

COLCHESTER INSTITUTE CORPORATION

FINANCE AND RESOURCES COMMITTEE

held on

Thursday, 11th July 2024 at 4.30pm

at the Colchester campus

MINUTES - Part I

Present:

Richard Block – Chair
Alison Andreas – Principal/CEO
Stephanie Bettinson – Governor
Steve Blake – Co-opted Governor
Chris Donovan - Governor
Kevin Prince - Governor

In attendance:

Kate Hancock – Director of HR
Gary Horne – Deputy Chief Executive

1. Apologies for Absence

Apologies were received and accepted from Sally Conner.

2. Declaration of any conflicts of interest

No committee member or staff declared any financial, or other, interest in the business to be discussed.

3. Agreement to Starred Agenda Items

The committee agreed that only starred items would be discussed at the meeting and all other items would be deemed noted and/or approved as appropriate.

4. Minutes of meeting held on 22nd May 2024

(CICFRC/24/3/1) The minutes of the meeting held on 22 May 2024 were approved as a true and accurate record.

5. Action Sheet and Matters Arising from the Minutes

(CICFRC/24/3/2) All actions had been completed ahead of the meeting and there were no matters arising from the minutes.

6. Management Report and Accounts May 2024

(CICFRC/24/3/3) The Deputy Chief Executive (CE) presented the Management Report and Accounts May 2024.

The College is ahead of budget on year-to-date basis which provides confidence that the budget will be achieved by the end of period 12.

Unforeseen cost rises have been managed well.

Governors **COMMENTED** that the Higher Education (HE) funding continues to struggle.

The Deputy CE agreed and said that this will continue to be the case following decisions that have been made in relation to courses, however growth has been seen within HE Apprenticeships which is shown elsewhere in the accounts. Governors **ASKED** when the previously agreed changes to the HE courses will be fully complete. The Principal said that it would be by the end of the 2024-25 academic year when two of the three teach

out courses will come to an end. The committee noted that these courses are costly to the College due to the low numbers of students on them.

Deputy CEO explained that the balance sheet is forecasting an outturn cash position of £3m which is just below the full year budget target figure of £3.4m. Cashflow continues to show £2m reserve at the end of each month for the next 12 months which provides sufficient working capital going forward however the College continues to look at how to improve this position.

The financial health forecast is at 170 points 'Requires Improvement' and further work is required to improve this to 'Good' both in year and for 2024-25.

Governors **ASKED** about holiday pay accrual and the changes associated with part time workers whether it had been profiled to identify what effect it will have. The Deputy CE replied that the holiday pay accrual doesn't move too much year on year, however the College does analyse untaken holiday in order to complete the calculation.

7. Corporate Budget 2024-25

(CICFRC/24/3/4) The committee had received the corporate budget for 2024-25 ahead of the meeting at which the Deputy CE highlighted key points.

The budget predicts overall operating income of £43.1m for the 2024-25 year. There will be an increase of £2m on the main ESFA funding line as a result of increased 16-19 allocation and a potential £500,000 improvement to adult funding.

There will be a further downturn in HE tuition fees which are expected to drop to £1.4m for the year.

Governors **ASKED** whether there will be any reduction in VAT for FE colleges following the election of a new Government. The Deputy CE said he could not foresee it being an imminent action if it was to happen.

Governors **NOTED** the reduction in HE funding, and **ASKED** what is causing the continued decrease.. It was explained that more courses unexpectedly stopped recruiting at the start of the current year due to lack of applicants. The budget figures reported are based around the curriculum plan for HE. The Master's in Education course now will not be running however this should be mitigated by actions that have already been taken. Changes to the management structure have taken place and the HE music/ drama spaces will be handed back which would result in a useful saving on running costs.

The increase in the number of Full Time Equivalent core staff was in part explained by 17 part time hourly paid staff moving across to core contracts. Beyond these, an additional 15 staff have been proposed to deliver the planned growth in student numbers.

There are not many savings across the non-pay lines and Estates, Supplies and Services are not expected to make savings, albeit there will be limited increase on these lines as inflation is starting to reduce. Depreciation is falling due to some assets now being fully depreciated. Interest on the Barclays loan has reduced.

