COLCHESTER INSTITUTE CORPORATION

Minutes of a virtual meeting of the
FINANCE AND RESOURCES COMMITTEE
held on 24th May 2023

Present

Richard Wainwright, in the Chair
Alison Andreas
Stephanie Bettinson
Steve Blake
Kevin Prince

In attendance:

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

1. **Apologies for Absence**
Apologies for absence were received from Richard Block.

2. **Declaration of any conflicts of interest**
Steve Blake reported a change of job which was noted for the record, but did not constitute a conflict of interest.

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 29th March 2023 (CIC/FR/23/2/1) were received and approved as an accurate record.

5. **Action Sheet and Matters Arising from the Minutes**
CIC/FR/23/2/2, Finance and Resources Committee Action Sheet, was received and noted. It was agreed to change the timeframe for further negotiations with the bank over the interest rate payable on the long term loan to 2024.

The Deputy Chief Executive reported that the ESFA Strategic Area Manager for London and South East was of the view that, following the reclassification of colleges, the DfE should be talking to HM Treasury about settling agreements with commercial lenders and potentially providing Government loans to colleges at lower interest rates. This had been discussed at the annual strategic conversation with the ESFA, particularly as the loan related to the failed 2008 Property Strategy. Following the meeting the College had been asked to provide the ESFA with information on its long term loan.

6. **Monthly Management Report**
CIC/FR/23/2/3, Monthly Management Report and Accounts April 2023 [Period 9], was received and presented by the Director of Finance. It was reported that, in line with expectations, there was a worsening of the operating surplus by £95k in the month. This was primarily due to shortfalls in FE and Work Based Learning funding. The cash position was ahead of forecast mainly due to low creditor payments. It was reported that new measures had been put place to improve the year end position.

The Committee Chair observed that when the Board approved the staff pay award in December, the forecast operating loss after exceptional items of £350k was £547k. Exceptional items had been reduced to £76k, and the forecast operating loss (£569k) was now largely due to changes in the operating position. It was reported that the exceptional cost line had been reduced because the budget set aside for severance payments would not be fully used in the current year. Phase one of the restructuring was complete and phase two was underway but because of timing around curriculum delivery was likely to run into next year. It was reported that the main reasons for the deterioration in operational performance since December were withdrawals in HE and shortfalls in Work Based Learning and Full Cost provision. There would be some improvements in the Period 10 Management Report. A significant number of End Point Assessments, originally planned for next year, would be brought forward into this year, which should mitigate the reduction in Work Based Learning income, and energy costs are unlikely to be as high as originally estimated.

Governors noted that the cash position was ahead of budget at this stage, and asked if the College was trying to maximise the interest received on that cash. It was reported that the College was receiving a good interest rate on the Barclays business current account but there was not enough headroom to move excess funds at this time. The Treasury Policy would be reviewed when the time is right.

Noting that performance against the AEB (Adult Education Budget) was currently 86.5% Governor asked about the likelihood of a clawback on this funding line at the end of the year. It was reported that the threshold for clawback had increased from 90% to 97%, but providers were now allowed to be paid up to 110% of the allocation and the College expected to get close to 110% by the end of this year. It was reported that the forecast allowed for 103%, but there was potential to improve on that with three new courses starting on 5th June 2023.

Governors asked about debtors older than six months and were advised that this included Student Loan Company income, much of which had been received during May, under the third instalment.

7. **Progress Update on Corporate Budget 2023/24**

It was reported that there was still work to do to deliver a balanced budget. The second consolidation of the budget, which had been considered by the College Executive the previous day, still had a deficit of £695k. The College Executive continued to look at opportunities to grow Work Based Learning and Full Cost income and at cost savings. The budget did not include a cost of living pay award at this stage. It was reported that the Executive were looking at some potentially radical solutions to bring the budget into balance and, as reported to the ESFA, it may be forced to cut some key services.

8. **ESFA Correspondence**

The Committee received and noted:

- CIC/FR/23/2/4, Letter from the ESFA dated 29th March 2023 regarding Colchester Institute Financial Statements Review 2021 to 2022, and
- CIC/FR/23/2/5, Financial Dashboard Information April 2023.

It was noted that Colchester Institute was still behind the average college performance because of the legacy of the loan, which affects the current ratio and borrowing.

9. **Property Matters**

It was reported that:

- the installation of 213 photovoltaic panels at the Braintree campus was now complete, and on 3rd June the 413 panels installed at the Colchester campus would be switched on. The expected savings on energy costs would be at least £32k pa at the Braintree campus and £63k pa at Colchester.
- The Executive continues to work through the opportunities brought by the DfE capital allocations, £2.1m of which has to be aligned to the 2018 condition survey. A further condition survey would need to be undertaken in order to spend monies on the areas that need upgrading for statutory purposes as well as to improve the staff and student experience, for example new fire alarms for the main block at the Colchester campus and other necessary refurbishments.

10. **Update on Strategic Plan One Year Action Plan**
CIC/FR/23/2/7, Update on Strategic Plan Goals – May 2023, was received and noted.

11. **HR Key Priorities – Update on Progress**
CIC/FR/23/2/8, Position Paper – HR Key Priorities, was received and noted.

12. **HR Dashboard Report**
CIC/FR/23/2/9, HR Management Dashboard as at 17 May 2023, was received and presented by the Deputy Chief Executive.

Governors noted that sickness absence rates were much higher than benchmark, and asked if there were any particular reasons for this, and what was being done to try to address it. It was reported that the benchmark data was for 2021/22 and that more recent data was due to be published by the AoC (Association of Colleges) shortly. It was reported that the HR Business Partners had 38 active cases around capability and sickness, which was excessive. Managers needed to be provided with more training and support, and annual appraisals and check-ins needed to be reinstated. Governors noted that the sickness data was skewed by long term absences in three departments.

Governors questioned the underperformance on the percentage of apprenticeship levy utilised. It was reported that the College was looking at whether to continue with the classroom based Cert Ed and PGCE teacher training programmes or move to an equivalent apprenticeship, which would utilise the levy quite quickly. Also, when a manager has a vacancy, they are encouraged to consider taking on an apprentice, although this is only appropriate for certain roles. In many cases it is difficult to provide the 20% off the job training, which could be over two to three years. In response to a question, it was reported that the apprenticeship levy was available to draw down for up to two years after which it would go back to the Treasury.

13. **Policy Review**
CIC/FR/23/2/10, Flexible Working Policy, was withdrawn to enable further changes to be made and agreed with the Unions.

14. **Review of Meeting**
The Committee reviewed the effectiveness of the meeting and agreed the items to be treated confidentially.

15. **Date of Next Meeting**
Wednesday, 12th July 2023 at 4.30pm.

16. **Any Other Urgent Business**
CIC/FR/23/2/13, Request for Approval – PC Tender Award, which had been circulated earlier that day, was received and was presented by the Deputy Chief Executive. It was agreed to award the tender for 500 PCs, monitors, mice and keyboards to Stone Technologies Limited.