

COLCHESTER INSTITUTE CORPORATION

**Meeting of the
FINANCE AND RESOURCES COMMITTEE
Held on
Wednesday 26 March 2025, 4.30pm
at the Colchester Campus**

Committee Membership:

Richard Block – Chair
Lisa Blake – Corporation Chair
Steve Blake – Co-opted Governor
Chris Donovan - Governor
Alison Andreas – Principal/CEO

In attendance:

Gary Horne – Deputy Chief Executive
Mark Emerson – Vice Principal
Alison Bennett – Head of Governance
Emma Richens – Director of Finance

MINUTES

1. Apologies for Absence

Apologies for absence were received and **APPROVED** from Sally Conner.

2. Declaration of any conflicts of interest

No committee or staff member declared any financial or other interests in the business on the agenda.

3. Minutes of the previous meeting

CIC/FR/25/1/1, minutes of the meeting held on 28 November 2024, were **APPROVED** as a true and accurate record.

4. Action Sheet and Matters Arising from the Minutes

CIC/FR/25/1/2, Action Sheet 2024-25, was received. The Chair requested that the action regarding room utilisation from 11/7/24 remain on the action sheet and be brought back to the committee within the next 12 months for an update. The committee agreed.

5. Monthly Management Report

CIC/FR/25/1/3, Monthly Management Report for February 2025, was received and noted. The Director of Finance reported that:

- The end of year forecast has decreased slightly by £20k to a surplus of £655k. This is an initial estimate of the National Insurance cost increases (April to July 2025) on the college cleaning subcontract which it is obliged to subsidise.
- YTD Income is £572k above budget year to date due to higher EFSA and Apprenticeship funding, and other grant income.
- Pay costs year to date has seen an underspend of £749k, due to vacancies. January and February costs include the 4% pay award that was awarded to all staff and further increases for those affected by the national minimum wage increase. The year-end forecast includes £600k to reflect additional NIC costs and a further £250k to allow for additional potential year-end holiday pay accrual.
- Estates is £95k underspent which is related to savings on gas and electricity costs this year.

- Cash reserves stood at £2.3m, with a minor shortfall against monthly forecast due to higher creditor payments. The year-end forecast is £4.6m at this time due to £713k for T level capital to be received in April 2025 but spent in 2025-26.
- Forecast financial health remains at 'Good'

The Committee Chair noted that the bottom line remains positive. Governors **ASKED** about staff costs, and whether the staff cost percentage figure relates only to staff employed by the college or whether it includes agency staff. The Director of Finance replied that the figure relates to college employed staff. Agency staff are additional. Governors **ASKED** what the optimum staff cost ratio is. It was explained that the DfE Benchmark is 65% of income, despite the cost of employment rising. However, the sector average is 66% which the Deputy Chief Executive said he considers to be a more realistic figure. The committee were informed that there will be an increase in staffing costs following the cost of living award announced in January 2025. This is currently being offset by savings for the vacant posts. The budget is set at a 66% ratio. The College is still awaiting confirmation of support for National Insurance and the Post-16 funding grant that will improve the position.

It was confirmed that the College has just received confirmation of in-year 16-19 growth allocation amounting to £741,000. Unfortunately, DfE curtailed this allocation due to affordability with the College expecting over £1m for the additional 330 students it enrolled in September 2024.

Governors **ASKED** whether the College has considered the introduction of salary sacrifice schemes to offset National Insurance. The Deputy Chief Executive explained that the College is unable to utilise such schemes under the Managing Public Money regulations.

Governors **ASKED** whether the College is confident that it will be able to recruit to the vacancies. The Principal said that the College has appointed a new People and Operations Manager, who is a talent acquisition specialist and is bringing new ideas and approaches to recruitment. However leaders recognise that recruitment will still be very challenging in some areas. The committee were pleased to note that there has been a downturn in staff attrition over the past 12 months.

Governors commented on the firewall costs, and **ASKED** whether these are anticipated to increase and whether this was planned expenditure. It was explained that cyber security defence remains a very high priority.

