Colchester Institute Corporation

Minutes of a Virtual Meeting of the Corporation Board
held on 10th February 2021

Present:

Kevin Prince, *in the Chair*
Alison Andreas
Lisa Clampin
Zainab Domingue
Pam Donnelly
Patrick Giddings
Liz Goodall
Irene Kettle
Keith Moule
Jasmin Patel
Brenda Rich
Terry Smyth
Richard Wainwright

In Attendance:

Gary Horne	Executive Vice Principal: Finance and Corporate Development
Hazel Paton	Clerk to the Governors
Jason Peters	Vice Principal: Curriculum Delivery and Performance
Jill Wognum	Executive Vice Principal: Curriculum, Planning and Quality

Pre-Board Briefing

The meeting was preceded with a presentation from the Principal on the FE White Paper Skills for Jobs: Lifelong Learning for Opportunities and Growth. It was reported that reaction to the White Paper, the first for many years dedicated to further education, was mixed. Some feel that the White Paper does not go far enough. Others, including the AoC (Association of College), feel that it puts FE at the heart of Government thinking.

The drivers for the White Paper, as set out in the forward by the Secretary of State for Education, are: (i) the impact of the pandemic; (ii) Government commitment to net zero by 2050; and (iii) exiting the European Union.

The White Paper has five key sections:

(i) Putting employers at the heart of Post-16 skills - proposals include:
- The establishment of employer groups, possibly convened by Chambers of Commerce, to work with groups of colleges, supported by access to new strategic development funding.
- New College Business Centres to provide employers with other types of support (innovation and business development plans). These would be sector based. This is something that Colchester Institute already does through CIBS (CI Business Solutions).
- Capital and revenue funding to help colleges to better meet the needs of employers. The College needs to be mindful that larger employers, who are more likely to have the resources to engage with this, may not represent the needs of smaller employers.

(ii) Providing the advanced technical and higher skills that employers need – proposals include:
- Using national skills funding to up-skill and re-skill
- Designated funding associated with the development of a number of new higher technical qualifications and clear progression routes for students into higher technical programmes rather than into degrees.

(iii) A flexible lifetime skills guarantee – proposals include
- A new lifelong loan entitlement – but not due to be introduced until 2025
- More higher level qualifications and greater flexibility in the way people can study (not just full time options).
- Careers information for adults so that they can make an informed choices.

(iv) Responsive providers, supported by more effective accountability and funding – proposals include:

- More autonomy to use funding to meet the needs of employers and learners.
- More funding could be linked to positive outcomes; not just achievement of qualifications but progression into sustainable jobs and careers.
- New intervention powers and strategic conservations with the ESFA (Education and Skills Funding Agency).
- Funding simplification and multi-year funding (possibly funding allocations for two to three years).
- Specific requirement to strengthen governance

(v) Supporting outstanding teaching – proposals include:

- National recruitment campaign for teachers.
- Initial teacher education based on employer-led standards.
- High quality professional development tailored specifically to people delivering apprenticeships.

In respect of Governance, proposals include:

- clear expectations around the recruitment and development of Board members, Principals and senior leaders.
- Establishment of a framework of skills and competencies for Board members.
- New requirements for Board self-assessment and external reviews of governance.
- Support for Boards to build a more diverse membership.

In summary, the White Paper recognised the vital role of colleges and outlines a clear future for the sector, but the focus is more on post 18 education than 16-18 learners and there is little mention of apprenticeships. There is also little mention of the lower level programmes for adults which provide stepping stones to Level 3. The White Paper fails to address the difficulties colleges face with competition from school sixth forms, or funding. Higher technical skills are the most difficult areas to recruit to and until there is a levelling up of the funding for the sector, which will enable staff to be paid at similar levels to the salaries paid in schools, it will be difficult for the College to respond to the proposals in the way that it would like.

Arising from the discussion a Member asked how the requirement to engage with local employers and other anchor institutions across the region would work in practice. The Principal responded that the College would start with its existing links and strengthen those. Colchester Institute works with over 770 apprenticeship employers and engages with a number of employers in other areas such as full cost work. The College also has connections through One Colchester and the Haven Gateway Partnership.

