

Colchester Institute Corporation

*Minutes of a Meeting of the Resources Committee
held on 23rd July 2019
at the Sheepen Road Campus*

Present:

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

Liz Goodall
Kevin Prince

In attendance:

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

1. Apologies for absence

There were no apologies for absence.

2. Declaration of any conflicts of interest

None

3. Minutes

The minutes of the meeting held on 2nd April 2019 (CIC/RC/19/3/1) were received and confirmed. The Chair signed the minute book.

4. Matters Arising from the Minutes

None, other than on the agenda.

5. Chair's Action

5.1. The Corporation chair approved (30.04.19) changes to the authorised signatories to the College bank account, to add the Head of Finance, and remove the former Financial Controller.

5.2. The Corporation Chair and Chair of the Resources Committee approved (24.05.19) a proposal from the College Executive to explore a possible sale of Block B in Braintree later in 2019 when the accommodation becomes surplus to requirements. CIC/RC/19/3/2, Position Paper - The Future of Braintree B Block, was received and noted.

5.3. The Chair reported that he had met with a member of FE Commissioner's Team the previous day as part of the diagnostic assessment monitoring visit. The focus of the meeting had been the College's financial position, and the importance of completing the sale of land at the Braintree Campus within the agreed timeframe and of achieving the recruitment targets in the three year financial plan. The Chair had been asked about the level of confidence in achieving the recruitment targets this year, given the College has not always met them in the past. He gave assurances that the College has a proven track record in terms of apprenticeship recruitment; that some of the curriculum has changed; and the fact that the demographics for 16-19 learners should start to improve. There will be a further monitoring visit in December 2019.

6. Management Report and Accounts May/June 2019

CIC/RC/19/3/3, Management Report and Accounts May 2019 [Period 10], was received and noted.

The Executive Vice Principal: Finance and Corporate Development reported on the Period 11 (June) Management Report and Accounts, which had been circulated to Governors earlier that day. The June report informs the first year of the three year financial plan.

The College Executive had decided to take a prudent approach to establish a reduced surplus outturn of £103k, compared to the budget position of £265k and the May reported position of £153k. This was due to a couple of issues in Period 11. A further reduction in the achievement of the Adult Education Budget in Period 11, mainly due to a reduction of work in the Learning Shops, required additional subcontract work which brought additional costs. The Part Time Hourly Paid budget has performed well and is £367k under budget (year to date), and there is an underspend of £1m on the core staff budget.

Governors asked if there would be any impact from the above in terms of the assumptions for performance in 2019-20. It was reported that in terms of the Adult budget the College had already performed sufficiently to achieve the allocation target. The College Executive has made much lower assumptions next year on recruitment drift. A number of the savings have been achieved through not filling vacancies this year; these have been taken out of the budget for next year.

Overall the performance was viewed as a good one. It is a credit to Management that the College still managed to achieve a surplus year end position given the £1.3m reduction in income because three of the four income streams failed to achieve target.

The Committee noted a positive month end cash position (£4.3m against a forecast position of £3.8m).

It was reported that despite the reduced outturn surplus at Period 11, the Financial Health score has gone up based on EBITDA. Because the College is running slightly over profile in the year, depreciation costs have been increased in the forecast, which has had a positive impact. The points score is now 150 (the new intervention threshold is 130). It was noted from the sensitivity analysis that the College could make a loss of £700k and still remain in the Satisfactory Financial Health band. Notwithstanding that from 1st August Satisfactory Financial Health will become Requires Improvement, the Committee congratulated the College Executive on managing the cash position.

One of the contingency arrangements in the event of a cash shortfall is a facility with Sancus Finance; Governors asked if this was still in place and the arrangements for ongoing review. It was confirmed that the College went through an approval process when it required the facility for one month in March 2017, and provided the College continues to provide Sancus with copies of the monthly Management Reports the facility would remain open. Sancus also contacts the College each year-end to review the position. The College continues to meet with representatives from Lloyds, Santander and Barclay Banks to keep relationships open.

The long range cash forecast was considered, and Governors asked if the schedule could be more forward looking and less historical. The Executive Vice Principal: Finance and Corporate Development was asked to update the schedule to start from August 2018 and project forward 24 months.

Governors considered the core staff sickness analysis 2018/19 and noted that some departments were experiencing high levels of staff sickness. It was reported that this was probably due to one member of staff being on long term sick leave. The new occupational health provider is effective at getting people back to work and reducing long term sickness. Governors asked how this was being achieved and were advised that the service comes into the College once a week to see staff on site and is taking a robust approach with getting people back to work which is working. Staff with long term issues are encouraged and supported back to work, with adjustments as appropriate. This is in addition to back to work interviews.

