

**COLCHESTER INSTITUTE CORPORATION**

***Minutes of a virtual meeting of the  
FINANCE AND RESOURCES COMMITTEE  
held on 13 July 2022***

**Present**

Richard Wainwright, in the Chair  
Alison Andreas  
Stephanie Bettinson

Richard Block  
Kevin Prince

**In attendance:**

Elaine Hart	Director of Human Resources
Gary Horne	Deputy Chief Executive
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 Steve Blake.

**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 25 May 2022 (CIC/FR/22/4/1) were received and approved as an accurate record.

**5. Matters Arising from the Minutes**

CIC/FR/22/4/2, Finance and Resources Committee Action Sheet, was received and noted.

**5.1. Pensions Discretions Policy**

CIC/FR/22/4/3, Pensions Discretions Policy, was received, considered and APPROVED. The Policy had been updated in line with feedback from Governors at the last meeting.

**6. HR Operational Plan**

CIC/FR/22/4/4, HR Key Priorities – Update on Progress, was received and presented by the Director of Human Resources. It was reported that there had been two further resignations in the HR Department, impacting HR service delivery. In response to a question, it was reported that one had been headhunted and the other had taken a position elsewhere at a higher salary. The structure of the HR Team had been reviewed, and a new role of Head of HR Operations had been put place. This new role had been filled by a current member of the team, creating a further HR Business Partner vacancy. Noting the high level of vacancies in HR, the Committee asked:

- if the Department was close to being unable to function. It was reported that the Department was able to function, but the high turnover was making it more difficult to move forward.
- about the current level of HR presence on campus and were advised that five or six members of staff were in the office each day.

- If there was a still a strong pipeline of applicants and were advised that it was difficult to get people to apply. There had been one application for a role that had been vacant from June to February.

Governors asked again about the risk of industrial action if the College is unable to afford the AoC recommendation of 2.5% cost of living increase for all staff, which one off payments of £500 and £750 for staff in lower paid roles. It was reported that this was still considered to be a low risk. A bigger concern was staff retention in general and the ability to attract new staff. The College has had some success with new appointments in a couple of areas for concern for September, but there are still a couple of other areas of concern for September in terms of delivery.

The Committee suggested setting an objective on retention. The Principal responded that this would be difficult as they would need to look at other things that interest staff, such as flexible working, which a lot of people are quoting as a reason for moving, or holiday entitlement.

7. **Wellbeing Strategy**

CIC/FR/22/4/5, Employee Wellbeing Strategy 2022-25, was received and noted. The Committee asked about the Stress Management Competency Indicator and how the College will ensure that line managers know who to deal with it and any follow up actions. It was reported that a range of support was already in place for managers, including through the Employee Assistance Programme.

8. **HR Targets 2022/23**

CIC/FR/22/4/6, College Targets 2022/23 – Human Resources, was received, considered and APPROVED for recommendation to the Board.

9. **Staff Equality Report**

CIC/FR/22/4/7, Staff Equality Report, was received and presented by the Director of Human Resources. Governors noted that the age profile, with a high number of staff in age range 50-59, was a strategic risk given the current recruitment challenges.

Governors noted that the College was receiving a high number of applications from applicants with protected characteristics and were interested in seeing how many of these applicants were appointed and the level of seniority. It was confirmed that this data would be included in future reports.

Asked about staff surveys, the Director of Human Resources reported that a survey had not been carried out recently due to other priorities in the team. The Executive were also hesitant about carrying out a survey until they knew they would be a position to implement any changes suggested by the feedback.

The Director of Human Resources left the meeting.

10. **College Governing Body Finance Dashboard April 2022**

CIC/FR/22/4/8, College Governing Body Finance Dashboard April 2022, was received and noted. It was noted that the dashboard, which provides a snapshot of how Colchester Institute compares to the sector, reflects the high level of historic debt that the College carries. It was noted that the number of colleges with Requires Improvement financial health was reducing. Members asked when the proposed changes to the financial health methodology would take place. It was reported that no decision had yet been taken on when the proposed shadow calculations will be introduced.

## 11. **Monthly Management Report**

CIC/FR/22/4/9, Management Report and Accounts May 2022 [Period 10], was received and presented by the Deputy Chief Executive. It was reported that:

- The forecast full year operating surplus before VAT refund was £36k. The External Auditors had confirmed that in accordance with FRS102 the Lennartz VAT payment will be recognised as additional revenue income, bringing the year-to-date operating surplus considerably ahead of budget.
- There remains in place provision for clawback of Adult FE funding.
- The overall £1.5m reduction in income had been mitigated by savings on the staffing line and non-pay lines.
- Work based learning and the continuing problems getting learners through the End Point Assessment to receive achievement payments was still a risk.
- The College will end the year maintaining Good Financial Health grade.

The Committee noted that cash was well managed and was £2m higher than budget at the end of May. Members were reminded that due to time constraints building works on the T Level project and the construction skills centre in J Block had started at risk of funding.

The Committee asked to what extent the underperformance on Work Based Learning was caused by employers not updating their digital account. It was reported that members of the Funding and Information Department were volunteering their services to help employers through the process. The College could sign up an apprentice and start delivery but will not receive any funding until the digital account is made live, which will also trigger the employer contribution. This is outside the College's control, but the situation has improved as the team works with the employers on what is a complex process. The at risk sum due to digital accounts had reduced from £50k two months previously to £35k. The biggest impact on the underperformance was the End Point Assessment. The College currently had 208 apprentices at the gateway who had either sat the End Point Assessment and needed to resit, but could not do so until after 31 July, or could not do the assessment before 31 July. The learners will roll into next year but there is a risk, which is becoming more common, that they will decide not to resit.

