

**COLCHESTER INSTITUTE CORPORATION**

***Minutes of a virtual meeting of the  
FINANCE AND RESOURCES COMMITTEE  
held on 14<sup>th</sup> July 2021***

**Present**

Richard Wainwright, in the Chair                      Steve Blake  
Alison Andreas    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 Jasmin Patel.

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

None.

**3. Agreement to Starred Agenda Items**

Members were invited to indicate any item which they wished to star for discussion or question. Items that were not starred were noted and/or approved by the Committee without discussion.

**4. Minutes**

The minutes of the meeting held on 23<sup>rd</sup> March 2021 (CIC/FR/21/4/1) were received and approved as an accurate record.

**5. Matters Arising from the Minutes**

**5.1. College Strategy in respect of Flexible Working**

The Director of Human Resources updated the Committee on the College's strategy on flexible working. It was reported that work on the strategy, which links with a wider 'Shaping the Future' strategy, had been delayed by the cyber security incident. The Flexible Working Policy had been completely rewritten and includes as an appendix an updated Remote Working Policy. All staff that have been employed by the College for at least 26 weeks have a legal right to request flexible working. The College's policy goes beyond the statutory requirement and enables someone to apply to work flexibly even before they start with Colchester Institute. The aim of the Remote Working Policy is to give people the opportunity to work from home if their role allows, and to ensure that there is a consistent approach to remote working across the College. Guidelines will be put in place around the expectations and the rights of managers to manage their areas to meet the needs of students. The policy is a first step towards a culture change and fuller agile working in the future. It was reported that the draft policy had been positively received by the Trades Unions.

In response to a question, it was confirmed that the College policy was based on best practice in other colleges and institutions and the positive elements of the College's experiences of remote working during the pandemic, for example, it was much easier for part time workers to attend meetings and training. The policy is role dependent and will be more difficult to implement for staff

in student facing roles, but there should be flexibility for teaching staff to carry out some elements of their role off site if they wish to do so.

## 5.2. **Salary Benchmarking Data**

It was reported that the HR Team had been collecting benchmark data in preparation for a workforce planning meeting due to take place on 15<sup>th</sup> July 2021. As no national benchmark data was available, HR staff had investigated advertised salaries for different types of College roles. The Director of Human Resources summarised the key findings:

- Trade roles – the average pay for a brickwork role (£49k to £51k) is £11k above that paid to lecturers in receipt of a skills supplement. Other advertised trade roles appear to be more comparable to the salaries paid by the College (with the skills supplement).
- English and maths – average pay is competitive with that of other FE colleges, but around £4.5k less than school teachers. The average salaries of other FE lecturer roles are competitive.
- HE lecturers are paid the same as FE lecturers (c.£36k) and are not competitive, particularly compared to the local university which pays up to £49k.
- LSPs (Learning Support Practitioners) and PDTs (Progress and Destination Tutors) appear to be competitively paid, based on very limited data.
- Business support staff – some roles are significantly below average benchmark salaries within a 50 radius. A number of ILT roles are £10k or more below benchmark and key roles in Finance are on average £6.9k below benchmark. HR roles are also paid less than comparative roles in other institutions.
- Staff benefits compare favourably, particularly annual leave.

Governors asked if there had been any reaction to the announcement of a salary increase for all staff and were advised that the Unions welcomed the decision and the feedback from staff was generally positive.

## 6. **Chair's Action**

It was noted that the Chair had approved (18/06/21) the College's Post 16 Capacity Fund Bid. The bid was in line with the parameters agreed by the Corporation Board at its meeting on 02/06/21. It was reported that the prospectus had indicated that the outcome would be announced during July, but this had now been pushed back to an unspecified date in the autumn term. This delay could be problematical as the bid was predicated on the work (removal of a wall to reconfigure unusable teaching spaces in Block B) being carried out when the area was in a state of rebuild as part of a separate project. If the bid is successful the College Executive will see what would be possible, but would hope not to have to turn down the funding.

## 7. **HR Operational Plan**

CIC/FR/21/4/2, HR Key Priorities – Update on Progress, was received and presented by the Director of Human Resources. It was reported that:

- Good progress was being made on improvements to the HR system.
- The Learning and Development Manager role was currently out for recruitment.
- The College still had very high levels of compliance in respect of the Single Central Record and mandatory safeguarding training.
- Usage of the apprenticeship levy for the 2020/21 academic year was projected to be 94%.
- Significant progress had been made in updating and implementing key HR policies. Of the 30 policies, 17 had been published; five were in draft; three were with this Committee for approval; and four were outstanding.
- At the time the report was written there had been 33 live vacancies, with ten in hard to fill roles. Of the hard to fill roles the College had successfully recruited a Lecturer in Electronic and Electrical Engineering and Course Leader in Health and Social Care.