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

An additional paper, Prioritising Investment in Teaching, Learning and Assessment (CIC/RC/19/3/17), prepared for the FE Commissioner monitoring visit, was accepted and presented by the Principal.

It was reported that:

- The College has reintroduce Learning Coaches. Eight members of staff have been trained.
- The College's bid for SCIF (Strategic College Improvement Fund) funding to support Teaching, Learning and Assessment was successful. The College's match element is £47k.
- The College has committed funding for 20 days consultancy on Teaching, Learning and Development CPD.
- The College has invested in physical learning resources in a range of areas, including Digital Media, and there are plans for significant improvement in Health and Social Care to create a realistic working environment and the use of Augmented Reality.
- Investment has been made in the IT infrastructure to improve what can be done in the classroom. Examples include broadening the use of the Virtual Desktop Infrastructure to allow for more multifunctional classrooms and upgrading the fibre network to allow more blended learning
- The College has developed and is piloting a new student app which will facilitate communication between students and teaching staff in a safe and controlled environment.
- Investment in Power BI reporting, enabling better monitoring of student progress. The introduction of a progress checking process appears to be having an impact.
- Industry uplifts have been agreed in two areas. This is deemed necessary to attract and retain staff.

8. **Principal's Report – July 2019**

The Principal presented her written report (CIC/RC/19/3/4).

Progress against high level performance targets was considered. It was reported that apprenticeship starts had exceeded the full year target and that the College had met its Adult Education Budget target through sub-contracting. In doing so, additional costs had been incurred.

Governors asked how the apprenticeship target had been achieved and were advised that the College had been successful this year in getting new contracts with levy paying employers, with ongoing relationships for next year. The levy paying market is more buoyant as large companies now face losing their levy funding if they do not use.

Governors asked for an update on non-levy paying apprenticeships. It was reported that due to a reduction in non-levy funding the College has had to reduce this area of provision, and is trying to use as much of the funding as possible in key areas. The College is looking at the local need, local employer relationships and achievement rates, and investing where students are more likely to leave with an apprenticeship.

9. **Budget 2019-20**

The Executive Vice Principal: Finance and Corporate Development introduced this item with a presentation taken from a management briefing. The presentation set the budget in the context of the recruitment challenges during 2018-19. These included the 10% drop in 16-19 which will impact in 2019-20 under the lagged learner number funding; the 20% reduction in HE full time and the 10% drop in adult learners. Based on Period 10 the College will record Satisfactory Financial Health this year. Income has dropped to £37.3m and in the budget process expenditure has been cut to achieve a breakeven.

The recruitment targets for 2019-20 were summarised. The College will be funded for 3671 FE 16-19 learners, and has planned for 3900 in the curriculum plan. The full time HE number is 523 (compared to 530 this year), and the FE 19+ budget is £2.2m in line with this year.

Governors asked about the level of confidence in achieving the budget. It was reported that the College Executive had looked at where the risks are within the income lines and mitigating actions are reflected in the financial plan. The apprenticeship budget has been reduced by £500k, and the full cost curriculum line has been reduced by 20%. The Core staff salary line allows for £500k recruitment drift. Budget holders have been asked to achieved 10% reductions across the board; this will need to be monitored. Sensitivity analysis has been undertaken based on what happened this year.

Governors asked about other income opportunities. It was reported that the College has a bid writer but much of their time year has been spent on completing the application to be on Register of Apprenticeship Training Providers. There are some discreet funding opportunities, such as the Arts Council, but there are fewer opportunities than previously. Opportunities tend to be for bigger, LEP wide projects, in many cases working collaboratively, and the College does not have the capacity within the organisation to deliver them.

The cash flow forecast and the risks associated with the sale of land at the Braintree Campus were discussed. The purchasers signed an unconditional contract for the sale of the middle part of the land last year. A variation was agreed in the last six months. The College asked to delay the completion date from July to end October 2019 because the new building would not be ready until October. The purchasers asked to delay until 20th December, but agreed to pay half the purchase price in November and the balance in December when the sale is completed. The purchasers might ask for a further delay but will still pay £949K in November and the balance on completion. It was reported that progress was being made in respect of relocating the telephone masts. One of the two mast providers has agreed to design a new permanent mast that will be used by both providers and agreed a plan for a temporary mast to be located on the retained land. The Committee asked for the cash flow forecast in the budget to be updated to project forward 24 months.

The Committee agreed to recommend the Budget 2019-20 to the Board for approval.

10. **Financial Plan**

10.1. **Financial Plan 2019-2021**

CIC/RC/19/3/6, Financial Plan 2019-2021, was received and presented by the Executive Vice Principal: Finance and Corporate Development. Governors' attention was drawn to the financial planning checklist included in the commentary, detailing how the financial objectives will be achieved and the risks and mitigations. It was noted that 16-19 learner numbers are projected to be 4000 in 2021 and grow to 4100 the following year. Assumptions around apprenticeships include reducing the number of non-levy paying starts over time. HE numbers will remain constant thought out the period. A fall in HE income on the income schedule is due to the intention to reduce the amount of sub-contract work over the three year period. There are no expectations around growth in other income lines.