The Deputy CE said that the College will take every opportunity to move into 'Good' financial health.

Governors referred to the staff costs having a Savings Plan of £450k built into next year's Budget and **ASKED** how progressed it is and how confident the CE were in finding this level of savings. The Deputy CEO said that they are a third of the way there and will continue to work towards it through a series of initiatives identified by the Senior Leadership Team.

Governors **ASKED** what the budget represents in terms of overall head count. There is an overall increase of 18 FTE staff however it is not expected that all 18 will be recruited and it is usual for the college to run with a vacancy rate of around 18-20. This will be reassessed when enrolment numbers are known in late August. The Principal explained that Engineering remains a risk area for obtaining staff, should there be a greater than expected enrolment number. Some areas of engineering have now stopped taking applications and one course moved from Braintree to Colchester to enable us to accommodate bigger numbers.

The Committee commented on the course contribution data and the areas requiring intervention and **ASKED** what interventions are planned? The Deputy CE replied that there in the Adult Skills Centres there is a gross contribution of 8% which is higher than previous years and the best that can be hoped to be achieved due to the nature of the provision. This has been approved by SLT on the basis of it being a service to the community which was praised by Ofsted and therefore needed to be retained.

The course contribution schedule was reviewed. Governors questioned three areas that are reported to be making a sizeable loss at net contribution level. During the year College leaders developed the course contribution model and there continues to be checks run on this. Areas shown in red are under investigation as to what is causing the main issue, some will be partly due to the amount of space the course needs to run – workshops in particular. Work is being carried out looking at whether all of the space will be needed for the coming year. The Deputy CEO also explained that the lower contributions in two of these areas are due to the high number of apprenticeships in those areas, with higher delivery costs and lower margins. The committee **SAID** that proportion and allocation methods need to be looked at. The College Executive agreed that these are significant sums, and even if there are some marginal gains it will still be an issue. The Director of Apprenticeships is looking at this. Providers nationally report lower incomes on apprenticeships than full time courses due to them being more costly to deliver. The committee requested an update once the work has been carried out. The Deputy CEO said that the Audit and Risk Committee approved an Internal Audit on room utilisation which presented a limited assurance opinion due to rooms not being used as effectively as they should be. Work is now being done to ensure that rooms are used as effectively as possible.

ACTION: Update to be provided on room utilisation at a meeting in the new academic year, alongside a frequent review of the course contribution model.

Governors **ASKED** what the ramifications are of setting budget that is RI and also including a pay award. The Deputy CE explained that there is no consequence of setting a budget that results in a 'high' RI rating and said that an additional £150k on the bottom-line position would take the financial health to 'Good'. Hard to recruit vacancies remain on the risk register and a pay increase would help alleviate the risks around this. The Principal assured governors that the EFSA are aware of the college financial situation and have not expressed concerns around the financial health. A decision on the pay award will be made by the Board once the enrolment numbers are known. The committee discussed the need to have the right people in place to deliver good quality education. It was felt that this is a prudent baseline position and a list of projects have been agreed at Senior Leadership Team (SLT) level which will enable cost savings over time. It was agreed that detail on the projects and risks should be included in the budget pack which will be presented to the Corporation Board for approval.

ACTION: Greater detail on projects and risks to be included in the 2024-25 budget pack to be recommended to board on 25.7.24.

DECISION: The committee **AGREED** to recommend the Corporate Budget 2024-25 to the Corporation Board for approval.

The committee registered thanks to the finance team for their work in preparing the 2024-25 budget.

8. College Financial Forecasting Return

Work is underway to enable the College to provide the information to the EFSA and will be taken to the Board for sign off before submission.

9. Property Matters

The official opening date of new Net Zero Centre has been set for 10 September. Capital transformation fund projects are now underway in earnest whilst students are not on site.

10. Update on Strategic Plan One Year Action Plan 2024

(CICFRC/24/3/5) There has been little change to the document since the last meeting. A final summary of which three-year goals have and have not been achieved will be presented to the July Board meeting.