- The College had just achieved Level 3 Working Well Accreditation, the highest level, for its support for staff wellbeing.

#### 8. **HR Management Information Report**

CIC/FR/21/4/3, HR Management Information – Quarter 3 (1 March 2021 – 31 May 2021), was received and presented by the Director of Human Resources. It was reported that

- The flexible workforce remained unchanged (29% of total workforce).
- Core headcount was continuing to fall.
- There had been a slight reduction in hourly paid staff.
- Turnover was still low at 12%, although a significant number of resignations had recently been received with staff due to leave during July and August.
- Sickness absence had started to increase and was now slightly above the sector benchmark. This increase was expected to continue with the return to more normal on campus working arrangements.
- Overall, there had been an additional 395 days sickness during the quarter. The top reason for absence was colds/flu (short term absence) and muscular skeletal (long term absence).

The Committee noted that although staff turnover had risen and will continue to rise, it was still below the sector average.

The Committee noted that there had been a big drop in the number of volunteers and asked to what extent the College used volunteers, and why the numbers were dropping. It was reported that volunteers predominantly work in the Learning Shops, the areas most affected by the pandemic and the cyber-attack. There will be a significant change of strategy in the Learning Shops from September 2021, and this fall in volunteer workers may not be reversed.

Governors asked how the College differentiates absence due to mental ill health and absence due to stress and were advised that it is dependent on how staff self-report or what the doctor puts on the certificate.

#### 9. **HR Targets 2021/21**

CIC/FR/21/4/4, College Targets 2021/22 – Human Resources, was received and considered. The Committee questioned whether the proposed targets were challenging enough and acknowledged that it was difficult to set a target for sickness absence because it is, to an extent, outside of the College's control – even more so during a pandemic. The Principal responded that the sickness absence target for 2021/22 was slightly higher than that actually achieved in 2020/21 in anticipation of a more normal year next year. Next year could be a particularly challenging year in terms of people taking time off due to the pandemic and without opportunities for people to work as flexibly as they would like from the start of the new academic year. The dip in absence rates started when people were working entirely remotely and had been creeping up with the return to on campus working.

The Committee noted that a target had yet to be set for time taken to fill vacancies (data on which to base the target was still be collected at the time the paper had been written) and asked what a reasonable timeframe would be for this. It was reported that the national benchmark for the time between placing an advert to hiring a new worker is 27.5 days compared to the College average of 28.56 days. Although the College is close to the national average, some vacancies are filled very quickly whilst others are still vacant after 150 days. The cost per hire is estimated to be £3k, which is in line with the national benchmark, although there are additional training costs associated with the recruitment of unqualified teachers. Some managers take too long to shortlist applicants, and this is an area where the College could have an impact. The College like to set a target to reduce the time taken to fill a vacancy by two days.

The Committee questioned whether the target for pay costs as a percentage of income was in line with the Budget 2021/22. It was reported that the target was lower than the budgeted figure. The College Executive were hoping to better the budgeted position by increasing income.

The Committee **recommended the HR Targets 202/21 to the Board for approval.**

#### 10. **Policy Review**

The Committee received, considered and **agreed to recommend to the Board for approval:**

- Adoption Leave Policy and Procedure (CIC/FR/21/4/5) – the most significant change was in respect of the Contractual Adoption Pay which now mirrors Contractual Maternity Pay.
- Paternity Leave Policy and Procedure (CIC/FR/21/4/6)
- Shared Parental Leave Policy and Procedure (CIC/FR/21/4/7)

The Director of Human Resources left the meeting.

#### 11. **ESFA Correspondence**

CIC/FR/21/4/8, ESFA Correspondence (financial assessment letter and finance dashboard), was received and noted. The Executive Vice Principal: Finance and Corporate Development reported that 2019/20 was a one-off year. It had been adversely affected by both the pandemic, which impacted the income/expenditure position, and the need to recognise the income in advance of the sale of land at Braintree, which adversely impacted the current ratio. This year cash has more than doubled, and the College was in a much better financial health position as a result of an improved trading position.

