

Colchester Institute Corporation

*Minutes of a Virtual Meeting of the Finance and Resources Committee
held on 26th January 2021***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

Apologies for absence were received from Steve Blake and Peter Cook.

2. Declaration of any conflicts of interest

Patrick Giddings declared a conflict of interest in respect of item 11.1.2 - Public Sector Decarbonisation Scheme (Salix) – Tender Recommendation – and did not take part in the discussion or decision.

3. Minutes

The Minutes of the meeting held on 25th November 2020 (CIC/FR/21/1/1), were received and approved as an accurate record.

4. Matters Arising from the Minutes

None, other than on the agenda

5. HR Management Information Reports

CIC/FR/21/1/2, HR Management Information – Quarter 1 (1 September 2020 – 30 November 2020), was received and considered. The Director of Human Resources reported that once again there were considerable variances to what would normally be expected in some areas due to the current pandemic. Governors attention was drawn to the following headline data:

- The College's flexible workforce had reduced by 2% to 30% of its total, but was still above the sector average.
- Core staff headcount continued to reduce (from 655 to 640).
- There was an 8% reduction in the number of hourly paid staff (from 250 to 230).
- Turnover had reduced to 10.86%.
- Sickness absence had reduced significantly to 2.15%, almost half the reported absence rate for Quarter 1 2020 (4.12%).
- The top three reasons for sickness absence were mental ill health, serious illness and stress.

It was reported that the sector benchmark data related to 2018/19 (the most recently available data).

Governors asked what impact the reduction in staff numbers was having on the College. It was reported that this was a positive position, with many of the reductions in support areas. Two reasons were put forward for this:

- various business transformation projects had streamlined processes, reducing the number of support staff roles in some areas. No staff had been made redundant as a result of this, but there had been some non-replacement of roles.
- the College has been largely working in a more flexible way since March 2020, with some staff on furlough for quite long periods. Posts had not been immediately filled as they became vacant.

Governors asked if there was an optimum number of support staff. It was reported that a smaller percentage of support staff is always ideal. Informal benchmarking suggests that other colleges may be leaner in terms of their support staff, but a balance has to be achieved. The College's risk appetite has to be considered, and as an organisation it needs to ensure it has enough staff to deliver key tasks including compliance with funding regulations. The College needs to improve business processes and invest further in new technology to reduce the administrative burden. Governors suggested that it might be useful in the future to have a target ratio for each type of work. This would help the Committee to understand which areas were doing well in terms of achieving their optimum number of staff.

Governors asked why the College's flexible workforce was so much higher than the sector benchmark and were advised that this was largely historical. Governors asked if an over-reliance on flexible staff was a risk for the College and were advised that it could have a negative impact on quality. The Director of Human Resources reported that where there is a long term need for a role, it should be made a permanent role. Governors were advised that the benchmark data should be viewed with caution, as many colleges do not have the breadth of provision as that offered by Colchester Institute. A large number of part time and sessional staff are used to deliver small modules in higher education, where full time staff are not required to deliver such small elements of work. It was reported that a few years ago the College had offered Learning Support Practitioners permanent fractional contracts, but the take up was low (only around half of the 25 posts the College was looking to fill). The Executive Vice Principal: Finance and Corporate Development reported that the financial position also needed to be considered. The College was still accruing in respect of potential additional holiday entitlements for part time hourly paid staff, subject to a court ruling in 2021 (*Brazel v Harpur Trust*).

Absence due to mental ill health and stress was discussed. Governors noted that the figures were distorted by a small number of staff on long-term sickness absence, and that there did not appear to be a systemic issue. Governors asked about the general approach to wellbeing, and were advised that the College had established a wellbeing staff group, which met regularly. The College had signed up to the AoC (Association of Colleges) Mental Health Charter and was working through a detailed action plan to build on the current approach to mental health and wellbeing for staff. The Director of Human Resources thought that more staff were feeling anxious, depressed or stressed, but because they were working more flexibly and at their own pace from home this was not coming through in the sickness absence figures. Governors felt that that was not necessarily a good thing and that the College should be letting staff know that even if they are still working Colchester Institute is still interested in their mental health. This may make a difference in terms of getting people back to work successfully as the country comes out of the pandemic.

Governors noted that operation/post op recovery no longer appeared in the top six reasons for absences, and questioned if this was because surgery was no longer taking place, or because post op recovery was not impacting on their ability to work from home (for example knee surgery). The Executive did not have any details, but felt that there were fewer operations over the last year. The Principal acknowledged that going forward the College will have a different approach to people working more flexibly which will reduce absence. The College will be developing a policy on this.

