

Colchester Institute Corporation

**Minutes of a Meeting of the Corporation Board
held on 14th December 2022
at the Colchester Campus**

Present:

Kevin Prince, *in the Chair*
Alison Andreas
Stephanie Bettinson
Peter Cook
Debbie Davis

Brenda Rich
Terry Smyth
Dawn Swainson
Richard Wainwright
Caroline Williams

In Attendance:

Gary Horne	Deputy Chief Executive
Hazel Paton	Clerk to the Governors
Jason Peters	Vice Principal: Curriculum Delivery and Performance
Mark Smith	Scrutton Bland, External Auditor
Jill Wognum	Executive Vice Principal: Curriculum, Planning and Quality

Debbie Davis was welcomed to her first meeting of the Corporation Board.

1. **Apologies for absence**

Apologies for absence were received from Lisa Blake, Richard Block, Mark Davies, and Irene Kettle.

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

None.

3. **Agreement to Starred Agenda Items**

Governors were invited to indicate any items which they wished to star for discussion or question. Items that had not been starred were noted and/or approved without discussion.

4. **Minutes**

The Minutes of the meeting held on 13th October 2022 (CIC/22/7/1) were received and approved as an accurate record. The Chair signed the minute book.

5. **Action Sheet and Matters arising from the minutes**

CIC/22/7/2, Corporation Board Action Sheet, was received and noted.

6. **Report and Financial Statements 31 July 2022**

The Board received and considered:

- CIC/22/7/3, Report and Financial Statements 31 July 2022
- CIC/22/7/4, Letter of Representation
- CIC/22/7/5, External Auditor's Report to the Audit and Risk Committee
- CIC/22/7/6, Report on Going Concern

The Chair of the Finance and Resources Committee reported that:

- The above documents had been presented to a joint meeting of the Audit and Risk and Finance and Resources Committees the previous week.
- There were no material items of note from Governors or the Auditors in respect of the Financial Statements or the Letter of Representation.

- The report on going concern had been critically reviewed, particularly the implications of the agreed pay award and the managed deficit proposed for 2022/23 which will result in Requires Improvement financial health grade for the current financial year. A range of scenarios had been considered; in each case all bank covenants would be met. The assumptions and implications had been tested by the joint Committee and seemed to be reasonable.
- Potential upsides and costs savings had been identified, such as the recent capital grant which would be used to install photovoltaic panels at the Braintree campus.
- Four scenarios of reduced forecast income and increased costs, and the mitigations that the Executive would put in place, had been considered. As a result of this analysis the joint Committee consider that the College could meet its debts as and when they fall due. This conclusion was shared by the External Auditor.
- The Report and Financial Statements for the year ended 31 July 2022 were recommended to the Board for approval.

The External Auditor drew the Board's attention to key points. It was reported that:

- In accordance with accounting standards, the £3m pension surplus could not be recognised on the Balance Sheet.
- It is the Board's responsibility to form a conclusion on going concern. From their own work and discussions with the Deputy Chief Executive, the External Auditor support that conclusion.
- There were no significant matters in the Letter of Representation. The provision for the electricity liability and the provision linked to potential holiday pay entitlement for part time staff were highlighted.
- The audit report was unmodified.

The Deputy Chief Executive reported positive changes since the report on going concern had been prepared. Following the ONS decision to reclassify colleges as public sector organisations:

- There had been agreement to re-profile college income across the year. As a result, the traditional drop in income over January to March will no longer be an issue from a cash perspective.
- The DfE had promised additional capital grant funding for colleges. Colchester Institute had been awarded £318k to support energy improvement. The Principal had signed the agreement earlier that day and the money would be received in January.
- There would be further capital funding for colleges from April 2023 to support the betterment of college estates. The capital funding is formula driven, and does not require matched funding.

The Board APPROVED the Report and Financial Statements for the year ended 31 July 2022 and the Letter of Representation. The Corporation Chair and Principal were authorised to sign the documents on behalf of the Board.

It was reported that this would be the last year that Scrutton Bland would provide the external audit service. The External Auditor, Mark Smith, was thanked for his long-term service and the contribution that he had made to the College.