The Committee:

- noted from the letter that the ESFA (Education and Skills Funding Agency) had not identified any significant financial control concerns from their review.
- noted the continuing impact of the long-term debt on the College's financial position compared to other institutions in the sector.
- were surprised to note that over 60% of further education colleges were graded outstanding or good for financial health.
- noted that Colchester Institute could potentially achieve good financial this year and in 2021/22.
- noted that the College's staff costs as a percentage of income had declined significantly between 2015/2016 and 2018/19 before rising steeply again. It was reported that the increase was due to the fall in income associated with student numbers rather than a rise in staff costs. It also reflected the increase in pension costs over the last two years (30% on-cost charge to a base salary).

#### 12. **Monthly Management Report**

CIC/21/4/9, Management Report and Accounts May 2021 [Period 10], was received and considered. The Executive Vice Principal: Finance and Corporate Development reported that the impact of longer term financial strategies were beginning to be recognised. The College had continued to reduce costs, achieving in year savings of £1.3m against budget on a year-to-date basis, whilst maintaining income. It was believed that the College would be £200k short of the 90% threshold for AEB (Adult Education Budget) and an allowance had been made on this budget line for a clawback of funding. The forecast also included additional severance costs in the other employment costs budget line to meet the requirements of the budget for 2021/22.

The Committee Chair referred to a report in the media that colleges will be allowed to submit a business case in respect of AEB funding. It was reported that the College would be able to make a

good business in respect of both Covid and additionally the impact of the cyber-attack. The College can evidence that in the Learning Shops alone, it earned £60k on this budget line in the same period two years ago. Any business case will not be submitted until September and if successful, will be reflected in the figures for 2021-22. In addition, the College was in discussion with its insurers and may be able to claim £60k through the business interruption policy.

The Committee noted that the College was forecasting to achieve good financial health this year. It was reported that the Period 11 accounts were forecasting a cash outturn position of £4.2m and that the cash position at the end of July could be even higher (possibly £5m). This is an over-inflated position. The College received a number of allocations in the year which have not yet been spent and there will be a number of cash outflows early in the new financial year, including £200k clawback of AEB, and £300k which will have to be repaid on three other funding lines. This had been factored into the 2021-22 cash flow forecast.

It was reported that forecasting had been difficult this year due to a number of uncertainties, including the 90% AEB threshold and the Provider Relief Fund for apprenticeships. On expenditure lines, there was uncertainty over whether there would be a clawback against the Discretionary Learner Support Fund.

The forecast cash position at March 2022, a traditional low point, was noted. It was reported that at this stage the full £1.67m Salix monies was included in the forecast, although the College will only spend £1.4m.

The Committee asked if any cash was due from the cash security deposit at the Bank and, if so, whether this had been included into the cash flow forecast to May 2022. It was reported that the restricted sum in the deposit account was included within the consolidated position.

### 13. **Budget 2021-22**

CIC/21/4/10, Corporate Budget 2021-21, was received and presented by the Executive Vice Principal: Finance and Corporate Development. The Committee's attention was drawn to the key points:

- The uplift on the FE funding line compared to the budget for last year (£1.7m) will offset anticipated income reductions, particularly the HE funding line.
- The only uncertainty in the FE line is the Tuition Groups fund, which had not been confirmed yet. As the Treasury has given the Department for Education the same allocation as last year it has been assumed that this fund will be in line with the prior year.
- The budget assumes an increase in campus sales, lettings, other income and full cost provision as the country comes out of the pandemic situation.
- A 2% cost of living pay award was pre-approved at a special meeting of the Corporation Board on 18<sup>th</sup> June 2021.
- Estate costs continue to fall albeit utility costs are increasing.
- Subcontracting costs are falling as a result of less HE subcontracting work.
- Travel costs will be low as the College will continue to hold virtual meetings going forward.
- The projected budget is in line with the 2020-21 budget. The College Executive will do what it can to improve the position in year and achieve good financial health.

The Committee questioned the increase in part time pay costs (£415k) and were advised that the majority of this increase (£380k) was to support the Tuition Groups allocation. In 2020-21 the College had been able to use staff who could not be deployed in other ways to deliver the Tuition Group allocation. With the College planning for normal delivery on site next year, these staff will be fully occupied with core delivery. A number of new staff will be recruited specifically to deliver this funding allocation.

