COLCHESTER INSTITUTE CORPORATION

Minutes of a meeting of the
FINANCE AND RESOURCES COMMITTEE
held on 20th March 2024
at the Colchester campus and on Teams

Present
Richard Block, in the Chair
Alison Andreas
Stephanie Bettinson
Steve Blake
Chris Donovan

In attendance:

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

1. Apologies for Absence
Apologies for absence were received from Sally Conner and Kevin Prince.

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 4th December 2023 (CIC/FR/24/1/1) 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/24/1/2, Finance and Resources Committee action sheet, was received and noted.

6. Management Report and Accounts
CIC/FR/24/1/3, Management Report and Accounts January 2024 [Period 06], was received and presented by the Director of Finance. It was reported that:

- Apprenticeship funding income was holding up and exceeded budget by £113k.
- Year to date staff pay was over budget by £108k. This was over and above the 5% pay award but reflected that some staff vacancies were being covered by agency staff.
- Estates expenditure was over budget due to the high and ever rising cost of repairs and maintenance, compounded by rising costs of outsourced services including cleaning and security.
- The full year outturn was similar to previous reports., in line with full year budget.
- Financial Health was still rated as Requires Improvement with 170 points.
- The cash forecast for year end was £3.2m.

The Deputy Chief Executive reported that the Period 7 report would not be too dissimilar and broadly in line with the budget position. The College was starting to see a falloff in pay in areas that were subject to reorganisation last summer now that notice periods have been worked through.

There was significant recruitment drift in some support areas such as IT (£80k saving year to date) and Marketing (£60k). In some cases, the salary underspend is offset by overspend on the Supplies and Services line because it has been necessary to use temporary or contract staff. The College was on track to achieve the budget position.

Governors noted the excellent start to apprenticeship recruitment, with new starts at a record high, and asked if the College would continue to sign up apprentices to achieve the 612 starts in the budget. It was reported that the College was currently at about 560 apprenticeship starts against a target of 612 with about 19 packs assembled and out with assessors for sign up. The College had exceeded the targets for Quarters 2 and 3 and expected to exceed the overall annual target. Apprenticeship starts were about 100 ahead of the profiled year to date target. For the first time ever, income was ahead of the budgeted target at this time of the year. There is a funding requirement to meet with apprentices every twelve weeks for a review, and with the majority of apprentices in College weekly there are ways to keep in touch with the learner. Every apprentice that has not had contact within 30 days is flagged as a risk and pursued with actions.

Governors questioned the increase in other creditors and accruals on the balance sheet and whether the College would expect the holiday pay accrual, which had not moved, to remain static throughout the year. It was reported that the holiday pay accrual is only updated once per annum (at year end). The annual leave year is one month out of step with the academic year and the calculation of how much holiday people have at the end of the academic year tends to be fairly static year on year. Other creditors was higher due to capital payments that were due to be paid.

In response to a question, it was reported that the College could possibly move from the marginal Requires Improvement financial health (170 points) to Good (180 points) if it achieve another £100k surplus. It was also dependent on achieving the current ratio position.

Governors questioned the overspend on bus pass expenditure. It was reported that a lot of students buy their bus pass through the College to get a better rate. Because of the difficulty in forecasting how many passes will be brought on behalf of students the budget is normally based on the current year. This overspend is offset by income from student payments..

Governors noted that HE income was under budget and asked if any more actions were required. It was reported that the curriculum plan for next year was already in place with a number of courses on teach-out and a number of staff would be leaving or further reducing their fraction this summer as a result of the restructuring which started last summer. Thirteen staff were at risk, with nine redundancies expected, to align with what is planned for next year, which will be a more effective and financially efficient model with far fewer small classes. The College would look at redeployment for staff at risk of redundancy, but it was too early to know the outcome. The HE cost base had not changed this year, but there were fewer starts in September and there had been some withdrawals, some of which might be associated with the changes that are being made. The College had lost a few more students than expected at the last census point (Christmas). Currently the College was 15 full time and 5 part time students short of the original target. It was reported that there had been an increase in apprentices in HE. These students were included in the Apprenticeships income line rather than the HE line. With regard to programmes on teach-out, next year there will be two HE programmes with only a third year cohort (Policing and Film) and one with a second and third year cohort (Fine Art).

