.3% last year. The national median figure is currently 17.9%.

13. **Wellbeing Annual Report**

CIC/RC/19/1/7, report to the Resources Committee on activity to promote Staff Wellbeing during 2018, was received and presented by the Principal. It was reported that a successful wellbeing day was held in June 2018, which was well-attended. A number of staff have volunteered to join the Wellbeing Committee or become Workplace Health Champions, and there is now a good mix of around 16 people regularly attending the Wellbeing Committee. The Committee has been meeting monthly since October and is keen to focus on how the College can support 'living well'.

The College has now engaged with the Essex County Council Working Well Community Programme which offers a range of initiatives and events which the College can get involved with free of charge. A first meeting has been held with them, and the College has been allocated an account manager who will shortly meet with the Wellbeing Committee to get their views and talk about becoming Workplace Health Champions (WHC). There are opportunities for WHC to specialise and train to run activities in-house in areas such as smoking cessation and weight management.

There has been a slight uplift in the number of staff accessing the Employee Assistance Programme. A new telephoned based mindfulness programme has been piloted by some staff and is thought to be of value. This is available to all staff.

14. **Statement on Modern Slavery and Human Trafficking 2017/18**

CIC/RC/19/1/8, Statement on Modern Slavery and Human Trafficking, was received, considered and approved for publication on the College's website. This is a statutory statement, and is very similar to the statement for the previous two years. The College needs to do more in terms of general awareness raising amongst all staff and the next Core Brief will include a piece on what this means for Colchester Institute and its staff.

15. **Date of Next Meeting**

Tuesday, 2nd April 2019 at 4.30pm

16. **Any Other Urgent Business**

16.1. **Insolvency Regime for FE Colleges**

It was reported that insolvency legislation for FE colleges came into force on 31st January 2019. Guidance has been published for Governors which will be received at the next Board meeting. The guidance includes a useful introduction and summary on pages 7 and 8. The guidance also sets out the responsibilities of Governors and the risks. In the event of insolvency, corporation boards will be dissolved and re-brokered.

16.2. Thanks

Governors thanked the Executive Director: Human Resources, Shaun McConnell, for the work that he had done during his time at the College and wished him well in his new role.

Part II - these minutes are not confidential but the supporting papers are confidential.

17. Part II Minutes

The Part II (confidential) minutes of the meeting held on 4th December 2018 (CIC/RC/19/1/9), were received and confirmed. The Chairman signed the minute book.