The Committee questioned the increase in salaries for HR. It was reported that the HR line includes miscellaneous costs including some additional enhanced pension costs for Braintree pensioners and an accrual for part time hourly paid holiday pending the outcome of an ongoing court case.

It was **AGREED to recommend the Corporate Budget 2021-22 to the Board for approval.**

14. **College Financial Forecasting Return**

The Executive Vice Principal: Finance and Corporate Development reported that good progress was being made in completing the new College Financial Forecasting Return. The main difference between this return and the previous three-year financial plan is that it covers 48 months and the income and expenditure, balance sheet and cash flow have to be completed for every month of the plan. Because it is an integrated model, profiles need to be entered based on historical trends. The model is very similar to the budget, but the closing position might be slightly different due to the way it looks at the profiles.

15. **Property Issues**

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

15.1. **Salix Project**

Expenditure was currently £200k below the worst-case position. Work had started on the removal of windows, with the asbestos team working ahead of the builders who will install the new windows. Work was currently taking place on the 4<sup>th</sup> floor, and the ground floor was being cleared. The Hair and Beauty salons will be decanted to the Colne Bistro on the ground floor of CH&FS. The College has had to complete a funding change form advising Salix that the project end date will need to be extended.

15.2. **The Minorities**

Phases two and three of The Minorities dilapidations work would be completed within the next two weeks. Completion of this work would enable the College to start the sign-off and surrender of the lease.

15.3. **Braintree Campus**

The College was still in discussions with the mast operators over the relocation of the equipment.

The demolition to the rear of Block B was going well. Some of the walls are not supported and remedial work needs to be agreed to complete this project. The Executive Vice Principal was due to attend an emergency meeting at the Braintree campus the following day.

15.4. **Capital Transformation Fund Bid**

The College had received confirmation that morning that the ESFA would not be taking forward its Capital Transformation Fund Bid on the grounds that other colleges were in a more critical condition. The College had asked for £4m to demolish the old nursery building and Q block and create a new green energy centre and sustainable construction centre. The Executive will need to consider what it can do to provide what will be needed going forward, including a new brick workshop to accommodate the increase in demographic numbers.

16. **Fee Policies 2021-22**

The Committee received, considered and agreed to **recommend to the Board for approval:**

- FE Fees Policy 2021-2022 (CIC/FR/21/4/11)
- International Fee Policy 2021-2022 (CIC/FR/21/4/12)
- UCC Fee Policy 2021-2022 (CIC/FR/21/4/13)

- Employer Co-investment Policy 2021-22 Levy and Non-Levy paying Employers (CIC/FR/21/4/14)
- Subcontracting Policy 2021-2022 Apprenticeships and Adult Education Budget (CIC/FR/21/4/15)

The policies had been reviewed and updated in line with changes to funding rules and regulations.

The Committee's attention was drawn to the Subcontracting Policy 2021-22, which incorporated the College's strategy for using subcontractors. It was reported that the ESFA want to see a reduction nationally in subcontracting. This has been driven by the misuse of subcontracting by some organisations who appear to be claiming funding but not necessarily monitoring the quality of the subcontracting arrangements. The College has to clearly state why it subcontracts (the purpose must fit into our strategic aims) and demonstrate robust quality assurance systems in line with regulations. The College currently works with four subcontractors, the largest of these being Learning Curve Group, a national organisation with its own quality assurance processes. Learning Curve are working with Colchester Institute on a five-year strategic plan. Subcontracting is used to share the delivery in areas where the College does not have the expertise itself and Colchester Institute might want to work with other providers in year in niche areas where there is high demand, mainly adult learning.

**17. Update on Strategic Plan One Year Action Plan**

CIC/FR/21/4/16, Update on Strategic Plan Goals (Goals 6, 7, 9 and 10), was received and noted. Progress was as expected six months into the first year of the new strategic plan.

**18. Review of Meeting**

The Committee considered:

- Items/papers to be reported to the Board: update on Salix project; good performance as evidence by the Management Accounts; Budget 2021-22; progress on flexible working; HR targets.
- Items to be treated confidentially: - update on Lennartz and cyber security.
- Effectiveness of meeting and potential areas for improvement: no comments
- Feedback on papers: the executive summaries are particularly helpful

**19. Date of Next Meeting**

Wednesday, 29<sup>th</sup> September 2021 at 4.30pm (virtual meeting).

**20. Any Other Urgent Business**