The Committee welcomed the new report format, which they found easy to read. The report had been brought in line with a template which was suggested as good practice for the sector to keep it succinct and was RAG rated.

7. Corporate Budget 2024-25 – Initial assumptions

CIC/FR/24/1/4, Position Paper: Pre-Budget Estimate 2024-25, was received and presented by the Deputy Chief Executive. It was reported that at the time the paper was written, the Executive were still trying to understand the FE funding allocation, which is key to the financial plans. Governors' attention was drawn to the section funding allocations 2024-25 as at March 2024. It was reported that the Executive were disappointed with the 16-19 base line funding allocation for next year, which had increased by £318k compared to the prior year's allocation. Based on modelling of the promised uplift and 49 extra students this year, the College Executive had expected the increase to be between £600k and £700k. Unfortunately, the increase was lower because the retention factor was impacted by a slightly higher number of withdrawals the previous year, and also by programme hours being slightly lower than planned in one area the previous year. Governors' attention was drawn to the assumptions around increases to other funding lines. The budget for apprenticeships (5% increase to £5.6m) was considered prudent. Area curriculum plans for apprenticeships suggest that the College will achieve £5.8m UCC income will drop further in line with current proposals. The estimates and assumptions round other income and salaries were noted.

It was reported that the funding line had increased by £1.3m overall because of the extra uplift for English and maths. The majority of this increase would need to spent on new English and maths teachers.

In response to a question about opportunities to challenge the 16-19 funding allocation, it was reported that this was due to local issues round retention and programme hours. The Senior Leadership Team were looking at how to get programme hours into the higher category in the future.

Looking at the some of the movements on other employment costs and part time hourly paid compared to the prior year, Governors questioned if a 2-3% increase would be sufficient. It was reported that last year the College had the benefit of the release of the Harpur v Brazel accrual on the part time hourly paid line and was able to have a lower part time pay cost this year which was more representative of a normal year. This was expected to increase in line with expectations around a pay increase rather than external factors. Other factors which might impact this line include the UCC programme reductions (a number of the people impacted by these reductions will have been on hourly paid contracts) and the recent conversion of 45 hourly paid contracts (almost half of all LSPs) to core contracts.

Governors questioned the assumptions around inflation. It was reported that the College would not benefit from the reduction in energy charges because of the Ofgem decision to increase standing charges to pay for the upgrade in national infrastructure. £600k of the energy cost is fixed so the College will not see a huge reduction.

The Deputy Chief Executive outlined the next steps in the budget setting process. Budget holders had until the end of the month to return their individual pro-formas for the first wave consolidation. The Director of HR reported that she had met with the Director of Finance the previous day to discuss the ongoing development needs for budget holders.

8. Fee Policies

The Committee received, considered and APPROVED:

- CIC/FR/24/1/5, UCC Fee Policy 2024-25 – the most significant change was to the fees previously approved by the Board.
- CIC/FR/24/1/6, International Fee Policy 2024-25.

Governors asked how the international fees compared to competitors. The information was not available at the meeting, but the Principal did not think that they would be out of line. Universities with a high volume of overseas students might be able to charge slightly less but this was not necessarily the case.

9. Property Matters

CIC/24/1/7, College Estates and Accommodation Strategy 2023-24, was received and presented by the Deputy Chief Executive. It was reported that this is an annual document which is shared with the ESFA. Governors' attentions was drawn to:

