

## Colchester Institute Corporation

*Minutes of a Virtual Meeting of the Finance and Resources Committee  
held on 14<sup>th</sup> July 2020*

**Present:**

Richard Wainwright, *in the Chair*  
Alison Andreas  
Steve Blake

Patrick Giddings  
Jasmin Patel  
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**

Apologies for absence were received from Peter Cook.

**2. Declaration of any conflicts of interest**

None

**3. Minutes**

The Minutes of the meeting held on 14<sup>th</sup> May 2020 (CIC/FR/20/3/1), were received and confirmed.

**4. Matters Arising from the Minutes**

None, other than on the agenda.

**5. HR Operational Plan – Update on Progress**

CIC/FR/20/3/2, HR Key Priorities – Update on Progress, was received and presented by the Director of Human Resources.

As a general comment, Governors asked if future reports could include an end date for each priority. This would be particularly helpful for the HR and Payroll system and will enable the Committee to monitor progress.

**5.1. HR and Payroll Systems Replacement**

Work is ongoing with Access, who provides the current system, to source an appropriate upgrade.

**5.2. HR Service Delivery**

A test system for E Recruitment is up and running along with a test careers microsite. The aim is to have these fully operational from September 2020. This will transform the recruitment experience for applicants and managers.

The Learning and Development Business Partner role has been vacant since the previous incumbent left in March 2020, and will not be replaced due to budgetary constraints. The HR Department is providing what support it can for learning and development.

**5.3. Single Central Record/Safeguarding**

Governors were pleased to note that all outstanding Right to Work checks had been resolved and congratulated the Director of Human Resources on achieving full compliance in this important area.

There is an annual requirement for staff with a year or more service to self-declare criminal convictions. Compliance with this requirement (currently 79%) has been impacted by staff being on furlough and by sickness absence. Managers have now been asked to chase outstanding declarations.

**5.4. Management Development and usage of the Apprenticeship Levy**

There had been no change since the previous report.

**5.5. Recruitment skills shortage areas**

There are currently three live vacancies with one being a difficult to fill role. Appointments have recently been made to two difficult to fill roles.

**5.6. Contracts and Terms and Conditions**

The 45 days collective consultation period regarding proposed changes to contractual terms and conditions ends on 20<sup>th</sup> July. During the negotiations with the Unions some amendments to the original proposals were agreed. Unison and UCU are now balloting their members on the final proposals, with the recommendation that they are accepted. The Director of Human Resources updated the Committee on the main changes.

**(i) Notice period for redundancies – teaching staff**

The College had proposed removing the four month notice period for teaching staff in the event of redundancy. The notice period in all other circumstances is two months. The Union had been unhappy at this proposal and a compromise position was agreed. The new proposal is that both sides will be required to give three months' notice in the case of dismissal or resignation.

It is also being proposed that the contractual change around the notice period in the event of redundancy do not take effect until 1 April 2021.

**(ii) Changes to occupational sick pay**

Concerns were expressed at some aspects of the proposed changes to occupational sick pay for new staff. The Unions felt reducing the entitlement to four months would be detrimental to people with disabilities. The College has agreed to a request from the Unions to consult further on this proposal. As the proposals only impact new staff, the Unions are not able to ballot existing staff on them. It has already been agreed with the Unions that changes for new staff will be implemented from 1<sup>st</sup> October 2020, and if necessary the College will move ahead by making them part of the terms and conditions for new staff.

**(iii) Annual increments**

The Unions recognised the link to the current pandemic and accepted the proposal to withdraw the payment of the annual increments on the basis that it is for one year only.

The proposal to increase the annual leave entitlement for all staff is dependent upon the contractual changes being agreed.

The proposed changes to contract terms and conditions had been discussed at the last Board meeting. Governors had cautioned against moving forward without clear information on potential annual savings, and asked if that data was now available. The biggest savings would be achieved by the proposed changes to sick pay. If these had been in place last year savings of £66k would have been achieved.

Governors asked what the general reaction of staff had been to the proposals, and the level of feedback outside of the consultation process with the Unions. Only five or six staff had

responded directly by email. Of these, there were two or three genuine questions, such as the impact on the skills supplement. The Unions have been holding their own meetings with their members, which are described as well attended. The Regional Office has also been involved, and the Regional representative attended the last meeting.

## 6. **Quarter 3 HR Management Information**

CIC/FR/20/3/3, HR Management Information – quarter 3, was received and considered. The Director of Human Resources highlighted the key points.

There has not been much movement in the flexible workforce during the period of the report. Core staff headcount has reduced as a result of unfilled vacancies. There has also been a reduction in staff turnover.

