COLCHESTER INSTITUTE CORPORATION

Minutes of a meeting of the
FINANCE AND RESOURCES COMMITTEE
held on 4th December 2023
at the Colchester campus and on Teams

Present

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

In attendance:

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

Observer
Sally Conner

Sally Conner, potential co-opted Committee members, was welcomed to the meeting as an observer.

1. **Apologies for Absence**
There were no apologies for absence.

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 29th September 2023 (CIC/FR/23/5/1) 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/23/5/2, Finance and Resources Committee action sheet, was received and noted.

Governors asked for an update on plans for mid-year start programmes in UCC to mitigate the HE funding shortfall. The Principal said that a new cohort of HNC/D Engineering apprentices would start in February 2024.

6. **Report and Financial Statements 31 July 2023**
CIC/FR/23/5/3, Annual Report and Financial Statements Year Ended 31 July 2023, and CIC/FR/23/5/4, Letter of Representation, was received and presented by the Director of Finance. It was reported that the financial statements were similar to the Period 12 (July 2023) Management Report and Accounts. As previously reported the main reasons for the loss in the year were HE not meeting its budget target, which had already been reduced by £700k on the previous year, and Work Based Learner enrolments being behind the budget profile.

In response to a question, it was reported that the final Lennartz repayment had not been recognised in the accounts because of the uncertainty over when it would be received. This was accepted by the Committee, but a Member suggested referencing Lennartz in the narrative on provisions in the notes to accounts.

The Deputy Chief Executive reported that it was disappointing to record an operating deficit of £522k after two years of positive trading which had provided a total surplus of £1.5m. The outcome recognised the challenging circumstances of high inflation driving up material and delivery costs and also higher energy costs last year. The College was now on a flexible energy tariff, and action had been taken to mitigate energy consumption for the current year, such as installation of PV panels and replacement of lights with LED bulbs.

Governors' attention was drawn to the Balance Sheet and the net current liability position. It was reported that the current ratio was still not where it needed to be.

It was reported that the reduction in cash at July 2023 was as expected, and was due to the College's contribution to the Salix project. Net cash flow from operating activity was positive. A Member questioned if there was a desirable range for cash and whether £3m at year end sat within that range. The Deputy Chief Executive responded that a financial objective is to maintain financial health Good. The College needed to achieve a minimum of £3m cash and an operating surplus of c£200k to get to Good, which is why financial health dropped back to Requires Improvement based on last year's performance. In terms of managing cash throughout the year, £3m at year end means there will not be a problem during the February and March pinch point when grant income is at its lowest. Governors were reminded that half of the College's HE income is not received until May each year.

It was reported that with the agreement of the auditors the defined benefit pension scheme surplus had not been recognised as an asset in the accounts because it can't be realised. In response to a question, it was reported that the College was still required to pay £113k annual deficit payments to the pension fund. These deficit payments were based on the triennial valuation rather than the FRS102 valuation and were due to be reviewed in 2024. It was reported that an annual payment of £70k was also made as part of an enhanced pension scheme which the College had inherited following the merger with Braintree College in 2010.

A Member asked about the potential for the clawback of AEB funding and whether anything should be shown as restricted cash as a result. It was reported that provision had been made at year end. The funding body was in the process of taking back £54k AEB funding, but the College had received an additional £54k funding for apprenticeships.

Governors were reminded that the College must meet two loan covenants each year. The College was well above the threshold of the first covenant (register a cash reserve of the value of the debt service costs for the following year) and met the second (not make an operating loss of more than £794k pa).

It was noted that this was the first year with the new Audit Team. The Deputy Chief Executive reported that it had been a smooth audit process. The audit team was smaller than in previous years and there seemed to be more of a focus on policies and procedures and, depending on whether these were being met, smaller sample sizes.

The Committee AGREED to recommend the Annual Report and Financial Statements and Letter of Representation to the Board for approval.

CIC/FR/23/5/5, External Auditor's Audit Finding Report to the Audit and Risk Committee, was received for information.

7. **Management Report and Accounts**

CIC/FR/23/5/6, Monthly Management Report and Accounts October 2023 [Period 3], was received and presented by the Director of Finance. It was reported that:

- it had been a good start to the year. The College had received an extra £1.7m 16-19 funding, which had been used to make a 5% pay award to all staff with effect from 1 October 2023.
- The full year forecast outturn had moved from £98k to £180k, which was not as good as hoped for at this point in the year.
- There was a shortfall of £120k on the FE adult and loans income lines.
- HE had recruited fewer students than planned.
- More income had been received from Essex County Council for High Needs Students.
- The forecast overspend on pay was due to the unbudgeted 5% pay award.

Governors referred to the announcement in the Autumn Statement of a further increase to the National Minimum Wage (NMW) from April 2024 and asked if all staff were paid above the NMW. It was reported that there were two to three pay points below the new NMW from April. Modelling of the bottom five pay points shows that the likely cost in this financial year would be c£30k.

