

Colchester Institute Corporation

**Minutes of a Virtual Meeting of the Corporation Board
held on 15 December 2021**

Present:

Kevin Prince, <i>in the Chair</i>	Irene Kettle
Alison Andreas	Liz Goodall
Lisa Blake	Benda Rich
Olive Campbell-Lilo	Terry Smyth
Peter Cook	Richard Wainwright
Mark Davies	

In Attendance:

Maeve Borges	Vice Principal: Student Services and Support
Gary Horne	Executive Vice Principal: Finance and Corporate Development
Hazel Paton	Clerk to the Governors
Adam Smith	External Auditor, Scrutton Bland (item 7 only)
Jill Wognum	Executive Vice Principal: Curriculum, Planning and Quality

Board Briefing – Skills for jobs white paper: interim guidance on strengthening governance

The meeting was preceded with a briefing from the Principal on the Skills for Jobs white paper: interim guidance on strengthening governance. The presentation covered:

- What the White Papers says (about governance)
- What the new requirements are
- Governance Reviews
- Governance Professionals
- Professional Development
- Other areas of reform (recommended)
- Next steps for our Board

The presentation gave a flavour of the broader White Paper reforms:

- Employers are the heart of post-16 skills – investing in local skills priorities; employer led standards; apprenticeships that work for all employers; FE colleges as centres for business development and innovation
- Advanced technical and higher technical skills – the National Skills Fund; Institutes of Technology; reforms around higher qualifications and higher technical qualifications
- Lifetime Skills Guarantee
- Capital funding to improve and transform college estates
- CPD for teachers

Key to making this happen is strong governance. The White Paper recognises that there is excellence in governance and wants to see consistently high standards of governance. To help Boards start to plan for the new requirements interim guidance had just been published. The final guidance was expected in Spring 2022.

There are three mandatory requirements:

- Governance Reviews – there is now a requirement to formally carry out an annual self-assessment (which Colchester Institute already does) and an external review every three years. There is no

prescribed model. More guidance will be published in due course. Anecdotal feedback suggests other boards are waiting for the final guidance before proceeding. The external review has to be underway by 2023/24, but colleges are encouraged to start this in either 2021/2022 or 2022/2023. The review should be based on the code of governance adopted by the Board and should reflect on impact

- Skills and experience required by governance professionals - must have a qualification relevant to the role, or experience in governance, and continue to update their knowledge and skills
- Professional development for governors – our annual report must include a statement on the development activity of governors and the clerk, including reference to the Board's Learning and Development Strategy.

Other non-mandatory reforms considered to be best practice:

- Competency framework – this is being developed and will set out the skills, knowledge, and behaviours for various governance roles. This will be key to informing our Learning and Development Strategy and plans
- Governance development programmes – run by the ETF (Education and Training Foundation)
- Board recruitment – there will be some specific guidance around board recruitment, succession planning, and proactively addressing diversity and monitoring data.
- Senior Leadership recruitment – advises that independent members should be included on recruitment panels

Next steps for the Colchester Institute Corporation Board:

- Review feedback from the 2021 self-assessment. This was considered at the last meeting of the Governance, Remuneration and Search Committee
- Plan the timing of the external review and who might carry it out
- Consider the training and development needs of individual governors and the Board as a whole
- Establish and implement a training plan, record and evaluate the activities
- Review final guidance when published

Arising from the discussion Governors:

- questioned the research behind this shift in emphasis on governing bodies. It was reported that there has always been a strong emphasis on the importance of governance in Ofsted inspections and in the UK Corporate Governance Code.
- Accepted that these reforms were a good idea in principle but questioned whether they were realistic. Expecting governors, many of whom are in full time employment, to commit even more time would be a challenge.
- Questioned whether anybody had asked governing bodies in a systematic way how they could cope with this. Governance is already examined as part of the Ofsted framework (under leadership and management), and by the ESFA (Education and Skills Funding Agency) and the FEC (FE Commissioner).

PART I

1. Apologies for absence

Apologies for absence were received from Pam Donnelly, Patrick Giddings and Aron Leader.

2. Declaration of any conflicts of interest

None.

3. Membership

The Board **APPROVED** the appointment of Aron Leader and Olive Campbell-Lilo as Student Members for a term of office 15/12/2021 to 31/07/2022. Olive Campbell-Lilo was welcomed to the meeting.

4. **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. Items that had not been starred were noted and/or approved without discussion.

5. **Minutes**

The Minutes of the meeting held on 20 October 2021 (CIC/21/7/1) were received and approved as an accurate record.

6. **Matters arising from the minutes**

There were no matters arising from the minutes that were not covered elsewhere on the agenda.