There was a significant reduction in sickness absence during this quarter. It is assumed that this is because people working from home have either carried on working when unwell or have not reported that they are unwell. There have been very few reports of Covid-19 related symptoms. Governors noted that there could be a range of reasons for lower sickness absence, and that this is one of the benefits of more flexible working practices. It may also be the case that some people are concerned that being furloughed could lead to a redundancy situation, and are reluctant to report sickness absence in case that is taken into consideration when selecting staff for redundancy.

The top three reasons for sickness absence were noted. Stress related absence (number two on the list) is due to three staff members being on long term sickness absence due to stress.

The range of categories used to record sickness was discussed. Governors had previously expressed concern that with such a large number of categories for line managers to pick from it could be skewing the data. Governors felt that a shorter list might help with the accuracy of the data. The Director of Human Resources agreed to take advice from the Occupational Health Adviser on appropriate categories to use to record sickness absence.

Training and Development has moved to online delivery with c.3990 CPD modules/units completed during this period.

Governors asked how staff are being managed whilst working from home. It was reported that some staff are not working, or are doing very little, because of the nature of their job and the difficulties in finding work for them. These staff are in roles that do not meet the criteria for the furlough scheme. In terms of measuring staff effectiveness, there have been very high levels of communications between line managers and their direct reports. Consideration is being given to how to monitor performance when working remotely as part of the imminent changes to the performance management and appraisal system.

## 7. **Policy Review**

The Committee received and considered for recommendation to the Board the following policies and procedures, which had been fully consulted on with the Trade Unions and College management.

### 7.1. **Disciplinary Policy and Procedure (CIC/FR/20/3/4)**

The policy and procedure has been completely rewritten to provide clear processes for minor and major conduct issues; an updated section on suspension; updated examples of misconduct; and a new section on disciplinary procedures.

It was agreed to recommend the Disciplinary Policy and Procedure to the Board for approval.

### 7.2. **Sickness Absence Policy and Procedure (CIC/FR/20/3/5)**

It was reported that the policy and procedure had been completely updated in accordance with legislation and best practice. In response to a question it was confirmed that the formal processes for when someone returns to work following sickness absence were included in the previous policy.

The previous policy used the Bradford Factor, which staff and managers had found confusing and unworkable, and has been replaced with numerical trigger points in the new policy. The amount of annual leave that can be reclaimed in the event of long-term sickness absence has also been updated in accordance with legislation.

It was agreed to recommend the Sickness Absence Policy and Procedure to the Board for approval.

### 7.3. **Vetting Checks and Single Central Register Policy (CIC/FR/20/3/6)**

The policy is reviewed annually and has been updated to reflect current practice.

Governors observed that the final paragraph in section 2.4 (Annual Self Declarations and Repeat DBS checks) appeared to be historic and questioned this. The Director of Human Resources agreed to re-write this paragraph.

Governors noted that the failure to comply with a request to undertake a DBS check may result in disciplinary action being taken, and asked whether this should also be extended to enable disciplinary action to be initiated for failure to comply with any of the requirements associated with the Single Central Record. Governors noted that this had been added to the section on Right to Work in the UK, but questioned whether this might be construed as only relating to right to work documentation. Governors asked the Director of Human Resources to review the policy and incorporate a broader statement in respect of the potential for disciplinary action to be taken for failure to provide any of the documentation/information that the College legally requires in respect of the Single Central Record.

In response to a question it was confirmed that a member of staff could be suspended and if deemed necessary removed from the premises with immediate effect if there were safeguarding concerns.

Subject to the above changes, it was agreed to recommend the Sickness Absence Policy and Procedure to the Board for approval.

### 7.4. **Whistleblowing Policy and Procedure (CIC/FR/20/3/7)**

The policy is a complete re-write of the previous policy which incorrectly was a policy for both staff and students. Students have other mechanisms for raising complaints.

It was agreed to recommend the Whistleblowing Policy and Procedure to the Board for approval.

## 8. **HR Targets 2020/21**

CIC/FR/20/3/8, proposed Human Resources KPIs for 2020/21, was received and considered. It was reported that previously the Board had agreed a KPI for the completion of PDRs (Personal Development Reviews). The College is looking to make some significant changes to the Performance Management and Appraisal policy, with more frequent touch points. As it will be a rolling process it will be difficult to measure completion rates at a point in time so this element has been removed from the KPIs.