The Corporation Chair thanked the Chairs and members of the Audit and Risk and Finance and Resources Committees for the thoroughness of the meeting that reviewed the financial statements and supporting documents.

The External Auditor left the meeting.

7. **Chair's Action/Announcement**

CIC/22/7/7, Application of the Seal of the Corporation, was received and noted.

8. Reports from Committee

8.1. Curriculum and Quality Committee

8.1.1. Report from Committee Chair

The Chair of the Curriculum and Quality Committee gave an oral report on the meeting held on 24th November 2022. It was reported that:

- The results of the National Students Survey had been disappointing. There were a number of reasons for this. The students completing the survey were third year higher education students who had been impacted by the pandemic. The Committee had suggested asking students to complete a similar survey prior to their final year to help identify and address any issues at an early stage.
- The College was still dealing with students who had missed a considerable amount of time in traditional teaching as a result of the pandemic. These students were presenting with mental health and behavioural issues, placing more demands on the Safeguarding team and staff across the College. The Corporation Chair expressed his thanks to those staff dealing with safeguarding for their patience and professionalism.

The Link Governor for Safeguarding reported that the circumstances around safeguarding had changed significantly since he took on the role in 2018 and was more complex. He reported that he would produce a paper summarising where he feels the College is at in respect of safeguarding and the role of the safeguarding governor.

Given the significance of safeguarding and the implications if something were to go wrong, it was suggested that safeguarding should be a standing item on the Board agenda. This was supported by the Board.

8.1.2. Self-Assessment Report 2021-22 and Quality Improvement Plan 2022-23

CIC/22/7/9, Self-Assessment Report (SAR) 2021-22 and Quality Improvement Plan (QIP) 2022-23, was received and considered. It was reported that there had been robust discussion at the meeting of the Curriculum and Quality Committee of the relationship between the Ofsted report and the SAR and the QIP. The Committee had also discussed the data, the difference in performance between male/female and by ethnicity, and the impact of End Point Assessments on apprentices. Most of the focus had been on young people in education. As a result of the discussion a number of amendments had been made to the SAR. It was the view of the Committee that the SAR reflected where the College was at the time.

The Board APPROVED the Self-Assessment Report 2021-22 and Quality Improvement Plan 2022-23

8.1.3. Curriculum and Quality Update Report

CIC/22/7/10, Curriculum and Quality Update Report – Autumn 2022, was received and noted.

8.1.4. Strategic Plan One Year Action Plan

CIC/22/7/11, Update on Strategic Plan Goals, was received and noted.

It was reported that the goals in the Strategic Plan were approved by Governors two years ago. The three year and one year success indicators are reviewed annually. One year success indicators and actions for 2023 would be brought to the February Board meeting.

Governors questioned if the Strategic Plan was dynamic enough to match rapid change and new priorities, and how the Board could identify the ongoing priorities facing the College from 'business as usual'. It was reported that the goals were quite overarching and generic.

The College continues to move forward by reviewing and setting actions annually. As part of this review, the goals could be re-prioritised relevant to the year ahead, and emphasis given to the key priorities in the executive summary. Action: Principal

Governors were reminded that the Finance and Resources Committee receive a similar report on the four Strategic Plan Goals which relate to the work of that Committee, and that some of the priorities are also closely linked to the top few priorities in the risk register, which is reviewed termly by the Audit and Risk Committee.

8.1.5. **Policy Review**

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

- CIC/22/7/12, UCC Disciplinary Policy
- CIC/22/7/13, Higher Education Compliments, Comments and Complaints Procedure
- CIC/22/7/14, Disciplinary Policy for Students on Further Education, Adult Learning or Apprenticeship Programmes.

