

Colchester Institute Corporation

*Minutes of a Meeting of the Resources Committee
held on 23rd January 2020
at the Sheepen Road Campus*

Present:

Richard Wainwright, *in the Chair*
Alison Andreas
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

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 26th November 2019 (CIC/RC/20/1/1), were received and confirmed. The Chair signed the minute book.

4. Matters Arising from the Minutes

None, other than on the agenda

5. HR Operational Plan – Update on Progress

CIC/RC/20/1/2, HR Key Priorities – Update on Progress, was received and presented by the Director of Human Resources.

5.1. HR and Payroll Systems Replacement

A project team is in place, and a Payroll Officer and Pensions Officer have been appointed to facilitate the transition of payroll from HR to Finance. Governors asked when the transition would take place and were advised that the project was on hold pending final sign off of the contract for ITrent by the College Executive.

Governors asked about the ongoing cost of the chosen system compared to other packages and were advised that although it was not cheapest, ITrent is the most comprehensive system and the only one that met the College's needs. It is commonly used in the public sector environment and is believed to be the best integrated payroll and HR system.

5.2. Single Central Record (SCR)

The Committee had been concerned at the last meeting that identity checks were not complete. It was reported that an audit of all files had been conducted. At the time of the meeting there were about 30 outstanding identity checks, which were being actively requested and chased by the HR Team. The College had made good progress and it was anticipated that compliance would be at 99% within the next month. In response to a question it was reported that the missing information related to staff who had been in post for a number of years, and some staff are resisting the request to now provide the required information. The Director of HR was asked to pass the names of staff resisting the requests to the College Executive for intervention.

5.3. Usage of Apprenticeship Levy

Usage of the apprenticeship levy was static at 52%.

5.4. HR Policies

The updating of key HR policies remains a priority. The new Discipline and Sickness Absence policies were currently out for consultation with senior management and it was anticipated that the new policies would be implemented on 1 April following training for managers during March.

Governors noted that the schedule of policies and procedures that required review was extensive, and asked whether any were currently non-compliant. It was reported that elements within some of the policies were non-compliant, but these were not necessarily high risk. The Leave Policy needs to be in place by April to reflect changes in how part-year staff are paid; other policies are less urgent.

5.5. Recruitment Skills Shortage Areas

The current areas of concern were noted. It was reported that a number of maths teachers had resigned in the last few weeks of the autumn term. It was believed that they had left to take up higher paid roles in schools. Governors asked about arrangements to cover classes and were advised that it is difficult to recruit external agency or part time staff to deliver maths, and lessons were being delivered by teachers working additional hours. The Principal wrote without success to school heads across the district asking if they had capacity to help in the areas of maths and science.

5.6. Contract Terms and Conditions

Legislative changes to the information given to new employees when they start work are being introduced in April.

Governors welcomed the update but asked for future reports to include RAG rated milestones and implementation dates for each priority.

6. Sickness Absence Report

CIC/RC/20/1/3, Sickness Absence 1 January to 31 December 2019, was received and presented by the Director of Human Resources. The report looked at the number of days absence (working days lost) as a percentage of days available to work and was the first time that sickness absence had been analysed and reported in this way. Governors were concerned to note that absence rates were very high against FE sector averages of 2.4% (5.2 days) for teaching staff and 2.6% (5.9 days) for support staff.

The actual cost of sickness absence over the period 1 January to 31 December 2019 was noted. It was reported that this cost did not include the cost of staff cover. Also the data did not include hourly paid staff. Additional costs could have been incurred if agency or part time staff had been engaged to cover the absence, or members of the academic staff had worked additional hours resulting in academic overtime at the end of the year. The Executive Vice Principal: Finance and Corporate Development reported that additional part time hourly paid costs were now being incurred and that the Period 4 Management Report and Accounts was recording a £55k overspend on that budget line and a £50k overspend on the agency line. The Period 5 report shows that the trend is worsening with the part time hourly paid line £150k and agency costs £100k ahead of budget, outweighing savings as a result of recruitment drift (25 vacant posts).

The reasons for absence were discussed. Governors noted that a wide range of categories were used to record sickness absence. Stress is a specific category, but some of the other reasons for absence may be stress related.

Governors were surprised to note that operation/post-operative recovery is one of the top three reasons for sickness absence, and felt that this could be reflective of an ageing workforce.

The next stage is to look at the figures by department and person to understand what is happening and whether there are any patterns.

Governors were concerned to note that stress is the second highest reason for long term absence and asked what processes were in place to improve this. It was reported that a raft of actions had been taken forward over the last two years such as mental health awareness training, briefings to managers and training wellbeing champions. A large number of staff have been trained in mental health first aid (half day, one day or two day programme) to support students as well as colleagues and the College has just signed up to the AoC Mental Health Charter.