- the 13 projects which had been completed over the last 12 months to try and reduce maintenance and energy costs and support the changing need of the curriculum.
- The three medium term challenges which had been achieved since the last strategy: additional engineering workshops; demolition of an old building on campus to be ready for budget opportunities; and reduced carbon emissions by 30%, enabling the College to achieve Future Net Zero Gold standard and the Essex Business Award for Environmental Awareness.
- Forward planning (immediate and long term strategic challenges). It was reported that:
    - in the coming year the College will need to look closely at timetabling efficiencies to meet the English and maths condition of funding. The Audit and Risk Committee had approved an extra Internal Audit this year to look at the utilisation of classrooms. This audit was due to start in the first week after Easter.
    - The Executive want to minimise the footprint of the campus as much as possible. Three buildings at the back of the site which can't be retrofitted need to be replaced because of the cost of operation.
    - There is a drive for more construction spaces to support the Garden Community, Freeport East, and Sizewell C.
- The assessment of the estate against benchmarks. The College was now at or above the standards in terms of condition for all sites other than the Colchester campus.
- The details of where the focus needs to be in terms of improving the fabric and infrastructure condition of the Colchester campus, and the assessment of whether the estate meets the strategic objectives. The self-assessment confirms that the College meets all the criteria.
- The short term condition and infrastructure improvements. There are plans to use the Capital Transformation Fund for a programme of work including: upgrade fire doors; water main replacement; lift replacement; roof replacement; remove air conditioning systems; and move forward with the fossil fuel replacement programme. An onsite meeting with the Directors of Gasway had been held earlier that day to continue with the development of the Net Zero Centre.
- Other curriculum development projects – these include the Electric Vehicle Training Centre, which is likely to be open in September 2024.
- The medium to long term plans and future funding opportunities. It was reported that Salix was about to open round 5 of the decarbonisation scheme specifically for education which the College could consider applying to.

The focus of the Committee's discussion was the four buildings that were in the worst condition but still being used. It was reported that some spaces were under used, such as the fourth floor in K Block. There were plans to build to a new Construction Centre on the Garden Community for 2026 which would relieve some of the pressure on the Constructions spaces at the Colchester campus. The decision has been taken to retrofit J Block. Although it is the same age as K Block there are a number of benefits in terms of structure and floor space to support Construction activities. It was proposed that the building could be used over the next 10-20 years to meet growing demand. The floor space in the Swinburne Hall could potentially be doubled by adding a mezzanine floor. As HE programmes currently in teach out end there may be opportunities to close down spaces, necessary to reduce ongoing costs.

Governors suggested an amendment to the response to the self assessment question “are buildings secure and well maintained” to flag the difficulties of maintaining building that are end of life. This was accepted by the College Executive. **Action**: Deputy Chief Executive.

In response to a question about any health and safety concerns, particularly around buildings that are old, it was reported that there were some challenges associated with the flat roof leaking, and difficulties around asbestos which adds to the cost of the maintenance programme. It is extremely difficult and costly to keep the buildings safe, which is why there is an overspend on the estates expenditure line year on year. It was confirmed that the College does not have any RAAC issues. The Deputy Chief Executive reported that he did not feel that there were any health and safety issues currently but the roof on L Block was showing signs of wear and tear which is why the building has a limited lifespan.

Governors asked if there was anything more that should be done to improve the utilisation of the Braintree campus. It was reported that some organisational structural changes would be made around Construction and Engineering in the coming months which it was hoped would allow Engineering staff to place a sharper focus on growth to meet local need including at the Braintree campus. The Engineering facilities are under utilised and ways of increasing full time student numbers as well as adult and apprenticeship numbers would need to be identified. The competitors for the Braintree campus were noted. Stansted Airport College is predominantly engineering and has got new facilities, transport for students and a large employer on-site. In response to a question about marketing it was reported that the College could and would do more. There are good links with some of the schools in Braintree. It was reported that the College has saves over £0.5m in running costs per annum at the Braintree campus since it downsized to three efficient buildings.

Subject to the amendments agreed during the meeting the Committee APPROVED the College Estates and Accommodation Strategy 2023-24. The Deputy Chief Executive was thanked for producing a comprehensive report.

10. HR Reports

The Deputy Chief Executive introduced Kate Hancock, Director of Human Resources, to the Committee.