8.2. **Audit and Risk Committee**

The Board received and noted:

- CIC/22/7/15, Report on the joint meeting of the Audit and Risk and Finance and Resources Committee meeting held on 8th December 2022.
- CIC/22/7/16, Internal Audit Annual Report 2021-22
- CIC/22/7/17, Audit and Risk Committee Annual Report 2021-22

8.3. **Finance and Resources Committee**

8.3.1. **Report from Committee Chair**

The Chair of the Finance and Resources Committee presented his written report (CIC/22/7/18). The Board's attention was drawn to the following points:

- Following the ONS decision to reclassify colleges as public sector organisations some benefits were already coming through in terms of the reprofiling of income and capital grants. The reclassification also gives the College the opportunity to return to Barclays Bank to challenge the margin on the loan on the basis that colleges should have a lower perceived risk rating.
- The Finance dashboard (CIC/22/7/20), produced every six months, provides useful data on how Colchester Institute compares to other colleges and the accuracy of the College's forecasts compared to actual results.
- Following the triennial valuation, the College's contribution to the Local Government Pension Scheme (LGPS), based on current payroll costs, will rise to £140k. The College has also been asked to provide security for the perceived cessation liability shortfall, which it will decline to provide at the current time, not least because the risk is lower following the ONS decision.

Noting the £3m pension surplus as at 31 July 2022, a Governor questioned the request from the Essex Pension Fund for additional money. It was reported that the £3m surplus was in respect of the FRS102 valuation for the purposes of Report and Financial Statements and was separate from the triennial valuation undertaken by the LGPS to inform the payment of the liabilities. The FRS102 valuation had been undertaken at a time when the stock market position was good. The triennial valuation reflects the long term liabilities, which are going up because of the cost of living crisis and inflation. As a result, the College is required to pay an extra 2% on the primary rate, currently 23%.

Governors questioned the opportunity to return to the Bank to challenge the loan margin rate and the level of confidence that the College would be successful. The Deputy Chief Executive reported that in a previous conversation the Relationship Director had acknowledged that colleges would no longer be in a high risk category if reclassified as public sector. The 2% margin costs the College c£200k pa.

The Deputy Chief Executive reported that Colchester Institute was more resilient in terms of risk but there were significant headwinds facing the College in terms of the cost of living crisis and increased costs generally. The position was worsening and going forward the College would have to work differently to maintain the level of performance seen at the end of the 2021/22 financial year. At this stage there was no relief from Government other than the recently announced capital funding grant. Governors asked for examples of how the College would work differently and the implications. It was reported that, particularly in FE, class sizes had already been optimised. The College will need to look closely at the expected margins and profitability of all activities, particularly those that are loss leading for the right reasons. For this reason, the curriculum plan for 2023/24 may be different. Also, the College would not entertain any funding opportunities at the current time that need matched funding.

8.3.2. Monthly Management Report

CIC/21/7/19, Monthly Management Report and Accounts October 2022 [Period 3], was received and noted. It was reported that the report formed the basis for the revised budget in the current year as a consequence of the improved pay award.

8.3.3. Update on Property Issues

The Deputy Chief Executive alerted Governors to the raised risk level around the heating infrastructure. It was reported that four of the nine boilers had struggled to meet the needs of the College during the current cold snap. In some cases, temporary electric heaters had to be deployed acting against the push to reduce energy costs. Capital funding will be used to renew these systems, some of which were over fifty years old.

It was reported that the final fit out of D, J and K Blocks would be completed before Christmas.

8.3.4. Strategic Plan One Year Action Plan

CIC/22/7/21, Update on Strategic Plan Goals, was received and noted.

8.3.5. Annual Report

CIC/22/7/22, Finance and Resources Committee Annual Report to the Board 2021-22, was received and noted.

9. Review of Effectiveness of Meeting

Governors questioned if the agenda had the right balance in terms of scrutiny and strategy. The Board has an annual strategic planning day, but strategy could be discussed on a more regular basis at Board meetings. Action: The Corporation Chair agreed to reflect on this with the Principal and the Clerk.

It was noted that the policies received for approval had already been through a Committee. A proposal from the Chair to give Committees the authority to approve policies on behalf of the Board was unanimously agreed. Action: Clerk

10. Next Meeting

Wednesday, 22nd February 2023 at 4.30pm at the Colchester campus. The meeting will be preceded with a Board briefing at 4.00pm.

11. Any Other Urgent Business - There were no items.