

COLCHESTER INSTITUTE CORPORATION

***Minutes of a meeting of the
FINANCE AND RESOURCES COMMITTEE
held on 27th September 2023
at the Colchester campus***

Present

Richard Block, in the Chair
Alison Andreas

Stephanie Bettinson
Kevin Prince

In attendance:

Gary Horne Deputy Chief Executive
Hazel Paton Clerk to the Governors
Emma Richens Director of Finance

The new Committee Chair thanked his predecessor and expressed his appreciation of the support that Richard Wainwright had given in advance of this meeting.

1. Apologies for Absence

Apologies for absence were received from Steve Blake, Chris Donovan and Richard Wainwright.

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 17th July 2023 (CIC/FR/23/4/1) were received and approved as an accurate record. The Chair signed the minute book.

5. Action Sheet and Matters Arising from the Minutes

CIC/FR/23/4/2, Finance and Resources Committee action sheet, was received and noted.

6. Student Enrolments 2023/24

The Principal provided an early report on student enrolments 2023/24:

- 16-18 full time students - 3850 against a target of 3750, and 3816 students at the same point last year.
- Apprenticeships - 427 sign up packs had been issued against a target for the end of October of 398. The growth was in older apprentices, and at Levels 4 to 7.
- HE full time students - 177 against a target of 186, representing a funding shortfall of c£74k. Five students had been due to progress to the second year of the Computer Games Degree, but all five have now elected to complete their studies at the University of Suffolk.
- HE part time – 107 against a target of 112, representing a funding shortfall of c£18k.
- Adults - learners tend to enrol throughout the year and there were not many starts this early in the year. It was reported that there were positive signs around ESOL (English for Speakers of other Languages) numbers and that the number of full-time adult learners infilling on 16-18 programmes was down by about 10% on previous years.

It was reported that there were plans for a mid-year start HNC Engineering programme and possibly a Teacher Training PGCE, CertEd or Level 5 apprenticeship, which would help mitigate the HE funding shortfall.

In response to a question, it was reported that Sport and Motor Vehicle had recruited less well than expected but Health had done very well. In some cases, the decision had been taken to close courses rather than run an additional group with an inefficient group size.

The College was still struggling to grow numbers at the Braintree Campus. It was reported that 342 students had been enrolled against a target of 421. This shortfall and what could be done about it had been the focus of a recent meeting of the Senior Leadership Team. There had been some growth in Engineering, and 11 students had been enrolled on Beauty against a target of 9. The College did not recruit enough students to run courses in Business, Early Years, or the eSports pathway on Digital Media, and applicants for these courses had been transferred to the Colchester Campus.

It was reported that the College had tried to appeal the 10% reduction in its FE Adult 19+ allocation, but there was no current mechanism in place to support a growth case. This may change in the future, in the event of a devolution deal for Essex.

7. **Management Report and Accounts**

CIC/FR/23/4/3, Management Report and Accounts July 2023 [Period 12], was received and presented by the Director of Finance. It was reported that it had been a difficult year for the College in a tough trading environment. The College had registered a (pre-audit) operating deficit of £621k, which moved its Financial Health to Requires Improvement. This was largely due to shortfalls in UCC and Work Based Learning income and increases in energy costs, outside of management control.

In response to a question, it was reported that the College had budgeted for slightly lower energy costs this year and no current issues had been identified that would suggest the budget would be at risk. As a commercial user the College is required to forward purchase its energy, but through a flexible contract it is able to mitigate some of the risk. Gas prices had increased, but the photovoltaic panel installations were now fully operational. The College was halfway through replacing inefficient light fittings in block W, but there were many more to do.

Governors asked if there were any issues in the current year that the Board needed to be aware of. It was reported that the College was unlikely to improve on the £92k shortfall in HE income. It was believed that the budget for Work Based Learning income was more achievable this year, given the start to the year. In the previous year Work Based Learning income had deteriorated quickly at the end of the year because End Point Assessments (EPAs) did not take place until after year end. Based on this experience, the financial plan for the current year did not include the 20% completion funding for any student due to reach the Gateway after April, because they are less likely to achieve in-year.

8. **Essex Pension Fund FRS102 Report**

CIC/FR/23/4/4, Essex Pension Fund FRS102 Report as at 31 July 2023, was received and noted. It was reported that the net position changes from year to year, and had moved from a £35m deficit three years ago, to a £3m surplus in the prior year, to £23m surplus as at 31/07/2023. This would not be shown as an asset in the account. The main change this year was an increase in the discount rate from 3% in the previous year to 5.1%, reflecting changes in UK interest rates. It was confirmed that the College pays 22% primary rate and continues to pay an additional £113k pa to support deficit repayment (actuarial valuation).

9. **Update on Budget Position 2023-24**

This item was covered under agenda item 7.

10. **Venue Hire**

CIC/FR/23/4/5, Position Paper - Venue Hire, was received and noted. The Deputy Chief Executive reported that because of the limited scope for external lettings because of safeguarding requirements he did not propose any increases in the charge for 2023-24. In response to a question, it was reported that the College expected to achieve the budgeted income in 2023-24 through lettings at Spring Lane and ESNEFT (East Suffolk and North Essex NHS Foundation Trust) bookings.