CIC/FR/24/1/8, Position Paper - HR Key Priorities, and CIC/FR/24/1/9, HR Management Dashboard, were received and presented by the Deputy Chief Executive. It was reported that:

- Staffing in HR would be back at full capacity when the new Business Partner starts in May.
- The HR Team were currently dealing with 31 active employee relations cases. The breakdown of the cases was noted.
- Two policies and procedures had been updated and issued since the last meeting of this Committee.
- The new HR SharePoint page for internal reporting to staff was ready to go live.
- The College was continuing with the health surveillance programme.
- The new annual training plan was well underway, and the Learning and Development Officer was looking at activities to deliver in the autumn term.
- The new Director of HR was focusing on a number of areas, such as recruitment activities both from the point of view of safeguarding and ensuring controls are in place and how to improve recruitment to some of the hard to fill posts. Work was also going on with Finance, Health and Safety, and Funding and Information to put together a management training programme to help staff fully understand the remit of their responsibilities when taking on a management role within the College.
- Another areas of focus included reducing staff sickness and reducing staff turnover through improved staff retention initiatives.

The Director of Human Resources reported that she was working closely with the Principal on the culture, values and the people strategy, and was looking at what was currently in place through a fresh pair of eyes. The Director of HR was looking at what could now be brought back under central HR control to relieve the pressure on managers and ensure best practice is applied.

Governors were pleased to note from the HR Management Dashboard that all targets around mandatory and essential training had been achieved, as had the target for DBS checks.

It was reported that:

- there were still some challenges around staff sickness, currently 7.01 average days per employee against a target of 7.
- The percentage of apprenticeship levy utilised (62%) was unlikely to change too much. Twenty one staff were on an apprenticeship programme, which was a lot higher than most Eastern Region colleges. The College was asked to share its good practice on this.
- Staff turnover (currently 17%) is a challenge and needs to improve if the College is to achieve its financial savings.

In response to a question, it was reported that there was still work to do to get the essential risks and priorities into order and put the basic level foundations in place. Targets would be set when more meaningful data analysis can take place to make informed judgements around performance and managers have been upskilled. The College was limited by what it could extract from the current system and was looking at a new HR system. The Director of HR was of the view that the College is not ready for a staff survey but the College Executive were ready to listen and respond to a “you said we did” approach.

In response to a question on the reasons for the staff turnover it was reported that about 20% of staff had left through a process of either a restructure or an employee relations matter. The exit interview process has been updated to give a clearer understanding of the main reasons for leaving. HR are trying to engage with staff and meet with them at the point they become aware that someone might be leaving.

The Committee was encouraged by the direction of travel both in terms of the qualitative information and outcomes; recognised the amount of work that had been undertaken to date; and were reassured about the next steps.

11. Maternity Leave Policy and Procedure

CIC/FR/24/1/10, Maternity Leave Policy and Procedure, was received, considered and APPROVED.

12. Wellbeing Annual Report

CIC/FR/24/1/11, Wellbeing Report 2023-24, was received and presented by the Deputy Chief Executive. Governors noted the summary of activities completed in the year, much of which were around the Employee Assistance Programme and the other opportunities for staff to receive benefits in the organisation. It was reported that in terms of forward plans the intention was to bring back a new Health and Wellbeing Group made up of a cross section of leaders to build on the package articulated in the report. A number of opportunities were already in place and part of the Director of HR’s strategy was to promote to the workforce how good this package is. In response to a question, it was reported that the number of people using the Employee Assistance Programme was low, but the staff who do use it benefit from it. It was proposed to use the SharePoint page and regular bulletins to communicate this benefit to staff.

Noting that one of the main reasons for sickness absence was stress or mental health issues, Governors questioned why more staff were not accessing the support that was available to them.

It was suggested that when sickness absence for stress or mental health is recorded consideration is given to asking the individual if they had considered using this free, confidential, service.

Governors noted the impressive areas of support available, albeit under-utilised, and the plans to move it forward to improve utilisation.

13. Review of Meeting

The Committee reviewed the effectiveness of the meeting and agreed to bring to the attention of the Board the Management Report and Accounts; College Estates and Accommodation Plan 2023-24; and the approval of policies.

14. Date of Next Meeting

Wednesday, 22nd May 2024 at 4.30pm at the Colchester campus.

15. Any Other Urgent Business

There were no items.