It was reported that every manager will receive training on the new Sickness Absence Policy to ensure actions are taken at the right time.

Governors noted that it was proposed to collate data for 2018 for comparison purposes, but given the work that would be involved, agreed to accept the 2019 data as the baseline for future reporting.

7. Ofsted Readiness on Staff Issues

CIC/RC/20/1/4, Ofsted Readiness on Staff Issues, was received and presented by the Director of Human Resources. The Education Inspection Framework has a new focus on staff wellbeing, leadership and values. Inspectors will look at how the College engages with staff and takes account of their workload, and what it does to protect them from harassment and bullying. Staff will be surveyed in advance of the Inspection, and Inspectors will ask staff what it is like to work at Colchester Institute. The actions being taken in respect of Leadership and Management Development, the HR policy framework, and engagement and wellbeing to prepare for the next Inspection were noted. It was reported that Brooklands College had been inspected under the new framework before Christmas and the Principal read out an extract from the report in which the Inspectors commented on the way in which staff had been kept informed of the financial challenges and a respect and compassion group had been formed for concerned staff.

The Director of Human Resources left the meeting.

8. Management Report and Accounts

CIC/RC/20/1/5, Management Report and Accounts October 2019 (Period 3), was received and presented by the Executive Vice Principal: Finance and Corporate Development. It was reported that on a year to date basis income was up £768k. Expenditure was also up, but only by £400k, resulting in an operating surplus £36k better than budget. The improvement on the full year surplus will generate 160 financial health points compared to the budget 150 points.

It was reported that the Period 5 report will show reduced income and higher staff costs coming through. The full year operating forecast will be reduced to £104k from £184k. Governors asked what assumptions had been made in respect of the overspend on the part time hourly paid line. It was reported that the budget profile might not be accurate. A lot of teaching tends to be done in the first term of the year, and then the requirements drop off in terms two and three. Interventions will also be put in place. It was reported that a presentation will be given to the College Leadership and Management Group on the pressures and the need to reduce both pay and non-pay spend wherever possible. The College Executive is doing everything it can to address the issue, including using course costings to look at contribution by department to highlight issues of underachievement of income but an overspend on pay and non-pay and the underlying reasons. .

The cash position is in line with the forecast. The College received a second down payment in respect of the sale of land at the Braintree Campus in January and will receive the final tranche during the first week of March 2020. The Executive Vice Principal: Finance and Corporate Development reported that he did not foresee any issues in respect of cash flow for the rest of this financial year provided the operating position is addressed.

Governors asked about the timing of the introduction of the new HR System, which was approved in principle at the last meeting. It was reported that this was on hold just until we could be sure that this was affordable in the current year.

Governors noted that apprenticeship enrolments were lower than at the same time last year, and 157 less than the phased target, and asked how likely it was that the number target for 2019-20 would be achieved. It was reported that the Head of Apprentices was confident that the College will meet or get close to the target of 715 starts. There are 57 new starts in the process of being signed up, 60-80 starts planned on new Standards in Lean Manufacture, Quality Assurance and Business Improvement, and 15 learners on another UCC Engineering cohort starting in February, as well as roll-on roll-off activity throughout the year. A number of Standards are high value, and the College is more likely to achieve its financial target than its numbers target.

9. **Integrated Financial Model for Colleges (IFMC)**

The Executive Vice Principal: Finance and Corporate Development updated the Committee on the current position in respect of the IFMC. It was reported that an updated version of the Excel based model was issued the previous week, and a further version was likely to be issued shortly as there are still bugs in the programme. Funding Body Officers delivering Webinars and presentations on the IFMC are not always able to answer questions that have been put to them on the completion of model. Governors asked if the deadline for submitting the completed IFMC was likely to be put back given these issues, but were advised that there is no suggestion yet that the submission date will change.

Governors supported the suggestion that the Board agrees the assumptions (for example around student numbers and adult income) at the February Board meeting, and authorise the Principal to sign off the final model in line with agreed assumptions. The Chair of this Committee and the Corporation Chair will be briefed in advance of the Board meeting. Given the importance of this return, the Corporation Chair agreed to email Governors when the supporting paper is published for the February Board meeting.

The Chairman reported that the College Executive was looking into the possibility of bringing in external expertise to help with the completion of the IFMC, and asked for an update on this. The Principal confirmed an individual had been identified, but the College was uncertain about proceeding due to the costs involved. The costs of buying in external help were discussed. The Committee felt the fee proposed was reasonable and given the other demands on the Executive Vice Principal: Finance and Corporate Development recommended that the College buy in consultancy support to assist with this work. The Principal agreed to review this with the Executive Vice Principal.

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

The Principal gave an oral update on the investment that the College is making to support Teaching, Learning and Assessments. As well as the new building and extensive new equipment at the Braintree Campus, the extension to South Wing will include some very modern and futuristic equipment to support innovation in teaching and learning.