11. **Financial Regulations**

11.1. The Committee received, considered and APPROVED CIC/FR/23/4/6, Financial Regulations 2023-24. It was noted that the main change to the Financial Regulation was the inclusion of a new section on the Managing Public Money (MPM) requirements which was the College was required to adhere to following the reclassification of colleges as public sector in November 2022. Governors were reassured that compliance with MPM requirements was being monitored through a schedule in the Management Report. The Pay and Reward Policy had also been updated to remove a section on ex-gratia payments as a result of MPM rules.

11.2. The Committee received, considered and APPROVED CIC/FR/23/4/7, Income and Treasury Management Procedures. The Policy, which had been modified as a result of MPM requirements, detailed all credit control processes and what might lead to write-offs. It was reported that the College writes off between £50k and £60k each year, mostly associated with HE student debt. It was reported that there was limited scope to develop cash reserves at the current time, and whilst there was the potential to move funds into higher paying deposit accounts at some point, there was still a cash pinch-point in April due to half of HE income not being received until May each year. The ESFA had revised its funding profile for colleges, but the actual payment profile was not available yet, making it difficult to put forward proposals to move money into a deposit account at this stage.

12. **UCC Fee Proposals**

CIC/FR/23/3/8, UCC Fee Proposals 2023-24, was received and considered. The Principal reported that for the first time in four years it was proposed to increase the fees for a full time 3-year degree programme from September 2024, with pro-rata increases for part time programmes. The rationale for the change was that evidence suggests that students taking out a student loan are not price sensitive. It was acknowledged that there might be more price sensitivity where employers pay the fee and choose where to send their employees to study. These are mostly part time students on HNC programmes, where fees were not being increased above local competitors.

Governors asked if any modelling had been done of the impact of the revised fees on enrolments. It was reported that the contribution from HE provision was still below expectations, and even with the restructuring activity over the summer was predicted to be 18% compared to a contribution of over 30% from most FE areas.

Governors discussed and recommended making small increases to the fees each year rather than maintaining levels for a number of years and then making a big increase. The Principal agreed to consider this.

It was AGREED to recommend the UCC Fee Proposals 2023-24 to the Board for approval.

13. **Property Matters**

The Deputy Chief Executive gave an oral update on property matters. It was reported that the focus remains on energy reduction and condition improvement schemes. The summer works programme included the installation of PV panels, a new laundry in CH&FS, refurbishment of H block and some classroom improvements on the fourth floor B Block, and the installation of LED lighting in West Wing. Plans now moving into the delivery phase included renewal of the Data Centre, upgrades to

air conditioning, further toilet refurbishments, the installation of more LED lighting, and development in J Block.

It was reported that the Colchester PV array had saved over 13 tonnes of carbon over the last 10 days of the month and that Colchester Institute had been shortlisted for the Essex County Wide Business Awards Environmental Award.

14. **HR Key Priorities**

CIC/FR/23/4/9, Position Paper - HR Key Priorities, was received and presented by the Deputy Chief Executive. It was reported that:

- Wave 3 of the 2022-23 restructuring was now complete but there was the potential for some smaller changes associated with the AEB (Adult Education Budget).
- The College had successfully filled two vacant roles in HR and it was hoped that a new HR Manager would be appointed later in the term.
- Reporting and development work on the HR Dashboard remains a key area to be moved forward.
- Works continues with the development of Access Workspace and the new Timesheet system to improve efficiency.
- An annual training programme was now up and running. The monthly staff induction programme was now back to being delivered in person and over three quarters of managers had received face to face safer recruitment training. There had been eight new starts on the CI Apprenticeship Programme this year, and a new management development course 'Leading from the Middle' was due to start the following week. All managers were also attending a series of courses being delivered by ACAS 'Developing Management Skills'

15. **HR Dashboard**

CIC/FR/23/4/10, HR Dashboard, was received and considered. Governors noted that utilisation of the apprenticeship levy was as 70% and asked if that money could be reinvested in the local economy if it is not used by the College. It was reported that there is a time lag before the money is returned to Central Government and the intention was to use more of the levy this year. It was reported that there was the possibility of a mid-year start Cert-Ed or teaching apprenticeship, which would mostly comprises Colchester Institute employees. Governors asked about apprenticeship opportunities for staff in non-teaching roles and were advised that support areas that take on apprentices included Finance, HR, Marketing and IT.

Governors recorded their thanks to the Deputy Chief Executive and the HR Team for the work that they had undertaken.

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

CIC/FR/23/4/11, Update on Strategic Plan Goals – September 2023, was received and noted. Progress on many of the items had been discussed under other agenda items.

17. **Policy Review**

The Committee received, considered and Approved:

- CIC/FR/23/4/12, Pay and Reward Policy
- CIC/FR/23/4/13, Sickness Absence Policy and Procedure

The Deputy Chief Executive reported that he intended to undertake a fuller review next year of the Sickness Absence Policy, particularly in terms of sickness absence processes and actions. It was reported that sickness absence had fallen below target for the first time in a number of years. There were a number of ongoing cases which the Business Partner was working to resolve with the relevant

Line Manager. The largest area of sickness absence was long term absence, which normally involved a small number of people.

18. **Review of Meeting**

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

19. **Date of Next Meeting**

4th December 2023 at 4.30pm. The Chair sought views on bringing all meetings back on campus, with Members unable to attend in person able to attend remotely. After discussion, it was agreed, subject to the availability of a suitability equipped room, to move all meetings to in person.

20. **Any Other Urgent Business**

There were no items.