PART I

1. **Apologies for absence**

Apologies for absence were received from Tyler Burgess, Peter Cook and Mark Davies.

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

None.

3. **Agreement to Starred Agenda Items**

Governors were invited to indicate any items which they wished to star for discussion or question. No additional items were starred.

4. **Minutes**

The Minutes of the meeting held on 16th December 2020 (CIC/21/1/1) were received and approved as an accurate record.

5. **Matters arising from the minutes**
None, other than on the agenda.

6. **Principal's Report**
The Board received and noted CIC/21/1/2, Principal's Report – January 2021.

7. **Reports from Committee**

7.1. **Curriculum and Quality Committee**
The Chair of the Curriculum and Quality Committee gave an oral report on the main items of discussion at the meeting held on 27th January 2021. It was reported that:

- Current learner performance was generally good and there were no significant areas of concern.
- Student attendance was beginning to shows signs of a decline and measures had been put in place to address this. At the time of the Committee meeting attendance was at 89.6%, well above the threshold (80%) where achievement was likely to be adversely impacted.
- Significant resources had been put in place to support online learning.
- An internal review of UCC's online and/or blended academic provision was due to take place in early February. The purpose of the review, which follows the receipt of a letter by the OfS (Office for Students) to the sector in January 2021, was to give assurance that the provision was meeting students' learning outcomes and was compliant with consumer law.
- The OfS had moved its position in respect of in-principle student refunds, and that providers were encouraged to take an individual approach to claims for a refund as a result of the pandemic.
- Processes had been put in place for mass Coronavirus testing, but there had not yet been an opportunity for 'stress testing' the arrangements to see how the College would cope with increased demand. Up to 1000 tests a day could be needed as the campuses reopen.

The Board received and:

- Noted the minutes of the Curriculum and Quality Committee meeting held on 27th January 2020 (CIC/21/1/3).
- Noted the progress against the Quality Improvement Plan (CIC/21/1/4).
- **APPROVED** the Safeguarding Policy (CIC/21/1/5). The changes, which were not significant, reflected changes to statutory duties and best practice.
- Noted the Curriculum and Quality Committee Annual Report to the Board 2019-20.

7.2. **Finance and Resources Committee**
The Chair of the Finance and Resources Committee gave an oral report on the main items of discussion at the meeting held on 26th January 2021. It was reported that:

- There had been a further reduction in sickness absence to a rolling average of 4.6 days per employee. It was considered that as people were working from home they were more likely to continue working as they were able to do so more flexibly. The Committee was also mindful that people were possibly under-reporting. Building on the experience during lockdown, the College would be looking at more flexible working options in the future, which could result in improved staff health and wellbeing as well as a permanent reduction in sickness absence.
- The top reasons for sickness absence were mental ill health and stress. The Committee had looked in detail at the underlying data and felt that the numbers had been skewed by a small number of staff on long-term sickness absence. There was no evidence of any systemic issue.
- There is a Staff Wellbeing Group, which meets regularly, and the College has signed up to the AoC Mental Health Charter. An action plan to build on the current approach to mental health and wellbeing for staff was being developed. The Finance and Resources Committee would continue to monitor this area.

- The operating surplus at the end of December (Period 5) was 19% ahead of budget. This was despite a reduction against budget (£200K) in respect of income from commercial activity as a result of the lockdown and the uncertainly over when these activities will recommence.
- The surplus for the year to date (£100k) did not take into account any additional funding in respect of the over-recruitment of 16-19 learners this year. The Executive Vice Principal: Finance and Corporate Development updated the Board on an announcement from the ESFA in respect of in-year growth funding, and reported that the College might receive as much as £300k in March. It was hoped that this would be confirmed in the next few days, and would inform the Period 6 Management Report and Accounts.
- The cash position was better than it had been for a number of years at this time of the year (March being a traditional low point). The cash flow forecast did not take account of in-year 16-19 growth funding, capital receipts, or the receipt of the Lennartz VAT refund. The FE Capital Allocation funding, which originally had to be spent by 31st March, could now be phased over a longer period after the deadline was pushed back to September 2021.