The College is in the process of investing in technology that will enable lecture capture and other ways of communicating outside the College (such as Zoomroom). This will allow Colchester Institute to offer more blended and online learning programmes, enhance apprenticeship delivery and enable the College to compete with other universities who regularly provided students with streamed lectures and make them available after the event. The College is due to start its first part time HE programme, to be delivered entirely online, this year.

The College continues to invest in Golden Hellos to attract the best possible teachers to areas where it struggles to recruit. Colchester Institute is working in partnership with two other colleges, through FEDEC (Federation of Essex Colleges) on other ways of recruiting into FE.

The project to upgrade the Wi-Fi network has been split into four sections, with the first £25k investment going to the UCC Centre.

11. **Property Issues**

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

11.1. **Braintree Campus Masterplan including LGF Project 'STEM Innovation Campus'**

The College received good press coverage of the official opening of the new building. Work at the Braintree Campus is largely complete. There is still some external signage to go up, and some minor works to the car park to be completed.

Hoardings are about to go up round the middle part of campus. There have been three attempted break-ins to the old (disused) buildings in this areas of the campus over the last two weeks. Scott Properties, who will be responsible for undertaking this work, has been working pro-actively with the College and will provide Colchester Institute students with a work experience opportunity. Scott Properties, who previously purchased land at Gainsborough Road, Clacton from the College, have also asked Media Students to do some filming at the Clacton development.

There is still one telecoms mast to be removed from the buildings; this should come down over the next two to three weeks. The siting of the permanents mast is still subject to planning permission.

11.2. **Colchester Campus LGF Project 'Centre for Health and Development**

The extension to South Wing is on budget and on programme to complete by Easter. The College is planning for the removal of the scaffolding during April 2020. A planning application has been submitted for illuminated signage for UCC on the UCC Building and for Colchester Institute on the new South Wing.

11.3. **Colchester Campus LGF 3b Bid to support the Ground Works and Scaffolding Project**

A revised bid for the ground works element only of the project has been submitted. Informal feedback suggested that the revised scope and contribution (£50k rather than £100k) of the project will be supported.

11.4. **Sheepen Road Campus Master Plan**

The College is pushing ahead with a master plan for the Sheepen Road campus so it is ready to bid in the next round of capital funding, potentially in 2021.

12. **Date of next Meeting**

Wednesday, 1st April 2020 at 4.30pm.

13. **Any Other Urgent Business**

13.1. **Local Government Pension Scheme**

It was reported that following the most recent annual valuation, all Essex colleges are being asked to provide security over their sites in order to maintain a lower deficiency payment. Governors were reminded that this was first discussed three years ago but rather than provide security the Board agreed to pay an extra £300k pa in addition to the 15.6% employer contributions. The employer contribution is due to increase to 20.2% from April. With the Principal's agreement, the College's retained surveyor has been asked to carry out a market survey of the Sheepen Road Campus to ascertain whether there is enough headroom in the value of the site to satisfy the Bank, who has a first charge over the land and, subject to the approval of this Committee, give a second tier charge to the Essex Pension Fund.

Governors asked if the extra £300k pa payments would cease if the College provides the requested security over the land, and was advised that that would depend on the valuations of the site. In

agreeing a second tier charge, the College would want guarantees from the Pension Fund that they would not make any further requests within the next 10 years.

A paper will be brought to the next meeting of the Board.

13.2. **Lennartz Appeal**

The Executive Vice Principal: Finance and Corporate Development briefly summarised the background and basis of the College's claim in this six year litigation exercise. The College entered into a Lennartz arrangement with the Revenue in 2008, recovering £2m of £40m expended on buildings, to be repaid over a ten year period. The amount to be repaid depended on the use of the building (business versus non business use). There have since been a number of case law judgements, particularly in the European courts, on this issue. The argument is that the legislation relates to pre-incorporation, when colleges were under the control of County Councils and different rules applied in respect to VAT. Since incorporation everything the College does has a business context and the Lennartz arrangement should be null and void.

The appeal against the lower tier is being held in the upper tier tribunal on 28th to 30th January. The Executive Vice Principal: Finance and Corporate Development met with the consultant advising the College the previous week and it believed that Colchester Institute has a very strong case. The College has submitted a skeleton argument citing 19 case law judgements. The College has yet to receive the skeleton argument from HMRC. HMRC cited one case law outcome in the lower tier tribunal. The College has a high level of confidence that it will win the main argument. If it does, then the Revenue can put its alternative argument. At that point the College will need to consider whether to accept the £1.5m or continue the appeal process to recover the full £3m should it win both the main and the alternative argument. If Colchester Institute withdraws after this appeal, another college could pick up the alternative argument. The College expects to have a decision between three weeks and three months of the hearing. There will then be a 56 day appeal period if the Judge gives leave to appeal.