7. **Report and Financial Statements 31 July 2021**

Adam Smith, Scrutton Bland, Responsible Individual on this audit, was welcomed to the meeting.

The Board received and considered:

- CIC/21/7/2, Report and Financial Statements 31 July 2021
- CIC/21/7/3, Letter of Representation
- CIC/21/7/4, External Auditor's Report to the Audit and Risk Committee

The Executive Vice Principal: Finance and Corporate Development reported that the College had ended the year very positively with an operating surplus of £416k. This was slightly lower than the forecast position due to some additional work undertaken by the External Auditor post year end to validate the year end claim for apprenticeship provision. As a result of this additional work the College had provided for some potential clawback.

The overall financial health of the College had improved over the year as a result of the higher operating surplus and strengthened balance sheet. The key features were cash generated in the year through operating activities and completing on the land sales at Clacton and Braintree. The cash position at year end was £5.6m, £547k of which is held as restricted cash as part of the security arrangements on the long-term loan and is expected to be released in February 2022.

The Lennartz appeal positioning had been the subject of a number of discussions as part of the year end work. This resulted in a disclosure in the narrative to the accounts that Colchester Institute is more likely than not to receive repayment of the Lennartz funds but do not feel that the asset can be recognised at the current time because of the intent of HMRC to argue the position, potentially to the Court of Appeal.

The External Auditor reported that there had been a number of technical issues as part of the audit. They had gone through the Lennartz arrangements and concur with Management's view that recognising the asset at this stage is not appropriate because it does not meet the 'virtually certain' criterion threshold in terms of timing and methodology of receiving those funds.

The External Auditor reported that as a result of enhancements to the International Auditing Standard the emphasis was now on Management and the Board to conclude for themselves using various documentation, typically the budget and financial forecasts, that the Corporation is able to meet its liabilities as they fall due and continue to trade for the next twelve months. The Executive Vice Principal: Finance and Corporate Development had delivered four stress test scenarios, based on the budget approved by the Board, which involved amongst other things a reduction in revenue, and the mitigating actions that would be taken if these events occurred. This had been considered by the Audit and Risk and Finance and Resources Committees at a joint meeting on 10 December 2021. The External Auditor concurred with the Management Team that the going concern assessment remains appropriate.

It was reported that the other provision in the balance sheet relates to dilapidations for leases coming to an end. The External Auditor had reviewed and challenged Management on the process used to determine the amount of provision and believes it to be appropriate.

The External Auditor reported that with the exception of the additional procedures around the apprenticeship audit the audit was in accordance with the plan.

The Executive Vice Principal: Finance and Corporate development drew Governors' attention to the FRS102 defined benefit (Local Government Pension Scheme) evaluation. A £15m increase in the long term liability last year had pushed overall net assets into a deficit position. There had been an improvement in that evaluation in the year (c.£5m) but there was still a long-term liability of £36m and still a negative net asset position.

Governors' attention was drawn to the PowerPoint presentation which the Chair of the Audit and Risk Committee had given to the joint meeting of the Audit and Risk and Finance and Resources Committees on 10 December, which was appended to paper CIC/21/7/14a. Members of the two Committees reported that:

- the accounts had been considered in some detail, particularly going concern
- key issues had been debated in detail
- the accounts are appropriate
- some issues had been raised in respect of the Letter of Representation which had resulted in it being amended following the meeting.

The Letter of Representation was considered. The Executive Vice Principal outlined the key points, and the External Auditor drew the Board's attention to the point about the decision not to recognise the potential VAT asset, the most significant points outside the normal representations.

The External Auditor's Report to the Audit and Risk Committee was considered. Governors were advised that there were some differences to the Letter of Representation appended to the Report and the Letter of Representation presented to this meeting for approval as paper CIC/21/7/3.

On the recommendation of the Audit and Risk and Finance and Resources Committees the Board **APPROVED** the Report and Financial Statements 31 July 2021 and Letter of Representation and **AUTHORISED** the Corporation Chair and Principal and Chief Executive to sign them on behalf of the Board.

8. **Chair's Action**

The Board received and noted CIC/21/7/2, Application of the Seal of the Corporation.

