

COLCHESTER INSTITUTE CORPORATION

***Minutes of a virtual meeting of the
FINANCE AND RESOURCES COMMITTEE
held on 5th October 2022***

Present

Richard Wainwright, in the Chair
Alison Andreas
Stephanie Bettinson

Steve Blake
Richard Block
Kevin Prince

In attendance:

Elaine Hart	Director of Human Resources
Gary Horne	Deputy Chief Executive
Hazel Paton	Clerk to the Governors
Emma Rich	Director of Finance
Jill Wognum	Executive Vice Principal: Curriculum, Planning and Quality

1. Apologies for Absence

There were no apologies for absence.

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 13 July 2022 (CIC/FR/22/5/1) were received and approved as an accurate record.

5. Action Sheet and Matters Arising from the Minutes

CIC/FR/22/5/2, Finance and Resources Committee Action Sheet, was received and noted.

6. Student Enrolments 2022/23

The Principal updated the Committee on student enrolments 2022/23. It was reported that:

- It was too early to provide data on adult enrolments.
- The first ILR would be run on 6th October
- Higher education enrolments were currently 252 full time students against a target of just over 300, and 103 part time students against a target of 90.
- Apprenticeship starts were behind profile but there were good numbers in the system awaiting sign up and higher and degree apprenticeships were in a strong position.
- 3883 further education students had been enrolled against a funded target of 3688. FE funding included all 16-18 and part time learners, adults with an Education Health and Care Plan, and 19+ adults still funded as a youngster because they enrolled as a youngster. At this point it was not clear if the College would have a growth case because the criteria had not yet been published and it was not known how many students would leave before the census date.
- Although there were fewer progression students because of the smaller year group last year progression as a percentage of learners was better than in previous years.

Governors asked about the implications for revenue and were advised that a growth case (£750k) had been built into the budget. There would be savings of c.£600k in reduced salary costs associated with the under delivery.

7. **HR Operational Plan**

CIC/FR/22/5/3, HR Key Priorities – Update on Progress, was received and presented by the Director of Human Resources. It was reported that:

- The College was about to procure a standalone system specifically designed for the HE/FE sector to automate the processing of hourly paid timesheets.
- There were concerns about the future viability of the HR system which was no longer considered fit for purpose.
- An HR plan was under development and monthly HR strategy meetings were being held with the College Executive.
- There were currently 34 vacancies, mainly in support areas.
- The Flexible Working Policy was about to be launched.

Governors asked what the implications would be if the HR system was no longer supported. The Director of Human Resources reported that the system, which feeds the payroll system, no longer met the needs of the College. Three years ago, the decision had been taken on costs grounds not to move to a new system, but to upgrade the existing system. It was confirmed that not being able to transfer to a new system in good time featured highly on the HR Risk Register and this would become a focus when the current ILT project to fully implement MS365, which had taken longer than anticipated, had finished. Other ILT software enhancement projects to improve the efficiency of the organisation included the new timesheet system.

Governors questioned if it would be more cost effective to buy a new all-encompassing HR system than to buy a standalone system for the timesheets. It was reported that various options had been explored, including an unsuccessful attempt to implement the timesheet system on Select HR. It had been agreed that the College could not wait for a new HR system to implement an automated process. The proposed timesheets system could be implemented quite quickly as a separate module for less than £15k, including training and implementation. In response to a question on long-term efficiency savings it was reported that staff would still be needed to run the system, but that there would be savings in terms of business processes.

Governors asked how the cost of the HR service compared to other FE colleges. It was reported that there was a team of 13 FTE. It was difficult to compare Colchester Institute to other colleges because this was largely dependent on the type of systems in place and whether work was done on the premises or outsourced. In terms of efficiency, it was believed that staff savings could be made with improved processes and workflows.

Governors asked what was being done to improve mandatory training completion rates. It was reported that this was being actively reviewed. Current completion rates were skewed by the high number of people that needed to do refresher training this year.

8. **HR Management Information Report**

CIC/FR/22/5/4a, HR Management Information – Quarter 4, and CIC/FR/22/5/4b, HR Management Information – Annual Report, was received and presented by the Director of Human Resources.

It was reported that hourly paid staff who had not worked for the College for over a year had been removed from the data, reducing the size of the College's flexible workforce. In response to questions on the College's flexible workforce it was reported that hourly paid staff:

- were only entitled to two weeks' notice, making it easier to change their hours, but they would be entitled to redundancy payments if they had worked for the College for more than two years.
- comprised about 96 tutors and 26 invigilators. The rest were Learning Support Practitioners. Some of the roles lend themselves to being flexible but there may be opportunities to make some roles core staff.