The Committee considered other potential HR KPIs and asked how easy it would be to measure how content staff are. Arising from the discussion it was agreed that the questions used by Ofsted to survey staff could be used to survey staff every six months to track progress. Questions that receive less positive responses could then be considered by internal focus groups. In due course it might be appropriate to set targets for key questions. Once the new HR system is up and running it might also be appropriate to set some targets for recruitment, such as the application conversion rate.

It was agreed to recommend the Human Resources KPIs for 2020/21 to the Board for approval.

The Director of Human Resources left the meeting.

9. **ESFA Correspondence**

The Committee received and noted:

- CIC/FR/20/3/9, ESFA Letter of 29 May 2020 – Colchester Institute Financial Statements 2018 to 2019, and
- CIC/FR/20/3/10, Principal's Letter of 11<sup>th</sup> June 2020

The ESFA write to providers annually to confirm their financial health grade for the previous year. As part of their review of the audited financial statements, financial statements management letter and the annual report of the audit committee, the ESFA had identified an outstanding audit action in relation to financial control. This recommendation has been addressed in full, and the ESFA advised of this by the Principal in her letter of 11<sup>th</sup> June.

10. **Management Report and Accounts**

CIC/FR/20/3/11, Management Report and Accounts May 2020 (Period 10), was received and considered. The Executive Vice Principal: Finance and Corporate Development reported a further improvement in the full year forecast outturn compared to the Period 8 and Period 9 positions. This was due to the support received through the Job Retention (furlough) Scheme (c.£100k per month) and the Provider Relief Funding. Savings were also achieved against budgeted expenditure during May.

The rapid improvement in the cash position, and the reasons for this, had been discussed at the last Board meeting. As well as the support through the Government schemes (furlough and Provider Relief funding) the College has been able to delay the capital expenditure programme. The addition to the South Wing, which was due to open in April, is not currently being used because of the campus closure. The IT equipment has been procured and installed, but the furniture will be delivered and invoiced in August. A good level of savings have also been achieved in supplies and services and utility costs whilst the campuses had been largely closed.

At Period 10 it was felt that the threshold for the bank loan covenants would be achieved and that the College would retain satisfactory financial health. Since the Board meeting the Committee Chair has discussed the financial position with the Executive Vice Principal: Finance and Corporate Development. Given the latest figures it was agreed not have any further discussions with the Bank regarding any potential covenant breach. The Bank has been kept informed of the improving position and the College has the flexibility to draw on the Whitehall Finance facility should it be needed.

The cash-flow forecast was considered. Governors asked how many staff were currently being furloughed, and whether the January cash-flow included any income under the Government scheme for retaining furloughed workers. Around 100 staff were furloughed and would potentially qualify. The Job Retention scheme bonus was announced after the budget was submitted and therefore has not been included. After discussion it was agreed that it would be prudent not to include this in the budget.

Governors asked whether the bank loan covenant was sensitive to downward property valuations and were advised that there is no link to the value of property. In February the bank asked for 40% headroom on the security it has in place over the Colchester and Clacton Campus which was achieved. It might be decided to have a re-valuation of the Colchester Campus when the Clacton Campus is sold. The College's surveyor felt that the last valuation of the Colchester Campus was £2m below what it should have been.

Governors asked about Government funding for capital works. For the first time in seven years colleges are eligible to receive a share of a £200m college condition fund recently announced by the government. It is understood that this will be a calculated allocation. The College hopes that its allocation will be based on the college condition assessment undertaken by ESFA representatives last year. In addition, there have been recent government announcements of capital money for new buildings for colleges after April 2021. A new masterplan for the Colchester Campus includes the demolition and re-build of some of the older buildings at the back of the site. The plan, which is a revamp of the old 2008 plan which received planning permission, will be received at the next meeting. A proposal will be brought to the next meeting about working at risk (potentially to a value of £20k) to develop plans so the College is ready in the event capital opportunities come forward.

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

It was reported that considerable investment is needed (equipment, software licences etc) to continue to deliver remote learning. The plan for September is that almost all students will have a blended model of learning. This will include sharing some of the learning that takes place in the classroom with people working remotely. Areas will be set up on campus where teachers can communicate with students learning remotely.

It is intended to continue with the CI7 in Action Programme which was set up last year, largely funded through the Strategic College improvement Fund, to improve teaching and learning. Tom Sherrington will continue to work with the College, but not in the same way as previously.

12. **Budget 2020-21**

CIC/FR/20/3/12, Corporate Budget 2020-21, was received and presented by the Executive Vice Principal: Finance and Corporate Development.