The Committee **QUESTIONED** which area of the College Governance oversees IT. The Principal replied that there will be more of a focus on this area with the new strategic plan where there will be a specific sub-strategy for ILT. It was noted that the Audit and Risk Committee receive regular updates on Cyber Security and the Curriculum and Quality Committee receive updates in areas such as the use of AI in teaching and learning

11. HR Key Priorities

11.1 Update on Progress

(CICFRC/24/3/6) - Key priorities July 2024. The document had been circulated in advance and the HR Director took the committee through the key areas.

Ofsted readiness plan has been a focus and is now in place.

A 'rebuild' of HR is underway to improve effectiveness and efficiency. This will include a rebrand building on improving the reputation and gaining respect from stakeholders.

From now, the department will be known as the People and Culture team.

EDI initiatives and training have been introduced to management and rolled out further to teams, promoting a culture of inclusivity.

Continue to reduce risk in terms of compliance.

Committed to reducing sickness absence costs via supportive interventions and training for management.

The marketplace event, held on 4 July, was a really successful engagement event allowing all areas of the College to showcase what they do.

Harpur v Brazel case - On 1 January 2024, the government amended the holiday provisions in the Working Time Regulations and published guidance on calculating holiday entitlement and holiday pay with a particular focus on irregular hours" and "part year" workers. This new legislation intends to simplify holiday pay entitlement and calculations and effectively reverses the UK Supreme Court's decision in Harpur v Brazel. From September 2024, the College will approach all applicable employees (105) with a change in how holiday pay will be applied going forward.

With regard to the graphical representation of the desired culture, discussion took place around the reference to 'broken retributive justice' and what that means in terms of HR. The HR Director explained that this is not an outward facing description but is trying to give an image of what people, culture, system and justice means within the department by providing a feeling of what the people and culture team will look at.

The committee fed back that the document states not just the issues but also provides a road map to the solutions. The committee were encouraged by the progress being made and agreed the format of the information provided is useful in the way it is being presented.

11. 2 HR Data Analysis

(CICFRC24/3/7) Data analysis report July 2024 was taken for information and the following were noted.

Absence management tool kit is expected to go live in September.

Recruitment event conversion rates have not been as good as it had been hoped and there is now a need to look at recruitment more strategically. Data is showing the patterns of behaviour within the College and the HR Director said she will be looking at how the HR and people team respond.

12. HR Dashboard Report

(CICFRC24/3/8) was taken for information.

13. Policy Review

The HR Director explained that the policies presented for approval are undergoing a significant review, however it is recognised that they need to be in place until the process has taken place. The sickness management policy will also form part of the review. The committee **ASKED** whether staff will be involved in the review. The HR Director stated that staff involvement will be workshop based to give them the tool kit needed to roll it out in practice.

13.1. (CICFRC24/3/9) Disciplinary Policy and Procedure for Staff was presented for approval.

DECISION: The committee **APPROVED** the Disciplinary Policy and Procedure with the understanding that it will be reviewed and brought back to the committee in due course.

13.2. (CICFRC24/3/10) Probationary Policy was presented for approval. The Director of HR explained that the policy had been updated by the legal team.

DECISION: The committee **APPROVED** the Probationary Policy.

Review of Meeting

The Committee was asked to:

- Agree the items/papers to be reported to the next Board meeting.
 - Management Accounts
 - Corporate budget following a detailed discussion by the committee.
 - The planned opening date of the college Net Zero centre
 - HR Key priorities and dashboard
- Consider whether any matters discussed should be treated confidentially.
 - Non. Separate Part II agenda.
- Review effectiveness of meeting and potential areas for improvement

- None

14. Date of Next Meeting

To be confirmed.

15. Any Other Urgent Business

Student Protection Plan – The principal brought the Student Protection Plan to the committee for approval. This is a University College Colchester policy that the college is obliged to have by the Office for Students (OFS) and must be updated annually. There has been minimal change from the previous year's document. It was agreed that the policy would be circulated and if no responses are received by a specified date, it will take as approved. The committee agreed with this approach.

ACTION: Student Protection Plan to be circulated for review and approval.