Governors **QUESTIONED** the year-end holiday pay accrual and **ASKED** whether there is concern that there is a link between the vacancy rate and staff not taking holiday. The Deputy Chief Executive denied there was a link and assured Governors that the figure was a prudent measure to mitigate against the issue now, rather than at year end. Governors **ASKED** whether the payroll software has the ability to calculate outstanding holiday at any given point in time. The Director of Finance replied that this would be very difficult with the current system however a new Payroll and HR system is being considered for 2026 which would facilitate. The Deputy Principal went on to explain that the College is trialing measures to mitigate against annual leave not being taken and for the 2025-26 academic year the College is requesting that all holiday is booked by October half term; an additional week of college closure is being added to the calendar for the second week of the Easter Holiday for which staff will be required to book leave and there will be the reintroduction of a May half for term which, it is hoped, will encourage staff to take time off.

Governors **NOTED** the increase in that the Financial Health points taking financial health grade to 'Good'. Governors **ASKED** how stable the current financial health review of 'Good' is. The Deputy Chief Executive stated that the value of the allocation for 2025-26 is now known, and a £4m increase will be very supportive. In addition gearing has fallen below 20% providing for a further 10 financial health points each year. The committee were informed that the Annual Strategic Conversation with the DfE took place on 25 March, where it was clear from the discussions that finance was not the concern it had been in previous years. The committee formally recognised the movement into the category of 'Good' financial health and the work of college leaders to achieve this.

6. Annual Course Contribution Report

CIC/FR/25/1/4, Course Contributions by Area 2024-25, was received for review and discussion. Most areas are showing an improvement on the 2023-24 year. . Areas with lower gross contributions are those areas with smaller classes or where there are higher adult or apprenticeship numbers, for which funding has not kept up with 16-19 increases over recent years.

Governors **ASKED** about the response to the report and **QUESTIONED** the difference between Requires Improvement and Requires Intervention. Requires Improvement would result in the Director of Finance and the Assistant Principal FE working with Area Heads. Areas that Require Intervention are work with the College Executive. Governors were assured that where and when necessary an intervention, such as bringing the course to a close, does take place, and examples were provided. In relation to the areas highlighted as red on the document, Governors said that an action plan of how improvement can be achieved, would provide context to potential improvements. The Committee Chair requested that this document, combined with the Curriculum and Quality Committee updates, be provided to the Board for oversight.

ACTION: Annual Course Contribution Action plan to be presented to full Board for oversight.

Following discussion, it was agreed that a broader strategic conversation, providing more detailed information on fixed costs and the curriculum along with student outcomes, destination and achievement was needed.

7. **Local Government Pension Guarantee (LGPG)**

CIC/FR/25/1/5, LGPG report, was received and noted. Following the Deputy Chief Executive's request of the Essex Pension Fund (EPF) for a formal mid-year contribution review by the funds actuaries it has now been confirmed that, although there is no reduction in the primary rate at this juncture (the College's current 22.8% monthly contribution on behalf of all business support members), the secondary rate (annual deficit payment) has been removed entirely from 01/02/2025. This results in an in-year saving of £58.5k and full saving of £122k for 2025-26. The Committee Chair registered thanks to the Deputy Chief Executive for taking this forward so swiftly, resulting in a positive outcome.

8. **Property Matters**

CIC/FR/25/1/6, College Estates and Accommodation Strategy 2024-25, was presented for discussion and approval.

The Deputy Chief Executive explained that September 2024 presented a heightened challenge around accommodation capacity, particularly for workshops and classrooms at the Colchester campus as a result of a near 10% increase in 16-18 enrolments and ever-increasing apprenticeship activity. Campus utilisation is currently under review using methodology being developed by the Vice Principal. It was emphasised that this data is a snapshot of a one-week period but initial results, compared with the same week last year, and using the same methodology, shows a 4-percentage point increase in overall utilisation this year. It was explained that frequency, occupancy, and utilisation is based on the DFE calculations. Despite an increase in full time learners the frequency and occupancy data suggest frequency has dropped marginally but its occupancy (large classes) has increased. Governors were advised that the data will be interrogated further, and a more detailed report will be provided in due course. A timetable audit is also underway, to ensure that what is on the system is reflective of how the rooms are being used in practice.