6. **HR Operational Plan**

CIC/FR/21/1/3, HR Key Priorities – Update on Progress, was received and presented by the Director of Human Resources. Governors' attention was drawn to the following:

- Good progress was being made in respect of the upgrade to Select HR.
- The College needs to enhance leadership and development delivery, and consideration was being given to the reinstatement of the Leadership and Development Manager role in the HR structure.
- The College was still at a very high level of compliance in respect of the Single Central Record and safeguarding.
- The College was piloting a Level 5 apprenticeship in Learning and Skills Teacher.
- Good progress was being made in respect of reviewing and updating key HR policies.
- The College had successfully recruited to the previously hard to fill roles in maths and English and had candidates for some of the other eight hard to fill roles.

Governors asked about the capacity of the HR team to support the Director of HR in delivering the HR Operational Plan and were advised that the College Executive were looking at a restructure within HR, and potentially a more senior post in particular in Learning and Development to further support the Director.

The Director of Human Resources left the meeting.

7. **Principal's Report**

The Principal presented her written report (CIC/FR/21/1/4). It was reported that:

- The biggest area of concern was the need for clarity on how this year's qualifications would be awarded. A clear communication had been sent out to students and their parents the previous Friday advising them that, unlike last year when work after late March was not taken into account when awarding grades, that work that students were currently doing will count towards their final grades. The biggest challenge would be keeping students engaged, particularly those students on practical programmes.
- The College had not yet been invited to bid for devices under the Government's 'Get Help with Technology' scheme. Despite a significant roll out of loan devices to students, there were currently still about 25 students waiting for devices.
- It was now unlikely that a Youth Zone for the town would be sited on the Colchester Campus as it would be deemed too distant from the area of greatest need for such a facility.
- The programme for the Learning and Teaching Development Day (9th February) would be circulated to Governors when published.
- Applications, offers and acceptances were all up compared to the same time in the previous year.
- About 80 members of staff were currently furloughed either fully or flexibly.
- FE and HE student attendance had been RAG rated Amber. The longer the period of remote learning, the more likely it was that attendance would be impacted.
- The Adult Education Budget had been RAG rated Red due to lost opportunities to enrol adult students this term as a result of the campus closures. It was anticipated that the summer term programmes would run and the College would achieve 80% of what it had planned to deliver this year.
- New apprenticeship starts were on target.

8. **Management Report and Accounts**

CIC/FR/21/1/5, Management Report and Accounts December 2020 [Period5], was received and presented by the Executive Vice Principal: Finance and Corporate Development. It was reported that:

- The operating surplus to date was 19% ahead of budget
- Income to date was 1% ahead of budget
- Pay costs to date were underspent by 1% compared to the budget
- Non-pay costs to date were underspent by 8% compared to the budget.

- Reductions in full cost income, lettings income and campus sales were forecast for the second half of the year.
- There were concerns over the Other Income Line (restaurant sales etc) as commercial activity was not expected reopen until after Easter.
- An operating surplus of £100k was expected to be achieved by the end of the year. This did not include any in-year 16-19 growth funding. It was understood that any in-year growth case would be paid in March, and discussions with the AoC (Association of Colleges) suggest that the College might expect to receive between £300k and £400k.

Governors questioned management on the loan facilities, and the reference in respect of consideration of an overdraft facility. Governors were reassured that the College was not seeking an overdraft, but that when the College achieves 140% security on loan, Barclays have previously suggested this would allow them to consider a short term facility should it be needed.

Governors noted that the forecast cash flow did not include the receipt of the repayment of Lennartz VAT payments and concluded that the cash flow position was acceptable.

It was reported that the rules around spending the £1.2m capital allocation received in November to improve the condition of buildings had been relaxed. The deadline had been 31st March, but spending could now be pushed back to September 2021. The expenditure was currently shown in the forecast in March and April but the contract is no longer under time pressure.

Governors questioned management on an apparent anomaly in apprenticeships. Business Delivery – Engineering and Motor Vehicle was 9 below target for new starts but significantly below the funding target, whereas Professional Development Programmes was 101 below target for new starts but only £21k below the funding target. The Executive Vice Principal agreed to look at this and respond outside the meeting. It was reported that the funding figure includes not only in year starts, but carry-in starts from previous year and some areas were likely to be struggling to retain learners from previous years. Also some courses generate more funding than others.