9. **Sickness Absence Report**

CIC/FR/22/5/5, Sickness Absence Report 1 September 2021 to 31 August 2022, was received and presented by the Director of Human Resources.

Governors noted that sickness absence was creeping up to pre-pandemic levels and asked how many people had hit sickness absence triggers for management action, and whether the managers were familiar with the absence management process. It was reported that the numbers were quite high and that managers needed support and training on the management process. The Sickness Absence Policy had been implemented in October 2020, but it had not been appropriate to take it forward during the pandemic.

Governors noted the cost of sickness absence during the period, and asked how this had been calculated. It was reported that it was the actual cost of the salaries of everyone who was not at work due to sickness, but did not include cover.

10. **Policy Review**

10.1. **Vetting Checks and Single Central Register Policy**

CIC/FR/22/5/6, Vetting Checks and Single Central Register Policy, was received and considered.

The Committee noted that failure to carry out mandatory safeguarding training could result in disciplinary action being taken and asked if a timescale should be put on this process. The Director of Human Resources responded that it would be difficult to keep to set timescales as each case is different.

Governors asked about checks for people with financial responsibility in respect of the risk of fraud. It was reported that DBS checks are undertaken, and CVs are scrutinised for any gaps. There were only a small number of people with financial responsibility where fraud checks would be relevant.

The Committee **APPROVED** the policy for recommendation to the Board.

10.2. **Pay and Reward Policy 2022/23**

CIC/FR/22/5/7, Pay and Reward Policy 2022/23, was received, considered and **APPROVED** for recommendation to the Board.

10.3. **Mandatory Training Policy**

CIC/FR/22/5/8, Mandatory Training Policy, was received, considered and **APPROVED** for recommendation to the Board.

The Committee questioned the setting of compliance targets for mandatory safeguarding training at less than 100%. It was reported that the targets took account of people that were absent for example due to sickness or maternity leave.

The Director of Human Resources left the meeting.

11. **Monthly Management Report**

CIC/FR/22/5/9, Management Report and Accounts July 2022, was received and presented by the Deputy Chief Executive. It was reported that the Period 12 outturn position was an improvement on the forecast position presented in the June report. The Committee's attention was drawn to the main changes:

- The FE Funding line had increased by £337k due to the reallocation of the 16-19 Discretionary Support Fund, which should be recognised as income and expenditure.
- Work Based Learning funding was also above forecast.
- There were further savings on payroll during the period.
- Estate costs had increased as a result of bringing forward revenue projects to the summer.
- The College was able to reduce the enhanced pension provision in year.
- The net surplus before the Lennartz VAT refund was £259k (£130k ahead of budget).
- The overall operating surplus was c.£1m which keeps the College in the Good financial health band.

Governors asked if the reallocation of the 16-19 Discretionary Support Fund required a prior year adjustment to be made. The Deputy Chief Executive responded that it didn't and he would like to change the structure of the income and expenditure account to bring it more in line with what is required by the DfE in the mid-year and annual returns and to automatically produce internal and external reports.

It was reported that post Period 12 movements (invoices not accrued for and over accrual for some of the Work Based Learning income) had brought the surplus down to £133k, close to the forecast position.

It was reported that the current ratio (1.0 compared to 0.37 in 2009, and an ESFA target of 1.4) continued to improve as the current liabilities continue to reduce, supported by the cash outturn of £4.9m. It was noted that the cash position was expected to fall during 2022-23 as the capital programme concludes and due to the anticipated clawback on the AEB funding line.

Governors asked how the budget provision for energy costs compared to the six-month energy price cap for businesses. It was reported that a worse case position had been taken in the cash flow, with £400k headroom above the £1m budget compared to the current year spend of £600k. This was supported by the Government relief scheme and a 50 point energy reduction plan. The College's broker had been successful in securing a semi flexible agreement on gas and electricity, which was a crucial part of the mitigation plan.

It was reported that the College had received confirmation of a Strategic Development Fund grant which had not been included in the budget. This was due to be received within the next six weeks and had now been included in the cash flow forecast. Governors noted the cash low point in March 2023 and were advised that support was still available through Whitehall Finance should it be needed.

The Committee Chair congratulated staff on a good outcome position.

12. **Essex Pension Fund FRS102 Report**

CIC/FR/22/5/10, Essex Pension Fund FRS102 Report for Colchester Institute, was received and a favourable £37m swing in the defined benefit obligation from a £35.5m liability in July 2021 to £3m surplus in July 2022 was noted. This was the result of an improvement in the stock market yield.