9. **Principal's Report**

The Principal presented her written report (CIC/21/7/6). Governors' attention was drawn to the key points:

- There had been no announcement to date about changes to the funding rate for 16-18 students.
- The requirement to achieve a Grade 4 or above in English and math to pass a T Level has been removed. This brings T Levels into line with A Levels where no such rule applies
- The two Community Renewal Fund bids were successful and were underway. Work was taking place with ESNEFT (East Suffolk and North Essex NHS Foundation Trust) on nine work streams including the launch of the Career Start Programme. A number of the College's Health and Social Care students will have the opportunity to go on a specific pathway to give them additional support and training and a guarantee of a job in one of the hospitals if they succeed in a work placement.
- The College's first Annual Strategic Conversation with staff from the ESFA and FE Commissioner's office had been positive. The College had just received a letter confirming the content of the discussion.

- There had been a positive response to the vaccination bus which had been on campus on Monday and Tuesday that week.
- Governors' attention was drawn to an error in the High Level Performance Targets. The target for HE full time enrolments is 369. Actual enrolment is 389.

Noting the work that the College was doing with ESNEFT, Governors asked if there were opportunities to roll this out to other employers or a consortium of employers in the district. The Principal thought that there would be other opportunities. The College was working on a memorandum of understanding with Mercury Theatre around specific aspects of delivery. The creative digital sector tends to be dominated by smaller employers but a consortium arrangement could be beneficial.

10. Reports from Committee

10.1. Curriculum and Quality Committee

The Chair of the meeting of the Curriculum and Quality Committee held on 10 November 2021 presented his written report (CIC/21/7/7). It was reported that:

- the Committee had spoken at length about Foundation Learners and the difficulties the majority of them had experienced engaging with remote teaching in a less supported environment, which had impacted on achievement rates. When on campus these learners typically have access to a Learning Support Practitioner in the classroom, for example.
- Harlow College, as Lead Provider, had been successful in a collaborative bid on behalf of seven providers, including Colchester Institute. The funding will help support new and inexperienced teachers.
- the Self-Assessment Report 2020-21 had been well received, and the Executive had been congratulated for producing a briefer report than in previous years. The Committee had made a number of suggestions and requested amendments, including more content on Intent and Impact under Quality of Education; more commentary under Leadership and Management on the impact of Teaching and Learning and more detail on the challenges of Covid and support for staff and their wellbeing. The Committee had welcomed the focus on destinations rather than just achievement. There had also been discussion on how good teaching is evidenced now that Learning and Teaching Observations are no longer graded, and the impact of the pandemic on students and their additional support needs as a result of being out of education for an extended period. There have been more exclusions this term than in previous years because of the impact on students' social skills.
- The Committee had reviewed the start of year by type of provision. It is believed that teacher assessed grades have slightly inflated grades across the education system, impacting on colleges and sixths forms. Discussion had focussed on how weaker students were being supported to ensure they are successful.

It was noted that the Access course did not recruit to target this year. It was believed that this was due to competition from universities offering programmes with foundation years. A Member expressed surprise at this and asked if it was the case that the Access course traditionally recruits local people who would not necessarily want to go to university. It was reported that AoC (Association of Colleges) had recently published their review of enrolment into FE colleges which highlighted that Access to HE is in decline nationally, and the decline is in freefall. In response to a question the Executive could not comment on whether the decline was attributable to students going into HE earlier than normal. All the local universities are offering foundation years. It may also be case that post-covid adults are more cautious about leaving fulltime employment.

10.1.1. Minutes

The minutes of the meeting of the Curriculum and Quality Committee held on 10 November 2021 (CIC/21/7/8) were received and noted.

10.1.2. Self-Assessment Report 2020-21 and Quality Improvement Plan 2021-22

The Board received and considered CIC/21/7/9, Draft Self-Assessment Report (SAR) 2020-21 and Quality Improvement Plan.

The Principal reported that the conversation at the Curriculum and Quality Committee had been insightful. The suggestions raised had been considered by the Senior Team and the majority incorporated in the final draft. Once approved the SAR will be submitted to Ofsted.

A Member of the Curriculum and Quality Committee had questioned whether the Braintree Campus should be discussed in the SAR as a distinct geographical location and had accepted the response that it is one College. He therefore questioned:

- why Braintree Campus had been disaggregated in the provider data tables. It was reported that this was data that Ofsted would ask for when they announce an Inspection so they can plan their visit.
- If Ofsted decided to do a deep dive into the Braintree Campus whether they would come up with issues not covered in the SAR. It was reported that this was not a risk. Feedback on Inspections suggests Ofsted will not do a deep dive around a campus, but might do one around a particular subject area and decided to do that at a particular campus.

On the recommendation of the Curriculum and Quality Committee the Board **APPROVED** the Self-Assessment Report 2021 and Quality Improvement Plan.