HE recruitment was discussed. It was reported that the College had recruited 175 full time students against a budget of 186, and 113 part time students against a budget of 112. An additional 11 Higher Apprentices had been recruited within UCC but this income, which would be recognised in the Apprenticeship income line, would not quite offset the 10.5 FTE under-recruitment of HE students. It was reported that four out of five HE students on a Digital programme which had been placed on 'teach out' had decided to move to another provider locally rather than progress to the second year at Colchester Institute. This meant the second year of the programme was no longer viable. The remaining student agreed to move to the other provider but because the College was no longer running the programme it had to refund last year's fees to the student for a false start. Governors asked about other areas where action was being taken due to student numbers and were advised that the last Fine Arts Programme had already been put into teach out. The programme had seven first year students on it against a target of 11.

Governors noted that the overspend on pay costs was partly due to delayed actions on planned budget reductions and asked for an update on these planned actions. It was reported that this related to the HE staff reduction programme which commenced in the summer with a number of programmes put on teach out. A number of the staff affected had raised representations and challenged some of the decisions, which meant the notices of dismissal were not served until later than planned, bringing the costs into the current financial year. Some staff did not leave until the end of October, and other reductions were not to the extent planned.

Governors questioned the overspend on the hourly paid and estates expenditure lines. It was reported that the overspend on the hourly paid line was due to the 5% pay award and some front loading of costs at the start of the year. The overspend on estates was due to VAT which had not been fully budgeted for and upfront repair and maintenance costs which were not expected to continue.

8. **College Financial Forecasting Return**

CIC/FR/23/5/7, ESFA Letter – College Financial Forecasting Return 2023 to 2025, was received and noted. Given the financial health grade had been assessed as Requires Improvement, Governors questioned if the College was likely to be contacted by the DfE's Place Based Teams to take forward support or intervention actions. The Principal did not think that there would be any formal financial intervention but she expected the College to be asked if it would like any active support at the next ESFA/College Annual Strategic Conversion. The College had agreed to have a conversation about curriculum efficiencies and curriculum planning but the meeting planned in late August had to be rescheduled. It was reported that the College has a good relationship with the ESFA and the

Territorial Team provide arm's length support and are still pleased to receive a copy of the College's monthly Management Report and Accounts.

CIC/FR/23/5/8, College Governing Body Finance Dashboard, was received. It was noted that the dashboard is updated twice a year following an assessment of the Finance Record (FR) (submitted at the end of December each year) and the College Financial Forecasting Return (CFFRFP) (submitted at the end of July each year). The Clerk reported that the Dashboard was still showing the March 2023 update. A pdf of the October 2023 update would be circulated to Governors once it becomes available.

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

CIC/FR/23/5/9, Update on Strategic Plan Goals – November 2023, was received and presented by the Principal. Governors welcomed the new report format which they found much easier to read.

Progress against the Strategic Goals which related to the work of this Committee was discussed. Governors asked how often staff surveys are undertaken and when the next one was planned. It was reported that surveys are carried out every three to four years, and that the next survey would be in late 2024.

Noting that there was some way to go before the whole College was fully migrated to Microsoft 365 Governors asked aboutthe impact of this one year success indictor not being fully met. It was reported that MS 365 was being used by all staff, but that staff had data on legacy systems which needed to be moved across. The transfer of data from the Q drive structure into Teams was largely complete, but relevant content from a number of other systems still needed to be moved across. There was a lot of recorded curriculum content on legacy systems which would not be moved until the end of the academic year due to time pressures. One of the key objectives of the new Learning and Development Officer was to lead on embedding the knowledge of the new IT systems within the 365 environment and helping staff to move content across. It was reported that Q drive would be removed at Christmas and the old Portal would be switched off at Easter.

10. **Property Matters**

The Deputy Chief Executive gave an oral update on property matters. It was reported that the final LSIF (Local Skills Improvement Fund) capital project funding agreement was awaited. The College had indicative approval that three projects would be funded. Procurement routes for the capital programme for next year were still be explored and the College was doing what it could to develop key stakeholder relationships.

11. **Modern Slavery and Human Trafficking Statement**

CIC/FR/23/5/10, Modern Slavery and Human Trafficking Statement - year ending 31 July 2023 was received, considered and APPROVED.

12. **HR Key Priorities**

CIC/FR/23/5/11, Position Paper - HR Key Priorities, was received and presented by the Deputy Chief Executive. It was reported that:

- since the last report, three key appointments had been made to the HR Team although the Department was still under its Full Time Equivalent (FTE) budget.
- The new Learning and Development Officer would take the lead on IT training within the organisation and the Induction Programme.
- Two very successful Management Development Programme programmes had been run during the autumn term. Twenty middle leaders had attended an Education and Training Foundation training programme Leading from the Middle. In addition to this, managers at all levels in the College had attending an ACAS programme, Developing Management Skills. Around 110 managers will have attended this course by February.