It was reported that the next triennial valuation, which would affect catch up payments, was due in March 2023. It was expected that this valuation would result in an increase in pension contributions.

13. **Update on Budget Position 2022-23**

The Deputy Chief Executive updated the Committee on the budget position and the areas of uncertainty:

- Energy – it was felt that at this stage there is sufficient budget available to meet the additional costs. Mitigating factors included the flexible contracts arranged for energy; Government Energy Bill Relief Scheme; and progress against actions within the 50 point plan for energy reduction, such as improving central control of systems. Reducing residual energy costs during out of hours was also a focus. Other plans include additional photovoltaic panels at the Braintree and Colchester campuses. The AoC were working to ensure that colleges were included on essential business criteria for further Government support in the future.
- Growth – potentially c£600k in staffing costs set aside against £750k growth case. The threshold at which the ESFA would trigger additional funds was not yet known but might be as low as an additional 100 learners.
- The reversal of the increase in National Insurance contributions would have a positive impact from April 2022.
- HE income was down against budget, but here again there were staffing savings in the system to partly offset this risk.

It was reported that the ESFA had not asked colleges for changes to their financial forecasts but an update on the current year might be requested as part of the December finance record return.

The Corporation Chair left the meeting

14. **Update on T Levels**

It was noted that there was nothing to report on this key risk area. The College would be offering T Levels as the only option in Early Years from September 2023 and Construction would be offered the following year. The impact on the number of applications would be monitored. There would be an update on programmes being defunded for September 2024 in the middle of 2023 at the latest.

15. **Apprenticeships Monitoring Report September 2022**

The Executive Vice Principal: Curriculum, Planning and Quality updated the Committee on apprenticeships. It was reported that:

- the year had started well, with 353 learners against a target of 404 at the end of October. It was noted that not all of these students had enrolled, but the College was trying to get them in so the start date could be backdated. Under the funding rules, there was a change to the sign-up process from 1st August. A detailed personal training plan now needs to be in place before a learner can be signed up.
- there were 24 Level 3 employer vacancies which the College could not get students to fill. Normally these vacancies would be filled with Level 2 students but this year the learners do not want to take the roles because of the long hours and low apprenticeship wage. Students that study full time can work part time and still claim benefits because they are not deemed to be working.
- there were lots of vacancies in professional areas and business administration.
- the budget had been based on an in-year withdrawal rate of 5%. Factors taken into account when setting the budget included drop out rates, breaks in learning and loss of achievement payments for people in year.

The Principal left the meeting

16. **Subcontracting 2022-23**
CIC/FR/22/5/11, 2022-23 Contract Contingency Arrangements – Subcontracting, was received, considered and APPROVED.

The Executive Vice Principal: Curriculum, Planning and Quality left the meeting.

17. **Property Issues**

17.1. **Update on energy supplies**

This item was covered earlier in the meeting

17.2. **T Level Building Infrastructure Grant**

It was reported that the project was now complete, and the College had started to draw down the DfE grant. Governors attention was drawn to the images of the new Early Years Facility included in the Management Report.

17.3. **Strategic Development Fund Bid**

It was reported that the project was ongoing. The Arts spaces in J Block were being modified into construction facilities. The first £60k funding had been drawn down and the first census report in terms of employer engagement had been completed.

17.4. **Other Property Matters**

It was reported that the Salix PSDS Project was still running.

Governors asked for an update on the additional photovoltaic panels. It was reported that as part of a 50 point plan an energy company had provided a proposal for Braintree Campus. Trident Utilities were managing the project to ensure the College gets best value in terms of fixed price energy. The energy company would potentially install the panels and charge an agreed sum (lower than the current market price) for energy used from the panels over a fixed period. A recommendation would be sent to the next committee meeting.

18. **Venue Hire Rates 2022-23**

CIC/FR/22/5/12, Venue Hire Rates 2022-23, was received, considered and APPROVED. It was reported that there was a reduced expectation in terms of rental income because of safeguarding regulations, which make it difficult to hire out facilities when 16-18 year old students are on site, and due to the higher operating and energy costs.

19. **Financial Regulations 2022-23**

CIC/FR/22/5/13, Financial Regulations 2022-23, was received, considered and APPROVED. It was noted that the one change in the year was the addition of a section on segregation of duties.

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

CIC/FR/22/5/14, Update on Strategic Plan Goals, was received and noted.

21. **Review of Meeting**

The Committee reviewed the meeting and agreed to the items to be referred to the Board and items to be treated confidentially.

22. **Date of Next Meeting** - Wednesday, 30th November 2022 at 4.30pm via Zoom.

23. **Any Other Urgent Business** - There were no items.