10.1.3. Policy Review

The Board received, considered, and on the recommendation of the Curriculum and Quality Committee **APPROVED**:

- CIC/21/7/10, Harmful Sexual Behaviour – Peer on Peer Sexual Abuse Further Education Students
- CIC/21/7/11, Dealing with Bullying, Harassment and Sexual Harassment at College, Policy and Procedure for Further Education Students

10.1.4. Update on Strategic Plan One Year Action Plan

The Board received and noted CIC/21/7/12, Update on Strategic Plan One Year Action Plan (goals 1-5, 8)

10.1.5. Link Governor Scheme

The Board received and noted CIC/21/7/13. If they had not already done so, Governors were asked to notify the Clerk of their choice of link area by the end of the week. This would enable the new links to start promptly in the New Year.

10.2. Audit and Risk Committee

The Chair of the Audit and Risk Committee presented his written reports (CIC/21/7/14 and CIC/21/7/14a). There had been two meetings since the last Board meeting – a joint meeting with the Finance and Resources Committee to consider the Report and Financial Statements, and a meeting of the Audit and Risk Committee.

Meeting of the Audit and Risk Committee

It was reported that during the year all four internal audits had received substantial assurance opinions and the annual audit opinion was also substantial assurance. This was the final meeting that RSM had attended, having been the College's Internal Auditor for the last eight years. RSM had seen the College through considerable changes and were very complimentary at what had been achieved in that time. The new Internal Auditor had been asked to present to the next meeting, outlining their strategy and approach, to articulate who they are, and give some horizon scanning and comment on matters to be aware of.

A Member asked if it was possible to have continuity between auditors. It was reported that those discussions had already started. The Executive Vice Principal: Finance and Corporate Development had been working with the new Internal Auditor planning for assignments from January. TIAA had looked back at the programme of work during the time that RSM was Internal Auditor, and the risk register, and considered where to focus their efforts over the first year. They had asked for RSM's reports from the previous two years and any outstanding recommendations not completed, which they will follow up. They have also said that they will talk to RSM if there are any gaps in their knowledge.

A Member said it would be helpful to receive a schedule of audits carried out over the last four years and planned to help visualise the overall coverage. **ACTION: the Executive Vice Principal Finance and Corporate Development** agreed to produce a chart alongside the assurance dashboard.

It was reported that the Internal Audit Plan sets out what the risk-based strategy is for three years. The Audit and Risk Committee will ensure that TIAA are applying that risk-based methodology in a way that is appropriate for the College to ensure that it covers the right things at the right time.

The College had commissioned an independent review of apprenticeship funding during the year. The Committee was concerned that the company that carried out this work had been unwilling to share their papers with the External Auditors. Their argument had been that they were consultants, not auditors. The Committee's view was that the College paid for the work, the information belongs to Colchester Institute and they should have allowed the auditors to see it. As the College extends the audit envelope to specialist providers it needs to ensure that there is agreement that papers are available to our requirements.

Joint meeting with Finance and Resources Committee

The meeting had been technical in nature. As a matter of accuracy, it was confirmed that the Committee had not approved the Letter of Recommendation but was recommending it to this meeting for approval.

The College Executive were congratulated on getting a substantial annual audit opinion, which is not easy to achieve.

10.2.1. Minutes

The minutes of the meeting of the Audit and Risk Committee held on 10 December 2021 (CIC/21/7/15) and joint meeting of the Audit and Risk and Finance and Resources Committee held on 10 December 2021 were not available and will be received at the next meeting.

10.2.2. Papers from Audit and Risk Committee

The Committee received and noted:

- CIC/21/7/17, Internal Audit Annual Report 2020-21
- CIC/21/7/18, Audit and Risk Committee Annual Report to the Board and Chief Executive 2020-21
- CIC/21/7/20, Health and Safety Committee Annual Report 2020-21

The Board received, considered, and on the recommendation of the Audit and Risk Committee **APPROVED:**

- Internal Audit Plan 2021-22
- Data Protection Policy

10.3. Finance and Resources Committee

The Chair of the Finance and Resources Committee presented his written report (CIC/21/7/22).

10.3.1. Minutes

The minutes of meeting of the Finance and Resources Committee held on 8 December 2021 (CIC/21/7/23) were received and noted.

10.3.2. HR Matters

It was reported that

- staff sickness absence was increasing. Average days' absence per employee was now 7 days. There had been a rise in the number of positive Covid cases in line with the national picture.
- There had been 162 leavers in the academic year. The "great resignation" is being seen across all sectors and is expected to continue into 2022.
- A new Head of Learning and Development is in post.