- Twenty staff were on a Colchester Institute Apprenticeship programme.
- The new Director of Human Resources would start on 22nd January 2024. The background and experience of the new Director was noted.
- The ACAS training programme had been used to consult 114 managers within the organisation on what they think are the values within the organisation. This will feed into the new Strategic Plan.
- The legacy HR Select software needed to be replaced. HR was working with Finance and Procurement to tender for a new HR platform.
- The new automated timesheet system would go live in January 2024 after three months parallel running.
- Wider strategic improvements include a focus on staff turnover, staff wellbeing and mental health, and reducing staff sickness absence.

The Corporation Chair reported that Governors had been invited to attend the Leading from the Middle feedback sessions on 11th December and that he would be attending.

13. **HR Dashboard**

CIC/FR/23/5/12, HR Management Dashboard, was received and presented by the Deputy Chief Executive.

Mandatory SCR (Single Central Record) training completion rates were noted. It was reported that at the time the report had been produced, data on completion rates was still awaited from a third party provider that delivers two of the online modules. It was reported that the Curriculum and Quality Committee had raised concerns that the target for Safeguarding Level 1 training had been missed. Following a big push by members of the HR Team and Safeguarding Leads completion rates were now well above the 97% target. In response to a question, it was reported that about 30 staff needed to complete the Level 1 online Safeguarding training. This included ten new staff who may not have joined yet; the remainder were staff that need to complete refresher training, some of whom might be on long term sick leave or on annual leave. These staff continue to receive weekly reminders, copied to their managers.

A Governor observed that the gender pay gap was not included in the report. The Deputy Chief Executive responded that the gender pay gap report was produced annually but could be incorporated into the dashboard if Governors would like to look at the data more frequently.

Governors noted that staff receive training on the Prevent Duty and asked what intelligence the College received on Prevent. It was reported that the Safeguarding Leads pick up local intelligence through their attendance at meetings of the local Prevent Board. The Safeguarding Lead also receives updates from Essex County Council which are shared with the Team. The Security Manager would be aware of any threats and take any interventions. It was reported that the College does not receive many Prevent related queries or referrals. It was reported that a suggestion had been made to the College Executive that Prevent training should be refreshed every three years. This would trigger a requirement for incumbent staff to complete refresher training and would have an impact on mandatory training compliance rates.

In response to a question, it was reported that the HR Business Partners were managing a case load of 34 active cases, ranging from sickness absence to disciplinary and grievance.

Governors extended their thanks to the Deputy Chief Executive for his oversight and management of the HR Department, which was in a far stronger position then when he took over. It was reported that the new Director of Human Resources would report to the Deputy Chief Executive.

14. **Policy Review**

14.1. **Staff Development Policy**
CIC/FR/23/5/13, Staff Development Policy, was received and presented by the Deputy Chief Executive. It was reported that the key change was to mandate that staff must attend the staff induction programme and new teachers must attend the new to teaching programme. There had been problems in the past in securing the release of new teachers from the classroom. A Member asked what would happen if someone refused or did not complete the training. It was reported that individuals and their managers are regularly reminded that they need to complete the training. It had never been necessary to take someone through the disciplinary process.

Governors questioned the wording of paragraph 15, Fitness to Train, and asked for it to be reviewed and updated. **Action:** Deputy Chief Executive.

Subject to the rewording of paragraphs 15, the Committee APPROVED the Staff Development Policy.

14.2. **Capability Policy**
CIC/FR/23/5/14, Capability Policy, was received and presented by the Deputy Chief Executive. It was reported that the policy had been refreshed but the main content had not been changed. In response to a question, it was confirmed that staff subject to the policy were allowed to bring a work colleague or trade union official to meetings.

A Member questioned if it needed to be made clear in the policy that, if the outcome is dismissal, it is either with a notice period or with immediate effect, and the impact that would have on pay. It was reported that dismissal would normally be with notice unless the dismissal was for gross misconduct, which would be considered under the Disciplinary Policy.

The Committee APPROVED the Capability Policy.

14.3. **Workplace Resolution Policy**
CIC/FR/23/5/15, Workplace Resolution Policy, was received and presented by the Deputy Chief Executive. It was reported that there were no changes to the content of the Policy other than general updating. The Committee APPROVED the Workplace Resolution Policy.

14.4. **Review of Scheme of Delegation – approval of policies**
CIC/FR/23/5/16, Review of Scheme of Delegation – approval of policies, was received, considered and approved for recommendation to the Board.

15. **Annual Report to the Board 2022/23**
CIC/FR/23/5/17, Finance and Resources Committee Annual Report to the Board 2022/23, was received, considered and APPROVED.

16. **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.

17. **Date of Next Meeting**
Wednesday, 20th March 2024 at 4.30pm at the Colchester campus.

18. **Any Other Urgent Business**
There were no items.