## 12. **Budget 2021-22**

CIC/FRC/22/4/10, Corporate Budget 2022-23, was received and presented by the Deputy Chief Executive. Due to a number of uncertainties the College was facing it was proposed that the budget is reviewed at the October meetings of this Committee and the Board. This was agreed by the Committee.

The Deputy Chief Executive summarised the key uncertainties:

- Student enrolment - the College could enrol 300 to 400 extra 16-18 students. The potential for an in-year business case would be subject to Government policy and how much more would be paid in year for extra students. If the extra 16-18 students are not realised there will be an impact on staff costs. The College has allowed for a flexible staff provision.
- Inflation - energy costs were currently budgeted to increase from £550k to £1m. The current contract ends on 30 September, and it will not be known until the College goes to the market at the end of August if that will be sufficient. It was reported that the Executive have a number of ideas to mitigate the increase in energy costs.
- Work based learning - the College was working with employers to understand their needs for next year.

It was noted that the College was predicting a £2.7m increase in income. This included £2m FE funding for which the College had already received the initial grant allocation. It was anticipated that

pay costs would rise by £1.7m and non-pay costs by £1m. The budget was presented as a holding position ahead of understanding some of the external influences later in the year.

Governors questioned whether the income assumptions for campus sales and lettings, which were in line the current year, were realistic. It was reported that lettings were constrained by the proposal to use the main hall for examinations rather than as a performance space. Also, groups that used to hire facilities pre-covid have not returned. The record income from 2017-18 included the nursery, which has now been vacated, and the Minorities café. Campus sales are restricted now that the Colne Bistro has been closed because student numbers do not support two commercial restaurants. Updates to safeguarding legislation and the College's responsibilities for anything that happens on campus in or out of normal hours which involves children also makes it more difficult to open the campus. Energy costs is another consideration. It was reported that the campuses would not be open at weekends.

Governor noted an allowance for an additional £451k increase in energy costs and asked about the potential for this go still higher. It was reported that the worst-case figure at the time the budget was set was c£1.3m. The Deputy Chief Executive reported that he was working with a number of companies to mitigate energy costs. The details are recorded as a separate confidential minute.

It was AGREED to recommend the Corporate Budget 2022-23 to the Board for approval, subject to it being reviewed in October.

Kevin Prince left the meeting

**13. Update on T Levels**

It was reported that the College would only offer one T Level – Early Years – in 2023. There was still uncertainty over Construction and Engineering. The earliest date the College would be in a position to offer these would be 2024. We are still in the period when awarding organisations can appeal against being on the list of qualifications to have 16 to 19 funding withdrawn. The College is waiting to see if Construction and Engineering remain on the list after the appeal period ends in September. Current programmes will not be defunded until 2024.

The Committee noted that the short-term risk had reduced, but there could be a potential problem in 2024/25. The Executive will start considering what programmes will be available for students to progress to during 2022-23.

**14. College Financial Forecasting Return**

The Deputy Chief Executive reported that work was underway on the College Financial Forecasting Return, which would include the draft budget which had just been agreed in principle as the middle year. The Period 11 Management Report would be used to give the latest forecast position for year 1. Consideration would need to be given to what the estimates are for the 2023/24.

**15. Principal's Report**

CIC/FR/22/4/11, Principal's Report – June 2022, was received and noted.

**16. Property Issues**

The Deputy Chief Executive updated the Committee on property issues. It was reported that:

- The College had heard earlier that week that its T Level bid for Early Years had been successful, and the College would receive £247k towards the cost of internally refurbishing D Block. Work had started at risk of funding and was expected to be handed over on 1<sup>st</sup> August 2022.
- The hair salon will be handed over on w/c 18<sup>th</sup> August 2022.

- Approval had been received from Salix to extend the completion date to 30<sup>th</sup> September 2022. A shortage of aluminium had meant some rapid contingency planning had to be undertaken. The upgrade of the external façade of D Block will not be ready for the start of term.

17. **Fee Policies 2022-23**

The Committee received, considered and **APPROVED for recommendation to the Board:**

- CIC/FR/22/4/12, FE Fees Policy 2022-23
- CIC/FR/22/4/13, International Fees Policy 2022-23
- CIC/FR/22/4/14, Employer Co-investment Policy
- CIC/FR/22/4/15, Subcontracting Policy 2022-23

18. **UCC Fee Proposals 2023-24**

CIC/FR/22/4/16, UCC Fee Proposals 2023-24, was received, considered and **APPROVED for recommendation to the Board.**

Governors questioned how the fees compared to other providers and were advised that fees typically ranged from £7500 to £9250 at universities. The proposed fees were close to the average.

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

CIC/FR/22/4/17, Update on Strategic Plan Goals, was received and noted.

20. **Review of Meeting**

It was agreed to bring to the Board's attention the resignations in HR; recruitment; budget; and the governing body finance dashboard.

21. **Date of Next Meeting**

To be confirmed.

22. **Any Other Urgent Business**

There were no items.