10.3.3. Management Report and Accounts

The Board received and noted CIC/21/7/24, Management Report and Accounts October 2021 [Period 3]. It was reported that income was £607k below budget, which had been offset by savings on expenditure lines. The forecast surplus was £249k against the budget of £129k. The focus needs to be on growing income rather than cutting costs. Cash was in line with the forecast. The debtor and creditor schedules were clean.

10.3.4. Finance Dashboard October 2021

The Board received and noted CIC/21/7/25, Finance Dashboard 2021. It was reported that this document is produced annually and compares the College's performance against its forecasts and to the sector. The College's performance is impacted by the level of debt that it continues to carry, but it is improving. Staff costs as a percentage of income had risen.

A Member asked how the finance dashboard was going to be used. It was reported that it is discussed annually at the Finance and Resources Committee. The Committee looks to see if there are any surprises and considers what can be done to get closer to benchmarks. Some of the numbers have not changed much over the years. The most important use of the dashboard is to inform the College's financial strategies over the longer term. The biggest change is staff costs as a percentage of income. It is difficult to turn this position around quickly but is something that the College Executive is focussing on.

10.3.5. Property Matters

The Executive Vice Principal: Finance and Corporate Development updated the Board on property matters. It was reported that the Salix works were progressing. The final floor of Block B had been handed over that day. Work would start on Block D after Christmas and staff and teaching were beginning to be moved out of Block D, mainly into spaces in Block B. The delays meant the planned completion date of end March will not be achieved. This should not have any financial impact at this stage.

The T Level capital fund had just been published. Proposals in line with a revised master plan would be put to the Finance and Resources Committee in the New Year.

10.3.6. Update on Strategic Plan One Year Action Plan

The Board received and noted CIC/21/7/26, Update on Strategic Plan One Year Action Plan (goals 6, 7, 9, 10)

10.3.7. Finance and Resources Committee Annual Report 2020-21

The Board received and noted CIC/21/7/21, Finance and Resources Committee Annual Report to the Board 2020-21.

10.4. **Governance, Remuneration and Search Committee**

The Chair of the Remuneration and Search Committee presented his written report (CIC/21/7/28). It was reported that the main focus of the meeting was the Governor Self-Assessment. There was a general view that the questionnaire was too long, and needs to be streamlined next year. There also needs to be a way to save data and return to the questionnaire at a later date rather than have to complete in one session. The Committee considered whether the survey was fit for purpose, in terms of presentation, the flow of questions, and whether it could be presented differently for the benefit of other Governors. The Clerk has been asked to explore what other colleges do. The new guidance on self-assessment will need to be taken into account when planning next year's self-assessment. There will be a short follow up survey in the New Year to seek clarification on some of the issues raised. There is clear message from Governors that there needs to be a greater focus at meetings on the learner voice rather than finance. Future meetings will consider the need to commission an external review of governance.

The Board received and noted:

- CIC/21/7/29, Minutes of the meeting of the Governance, Remuneration and Search Committee held on 18 November 2021.
- CIC/21/7/30, Governor Self-Assessment 2020-21
- CIC/21/7/31, Remuneration and Search Committee Annual Report to the Board 2020-21

The Committee Chair reported that the Committee had been looking for a new member with current or recent FE experience to join the Curriculum and Quality Committee as a co-opted member. He was pleased to report that Angela O'Donoghue, currently Principal at South Essex College, was willing to join the Committee when she retires from her current post early in the New Year. The Committee were recommending her appointment as a co-opted member. The Principal outlined the skills and experience of Ms O'Donoghue.

The Board **APPROVED** the appointment of Angela O'Donoghue as a co-opted member of the Curriculum and Quality Committee for a four year term of office. The effective date of the appointment to be agreed with Ms O'Donoghue.

11. **Review of Meeting**

There was a wide-ranging discussion on the effectiveness of the meeting. Governors felt there was still a greater focus on finance and audit matters, and there was a lot of paperwork for this meeting. Governors had welcomed the finance dashboard and asked if that could be used a model to present other data. Governors questioned if it was necessary to receive the minutes of Committee meetings now that Committee Chairs prepare a written report for each meeting, which leads to overlap. Other suggestions included a Board meeting just to approve the statutory accounts and annual processes and another to focus on curriculum matters. The Executive Vice Principal: Finance and Corporate Development suggested a slimmed down version of the Monthly Management Report for Board meetings, with the full version going to the Finance and Resources Committee. There are also opportunities at Committee level, not just within Curriculum and Quality Committee, to look at teaching and learning and quality. The Corporation Chair will look at these points in the New Year.

12. **Next Meeting**

Wednesday, 23 February 2022 at 4.30pm via Zoom. The meeting will be preceded with a Board briefing at 4.00pm

13. **Any Other Urgent Business**

There were no items.