Self-assessment. The Corporation is required to regularly assess whether the estate is effectively meeting the strategic aims of the College via a DFE checklist. The Deputy Chief Executive informed the committee that 11% of the college estate is self-assessed as category D (unsatisfactory). Governors **ASKED** whether those areas that have been assessed as being unsatisfactory are still in use. The Deputy Chief Executive confirmed that some of the areas are still in use. Governors **ASKED** what contingency plans are in place should those areas no longer be useable. The Deputy Chief Executive replied that there are limited options that are not ideal. This has happened in one area, and a short-term fix has been put in place. Governors **ASKED** if there is benchmark data available in relation to room utilisation and what 'good' looks like. The Vice Principal replied that the utilisation benchmark is 40% however as a college it is expected that actual utilisation be slightly higher, as it would include

rooms which are used for lessons on an ad-hoc basis despite not being core learning spaces. Work is being done to understand the utilisation of all learning spaces across the College. The Deputy Chief Executive also explained that benchmark data relates to environments such as Sixth form colleges with standard classrooms, whereas, within a college there are unique spaces that can only be used by certain groups. The meeting agreed that good quality accommodation is important for all learners.

The Deputy Chief Executive took the meeting through a phased accommodation masterplan for the Colchester campus, proposed to take place over a 5-year period to ensure campuses fit to address future skills demands. The College continues to see unprecedented demand for construction and engineering spaces at the Colchester campus. The Deputy Chief Executive said that the DFE are aware of the plans and a member of the DFE Capital Team will be visiting the site in the summer to discuss. The DFE have initiated a college wide condition survey and appointed surveyors who will be visiting the college, providing an opportunity to formalise estate issues.

Governors referred to page 7 of the document saying that the working environment should also be referenced, as it is about more than just the learning environment.

Governors **QUESTIONED** the Braintree B block which remains vacant. The Deputy Chief Executive explained that college leaders would like to use the space for a health & social care centre, but such work would need to be taken forward in partnership with local stakeholders when the time is right.

Discussion took place around approval of the strategy. The committee expressed support for the plan and requested further work around prioritisation of the campus issues, to be undertaken prior to submission for Board approval at the end of April.

ACTION: College Estates and Accommodation Strategy 2024-25 to be presented to Board, at the 30 April, meeting for approval.

9. People and Culture

9.1 CIC/FR/25/1/7, People & Culture (P&C) Key Priorities Position papers March 2025, was received and noted.

Following a successful recruitment process an experienced Director of People and Culture has been appointed, taking up role in mid-May, and the new People and Operations Manager has now started in post. The introduction of absence triggers has spiked the number of cases which in turn has provided the opportunity to start a conversation with those members of staff with high absence rates. The payroll team are in the process of testing a new timesheet solution having unexpectedly been informed that the VT2000 timesheet system will be de-supported in August 2025. The College continues to develop the Management Development Programme and the New to Manager training, whilst also supporting CPD opportunities for all staff.

Governors **ASKED** about the planned replacement of the HR system and when it is expected to take place. It was explained that scoping started late in 2024, however due to a change in personnel this will now be looked at further when the new Director of P&C comes into post, and it will then be subject to affordability.

9.2 CIC/FR/25/1/8, P&C Dashboard March 2025, was received and noted.

9.3 CIC/FR/25/1/9, Annual Wellbeing Report, was received and noted.

Governors **COMMENTED** that it was a really positive report.

10. Policy Review

The following policies were presented for approval:

10.1 CIC/FR/25/1/10, Grievance Policy and Procedure

10.2 CIC/FR/25/1/11, Workplace Resolution Policy and Procedure

Governors requested clarification in the policy around the reference to Bullying and Harassment and the conflicting statements of how such issues are addressed.

10.3 CIC/FR/25/1/12, FE FEE Policy 2025-26

10.4 CIC/FR/25/1/13, International Fee Policy 2025-26

10.5 CIC/FR/25/1/14, UCC Fee Policy 2025-26

10.6 CIC/FR/25/15, Travel and Subsistence Policy

DECISION: All policies were approved

11. Any Other Urgent Business

Items agreed to be taken to the Board:

- Monthly Management Report with recognition of having achieved Good Financial Health
- Course contributions and wider report
- Accommodation strategy with changes as discussed.
- To note the positive direction of travel of KPIs around people

12. Meeting Dates

The upcoming meeting dates were noted.

Tuesday 20 May 2025

Tuesday 15 July 2025

*All meetings to start at 4:30pm, Colchester Campus.