Pay costs includes 1% allowance next year for contractual increments. With the exception of facilities costs, where further savings will be achieved as a result of the delivery of the Braintree masterplan, non-pay costs have been increased by 1% for each of the plan years.

The Committee agreed to recommend the Financial Plan 2019-20 to the Board for approval.

10.2. **12-24 month rolling cash flow forecast**

CIC/RC/19/3/6a, 12-24 month rolling cash flow forecast, was received and noted.

11. **Students' Union Annual Accounts 2017-18**

CIC/RC/19/3/7, Students' Union Annual Accounts 2017-18, were received and noted.

12. **Property Issues**

The Executive Vice Principal: Finance and Corporate Development gave a brief overview of the property strategy over time. The College has spent £34.0m on projects since 2011, of which at least 80% was Government funded. This generated work for local firms and brought significant investment into the area for community use.

At the Braintree Campus the College is on target to achieve the programme deadline and financial budget for the new STEM building by end October 2019. A new library and student service space is open in the STEM 1 facility and a new reception is open in the STEM building. The old reception area has been closed off. The College needs to use B Block until the new building opens on 1 November 2019. A recommendation in respect of B Block will be brought to this Committee in due course.

A programme of summer works to support teaching and learning is planned. The classroom on the third floor of K Block is being refurbished to support the relocation of English and maths. Works are also being carried out in J block to support HE activity.

13. **Fee Policies 2019-20**

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

- 13.1. FE Fees Policy 2019-20 (CIC/RC/19/3/8)
- 13.2. UCC Fee Policy 2019-20 (CIC/RC/19/3/9)
- 13.3. International Fees Policy 2019-20 (CIC/RC/19/3/10)
- 13.4. Supply Chain Management Policy (CIC/RC/19/2/11)
- 13.5. Employer Co-investment Policy (CIC/RC/19/3/12)

14. **HR Plan and Priorities**

CIC/RC/19/3/13, HR Plan 2018-19 – Update on Progress, was received and presented by the Director of Human Resources.

The Director of Human Resources was invited to give her first impressions and responded that there was a lot to do, as reflected in the initial priorities. The plan previously presented to this Committee, whilst comprehensive, was over ambitious, and has been streamlined as requested by this Committee.

The key priorities were considered. There is an urgent need to review HR processes, which are all manual and causing inefficiencies. HR's core functions are suffering as a result of the manual work undertaken on payroll. It is also suffering from the lack of an online recruitment system. Governors' asked about staff vacancies and were advised that the College is still struggling in some areas, such as Health and Social Care and Business and Computing, for September delivery. It is currently very time consuming to give the level of detail that an applicant tracking system would give. It was reported that £100k was included in the budget for the project.

The structure of the HR team needs to be reviewed to clarify roles and responsibilities and create greater efficiency.

The Single Central Record is being reviewed and the Vetting Checks and single Central Record Policy is being updated. A review of training is underway to ensure as many people as possible are trained in safeguarding and Prevent.

The College is trying to increase the usage of its apprenticeship levy by offering College Managers apprenticeships at level 3, 5 and 6.

A number of key HR policies need to be updated and streamlined. A Workplace Resolution Policy (Grievance) is out for consultations and close to being finalised. Other policies under review include

the Organisational Change Policy (Redundancy) and Sickness Absence Policy to make it easier to use for managers and staff.

Governors noted that some organisations outsource payroll and recruitment and asked if this was an option. Outsourcing will be looked at as part of the business case, but in order to outsource the in house service has to be in order.

Contracts and terms and conditions of employment need to be looked at including leave entitlement, where there are some anomalies, and occupational sick pay. The performance review process, which is onerous and not very easy to use, also needs to be reformed.

The Committee accepted the HR Operational Plan – Key Priorities for submission to the Board, subject to adding an additional priority relating to staff recruitment.

The Committee asked to receive an update at each meeting.

15. **Safeguarding – Update to the Vetting Checks and Single Central Record Policy**

The Committee received, considered and approved for recommendation to the Board an update to the Vetting Checks and Single Central Record Policy (CIC/RC/18/3/14)

16. **HR Targets 2019/20**

The Committee received, considered and approved for recommendation to the Board HR targets 2019/20 (CIC/RC/19/3/15). The College would like to be able to measure engagement and wellbeing and is looking at practice elsewhere.

17. **Date of Next Meeting**

Tuesday, 1st October 2019 at 4.30pm

18. **Any Other Urgent Business**

There were no item.