There are uncertainties over a number of income lines as a result of the current situation. Areas of concern include HE, where students may decide to defer their studies, and work-based learning which is subject to employer behaviour. Government regulation is reducing the opportunity for subcontracting and this income line has been reduced accordingly. The College Executive has taken a prudent approach, arriving at an overall operating income of £35.9m for 2020-21, £300k worse than forecast for the current year. On expenditure lines, the proposal to remove increments for one year will achieve savings on the staffing line, and no cost of living increases can be considered. With people working remotely it is assumed that there will be reductions in travel with fewer trips to other campuses and employer locations.

Governors asked which income line was most at risk and was advised that apprenticeships are the biggest area of concern. Although activity has begun to pick up it is believed that a number of apprentices will be made redundant when the current furlough scheme ends and a significant downturn is anticipated. A number of other opportunities are coming forward and the College is looking at alternative programmes such as pre-apprenticeships which will provide a pipeline of people to move into apprenticeships when the situation improves. The budget was put together before the Chancellor's announcement and the additional incentives that are coming forward make it more likely that the Work Based Learning income line (£4.8m) will be achieved. This budget line recognises the impact of moving to Standards which have much higher funding values than the old apprenticeships frameworks.

Governors asked if tuition fees were price sensitive, and what the potential impact would be of an increase of £10.00 for example. It was reported that there is little opportunity to increase fees. HE fees are set well in advance and have already been set for 2021/22 and agreed with the Office for Students of part of the Access and Participation Plan. There is a standard rate for apprenticeships which can't be exceeded and as these fees are negotiated with employers the College sometimes has to charge less. For adult fees the maximum that can be charged is half of the designated fee rate. The only area where the College is able to set its own fees is full cost work but this is a very competitive market.

Governors asked about potential opportunities arising from the changes to immigration policy, particularly the Government's decision not to include lower paid social care workers in the new fast-track visa route for health and care professionals. It was reported that the College is in frequent discussion with local stakeholders regarding this, and internal discussions are taking place between the CIBS (CI Business Solutions) Team and FE and HE delivery leads for Health and Social Care around developing provision in Tendring and Colchester, but no specific additional curriculum has been developed yet. Governors asked what the occupancy level of the new Health and Social Care facility at the Colchester Campus was likely to be this year. It is thought that it will be well utilised with a number of FE students expected to enrol. The current pandemic might also help to raise awareness and demand in this area.

Governors noted the requirement for expenditure on replacement boilers and IT infrastructure and asked how this would be funded. This work will be carried out in stages. In addition to the likely College Improvement fund allocation, funding may be available through an additional bid that has been made SE LEP.

The Committee agreed to recommend the Corporation Budget 2020-21 to the Board for approval.

### 13. **Property Issues**

The Executive Vice Principal: Finance and Corporate updated the Committee on property issues.

#### 13.1. **Braintree Campus**

A re-design of the new permanent mobile phone mast was received the previous day. This has not been approved yet. The location is further to the north of the site, behind the STEM 2 building, and out of the eye-line of the heritage assets. It is unclear where the power connection will be.

#### 13.2. **Colchester Campus**

The temporary block has now been vacated. Examinations have been relocated to the Sports Hall whilst the new facility is being prepared in J Block. The College is also in the process of moving FE Art out of J Block into H and L Blocks. Work is taking place in B Block to create an IT suite to accommodate up to 30 learners.

### 14. **Fee Policies 2020-21**

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

CIC/FR/20/3/13, FE Fee Policy 2020-21

CIC/FR/20/3/14, International Fees Policy 2020-21

CIC/FR/20/3/15, Supply Chain Management Policy (1 August – 31 October 2020)

CIC/FR/20/3/16, Employer Co-investment Policy

It was reported that the rules and regulations relating to sub-contracting are changing. The College is required to publish a Sub-contracting Strategy, approved by the Board, by 31<sup>st</sup> October 2020. The strategy will be presented to the September meeting of the Finance and Resources Committee, and subsequent Board, along with an updated version of the Supply Chain Management Policy.

### 15. **Date of next Meeting**

Wednesday, 30<sup>th</sup> September 2020 at 4.30pm.

### 16. **Any Other Urgent Business**

#### 16.1. **The Minorities**

It was reported that the redundancy process is complete and four members of staff will be leaving at the end of July.

It is understood that Community 360 are very interested in taking on the lease, and 1<sup>st</sup> September has been suggested as the transition date. It is in the College's best interests to respond quickly. Discussions are taking place with Cadman Construction, who have appointed a sub-contractor, over re-instatement works. The terms of the lease require the College to bring the building back to a tenable condition. It is hoped that agreement will be reached over the next week.