It was reported that since the meeting of the Finance and Resources Committee on 26th January, Barclays Bank had advised the College that it had failed to meet one of the loan terms within the bank's standard general terms referenced by the loan documentation. Although the College had met all the specific financial loan covenants, the valuation of the defined benefit pension scheme had put the balance sheet into a negative position, breaching a general term of the loan. The College had been in a similar situation in 2016 and the Bank had not raised it as an issue. On this occasion the Bank has advised that it will issue a waiver and that it is their intention to change the terms of the agreement and strike this out. The Bank will also take the opportunity to amend the financial leverage covenant (currently x5) to bring it in line with their standard terms (x3). This will be phased in over three years. The Executive Vice Principal explained that under the current terms, the threshold for a breach is a loss in excess of £1.5m on the operating position. When the College moves to the standard terms that threshold would reduce to c£0.75m. This would increase the risk of a breach, but the risk would reduce year on year as the loan is repaid. Governors were reassured that in the previous ten years the College had never reached that position. Governors were reminded that the interest rate was increased in 2017 when the College had breached a financial covenant, and was currently 6.9%. The Bank was not looking to change the interest rate on this occasion as this was not a breach of a specific financial covenant. The Chair of the Finance and Resources Committee said that as Colchester Institute's financial health improves the College should try to get the interest rate reduced.

The Board received and:

- Noted the minutes of the Finance and Resources Committee meeting held on 26th January 2021 (CIC/21/1/7)
- Noted the Management Report and Accounts December 2020 (CIC/21/1/8)
- **APPROVED** the Public Sector Decarbonisation Scheme (Salix) funding application and noted the progress and project risk (CIC/21/1/9). Governors noted that extra work was being undertaken at the same time and that there was a potential College contribution of £400k (previously £200k) as a contingency sum for asbestos removal. The Finance and Resources Committee will be kept informed of the how the asbestos work is being undertaken.

7.3. **Remuneration and Search Committee**

The Chair of the Remuneration and Search Committee gave an oral report on the main items of discussion at the meeting held on 9th February 2021. It was noted that the Minutes of the meeting would be made available on the Portal, as part of the papers for this meeting, once approved by the Committee Chair.

It was reported that the Committee had discussed ways of making meetings more efficient, to give Governors more time to focus on the important issues. Measures include:

- the introduction of the starring of agenda items.

- written reports from Committee Chairs (which it was hoped would be in place for the April Board meeting), summarising the key points.
- At the end of each meeting a review of its effectiveness. This will give Members an opportunity to discuss what went well, provide feedback on the papers presented to the meeting, and agree the key points to bring to the attention of the Board.

It was reported that some Members had expressed a preference to receive Board papers as one combined pdf, rather than individual files. In future, papers will be added to the Portal as they are available, but will also be published as one pdf document.

On the recommendation of the Remuneration and Search Committee, the Board **APPROVED** the appointment of Jenny Thorpe as a co-opted member of the Curriculum and Quality Committee for a four year term office 10/02/21 to 09/02/2025.

8. **Risk Management**

8.1. **Corporate Risk Register**
The Board received and considered CIC/21/1/11, Corporate Risk Register – Strategic Risks (last updated 02/02/2021). The Principal reported that each member of the College Executive has ownership of specific strategic and operational risks (risk owner), and the Corporate Risk Register is reviewed on a monthly basis at a meeting of the College Executive. During the most recent review a small number of risks had been changed from operational to strategic risks, and some risk ratings had been revised. The Principal reported briefly on each of the strategic risks:

- **An inability to return the College to 'Good' Ofsted grade by 2022** – this was perceived to be the highest risk. Very strong improvements in learner outcomes in 2018/19 were maintained in 2019/20 and were reflected in a very positive monitoring visit in December 2019, but these good results are now getting further into the past. Ofsted Inspections have been delayed as a result of the pandemic and when they do resume it will be very difficult for Inspectors to make secure judgements on outcomes of the previous years. This is creating uncertainty over the way in which inspections will take place going forward, which is a significant concern.
- **Failure of Capital Project** – the Public Sector Decarbonisation Scheme capital project has its own risk register. Key risks from the project risk register feed into the Corporate Risk Register.
- **Significant reduction in FE student income** – under the lagged learner funding methodology the College will benefit next year from the recruitment of additional 16-18 students this year. The College was currently projecting that it would achieve 69% of its Adult Education Budget this year. This could fall further, depending on when and how the College is able to reopen, and the appetite of learners to return to campus.
- **HE Applications Risk –** application numbers were in line with the previous year but it was too early to know how student behaviour might be affected by the current climate.
- **Staff recruitment problems** - the College still had vacancies which it was struggling to fill, particularly in maths.
- **Increased competition** – the controls were noted.

8.2. **Identification of Key Risks**
Governors put forward the following risks for consideration at the forthcoming meeting of the Risk Management Committee:

- Cyber security – it had been reported at the AoC Conference earlier that week that a number of colleges had been the target of a cyber-attack and the average cost of an attack was £3.1m. The Executive Vice Principal: Finance and Corporate Development reported that cyber security was on the risk register as an operational risk, and was currently the fourth highest risk on the register. The Board noted the projects that were underway to reduce that risk. The detailed discussion is recorded as a separate, confidential, minute.

- Concern over the administration of the defined benefit pension scheme and the potential impact on the College if it continues to underperform.

A Governor expressed surprise that cyber security was considered to be an operational risk, given the potential impact on the organisation. It was noted that the Audit and Risk Committee receives the full Corporate Risk Register at each meeting, and AGREED to ask the Committee to review how the risk are categorised.

ACTION: The Audit and Risk Committee to review the risk register at its next meeting (10/03/21) and agree which risks are operational and which are strategic.

In respect of the pension scheme, the Executive Vice Principal: Finance and Corporate Development reported that the Essex Pension Fund had published its annual report on its website which states that at the time of writing (October 2020) the value of the fund had returned to pre-pandemic levels. The valuation for the College's accounts had been undertaken in July 2020 when the stock market was performing less well, and it was anticipated that there would be a positive improvement in the 2021 valuation. The risk could be recognised on the Corporate Risk Register, but it would be difficult for the College to monitor or control.

In the context of the earlier discussion in respect of the breach of a general term of the loan agreement as a result of a valuation of the pension scheme at a point in time (31 July), a Member questioned whether the latest information on the value of the Essex Pension Fund should be referred to the bank. The Executive Vice Principal: Finance and Corporate Development confirmed the he had advised Barclays by email that the fund had recovered. This had not been accepted by the Bank as compliance with the terms of the loan agreement is measured by the annual accounts.

The Chair drew the discussion to a close by asking Governors to reflect on this further outside the meeting and to notify the Chair or Clerk of any other risk areas that they feel should be considered.

ACTION: additional risks for consideration at the forthcoming meeting of the Risk Management Committee to be emailed to the Chair or the Clerk by Friday, 26th February 2021.

9. **Review of Effectiveness of Meeting**

The Chair led a discussion on the effectiveness of the meeting. There was general agreement that the new format for meetings was a good way of working. Members were invited to provide further feedback to the Chair outside the meeting.

10. **Date of Next Meeting**

The next meeting of the Corporation Board is on Wednesday, 28th April 2021. It was **AGREED** to move the meeting from the morning to the afternoon, with a Board briefing at 4.00pm, followed by the Board meeting at 4.30pm.

11. **Any Other Urgent Business**

11.1. **Topics for future pre-Board briefings**

Governors were invited to put forward suggestions for the next pre-Board briefing. A Member asked about the timetable for the FE White Paper and whether further information might be available at the next Board meeting. The Principal thought April would be too early for an update, but that an update might be possible at the July meeting. Other suggestions should be emailed to the Clerk.