The schedule of debtors and creditors was considered. It was reported that good progress was being made in respect of some of the longer term debt with the Student Loan Company.

Governors asked about the main areas of concern and were referred to the updated financial risks and mitigations table. The College was currently forecasting that it would use 79% of the AEB funding allocation. Under current tolerance arrangements about £400k would have to be repaid. The tolerance level was relaxed last year because of the pandemic, and there was uncertainty over the tolerance levels for this year. The College was not currently forecasting a clawback of AEB funding, but it was noted that AoC are currently in discussions with ESFA.

9. **Finance Record Return 2019-20**

CIC/FR/21/1/6, Finance Record Return 2019-20, was received, considered and approved.

10. **Property Issues**

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

10.1. **Public Sector Decarbonisation Scheme Bid**

The Executive Vice Principal: Finance and Corporation Development introduced this item with a presentation outlining the aim of the scheme and the project progress.

10.1.1. **Update on Scheme**

The Committee received and considered CIC/FR/21/1/7, Update on Public Sector Decarbonisation Scheme (Salix). It was reported that:

- The College's application for £3.754m to replace old gas boilers and replace the Crittall windows in B and D blocks with double glazing had been approved.
- The Borough Council had advised that a planning application was not required for building modifications.
- The invitations to tender for contractor had been issued on 4th January 2021 and work was underway for the procurement of the professional team.
- The project would run until the October half term.

Governors' attention was drawn to the main project risks. It was reported that the original cost projection allowed for some contingency (such as asbestos removal) but this had to be removed as the scheme could not support costs that do not contribute towards energy efficiency savings. There are opportunities to reduce the cost of the main project, such as through quantity discounts on the purchase of windows and radiators. In response to a question it was confirmed that the funding is assured providing the College can evidence the efficiency savings.

Governors had asked about the risk in respect of asbestos at the last meeting and had been advised that the risk was minimal at the point of refurbishment as the project only touches the façade of the building. In this context, the Committee questioned the level of potential contingency that the College may need to contribute (£400k) and whether there was anything that the Board needed to be aware of. It was reported that this would depend on the scope of the work and the result of the contractor's asbestos survey. Part of the tender process includes asking how the project will be delivered without disturbing asbestos. The College was also looking at what else could be done to improve the environment as part of the project, mindful of the need to prevent project creep. Suggestions include refurbishing the hair and beauty salon.

It was reported that a price for an asbestos survey had been agreed earlier that day. A key element would be the replacement of a window under trial conditions by an asbestos consultant to ascertain where asbestos is and ensure the cost plan is robust. Noting that asbestos was always a consideration when undertaking projects in these buildings, Governors suggested that using the savings from the bulk purchases to remove the asbestos now would be an investment in the future. It was reported that the College did not have the financial capability to do that because the costs would be so high. It would also take months to complete the work.

The Committee APPROVED the Public Sector Decarbonisation Scheme (Salix) funding bid.

10.1.2. **Tender Recommendation**

The Committee received and considered CIC/FR/21/1/9, Public Sector Decarbonisation Scheme (Salix) – Tender Recommendation. It was reported that the bids had been assessed by an independent third party and the recommended contractor had worked with Colchester Institute in the past with satisfactory outcomes.

The Committee APPROVED the appointment of Cadman Construction Limited as main contractor for the Public Sector Decarbonisation Scheme project.

10.2. **Update on FE Capital Allocation**

It was reported that the College was on track to spend the FE capital allocation by the extended deadline. Projects had been grouped and included the renewal of high voltage apparatus and the replacement of the roof and windows in C block.

11. **Review of Meeting**

It was agreed to bring the following matters to the attention of Members at the next Corporation Board meeting:

- Sickness absence rates and staff wellbeing
- Management Report
- What Governors can expect to see on campus as a result of the Public Sector Decarbonisation Scheme Bid

12. **Date of next Meeting**

Tuesday, 23rd March 2021 at 4.30pm

13. **Any Other Urgent Business**

13.1. **Vice Chair**

The Corporation Chair reminded Members that they were will still looking for someone to take on the role of Vice Chair of the Finance and Resources Committee.

13.2. **AoC Annual Conference**

The Principal reported that she had emailed Governors earlier that day with information on the AoC Annual Conference. Governors interested in attending the Conference were invite to submit an expression of interest to the Principal.