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<b>Finance and Resources Committee</b>
<b>Minutes</b>

<b>Meeting Time and Date</b>	<b>1700 on 9 March 2021</b>
<b>Meeting Location</b>	<b>Zoom Online</b>
<b>Members</b>	Peter Doble (Chair)  Heather Barrett-Mold OBE  John Gayer  Malcolm Goodwin (Principal)  Lady Milnes Coates  Roger McClure 
<b>Observers</b>	Cengiz Ali (HR)  Christine Bianchin (Academic)  Damien Fallon (Finance)  David Scott (Estates) 
<b>Minute Taker</b>	Joanne Coffey (Clerk) 
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	<b>Action</b>
<p><b>1. Welcome and Apologies</b></p> <p>1.1. No apologies were received.</p> <p>1.2. The Committee welcomed John Gayer to the Committee.</p> <p>1.3. Two additional appendices were added on non-recurring grants and the following year's ESFA funding allocation.</p>	
<p><b>2. Declaration of Interests</b></p> <p>2.1. None.</p>	
<p><b>3. Minutes (Decision)</b></p> <p>3.1. The Part II minutes were amended to clarify that the annual pay increase for staff would be payable from 1 January 2021.</p> <p><b>Resolved to</b></p> <p>3.2. <b>Approve the minutes of the Finance and Resources Committee meeting held on 24 November 2020 as a correct record and authorise the Chair to sign them.</b></p>	
<p><b>4. Matters Arising</b></p> <p>4.1. The Committee agreed for the College's Financial Regulations to be amended to negate the need for Governors to approve the list</p>	<b>Finance</b>

<p>of budget holders, as this did not serve any logical purpose and was not a statutory requirement.</p>	
<p><b>5. Report of the Finance Director (Information)</b></p> <p>5.1. A continuation of the Education and Skills Funding Agency (ESFA) funding support for the employer costs arising from the Teachers' Pension scheme has been reported but not yet formally contracted by the ESFA.</p> <p>5.2. The College has approached Lloyds (the College's main banker) and Barclays (with whom the College has deposit funds) in respect of financing for the Mottingham and Crystal Palace capital projects. Lloyds had indicated that they are not prepared to lend money to the College. Barclays had intimated that each project will be considered on its merits; it was not prepared to offer suggested terms. Termly briefings have been held with both Banks and this will continue into the future.</p> <p>5.3. The College was selected for a Greater London Authority (GLA) funding audit in February 2021 and this was in process and expected to complete by the following 2 weeks. To date, no significant issues have been raised. The full results will be reported to the Audit Committee and any significant recommendations affecting the funding allocation to the next Finance and Resources Committee.</p> <p>5.4. Contractually, both the ESFA and the GLA had been allowing a 3% tolerance on the contract values. The ESFA were intending to review this position and comment on any relaxation to this rule by the end of March 2021.</p> <p><b><u>Capital grants</u></b></p> <p>5.5. The College had applied for and received approval for an extension of the deadline for using the ESFA FE Estate Condition Fund from 31 March 2021 to 30 September 2021. At 31 January 2021 £135,872 had been spent with major works due to commence in January, February, March and April. The funding of £580,971 will be fully applied before the September deadline.</p> <p>5.6. The College can apply for ESFA – Further Education Capital Transformation Fund funding, but needs to submit by 22 March 2021. The College has a number of options to consider. The meeting selected the Mottingham / Crystal Palace project and instructed officers to prioritise the submission of an application for matched funding from the ESFA, given the update on bank finance availability, as long as this was compatible with the timescale for spending Transformation Fund grant. Otherwise the Committee were content for officers to select from the other potential capital projects identified.</p>	
<p><b>6. Six Month Group Management Accounts and Revised Budgets 2019-20 (Decision)</b></p>	

- 6.1. Management accounts were now pre-assessed on a monthly basis via a working group, consisting of the Finance Director, Principal, Chair of Finance and Resources and Chair of Governors.
- 6.2. Monthly management accounts have been made available to Governors since December 2020. They will continue to be provided through the [management accounts area of the Decision Time Library](#), on a monthly basis for the months of September to July.
- 6.3. The management accounts and budget are now presented in one blended narrative to facilitate Governor review.
- 6.4. The basis for recognition of income schedule will be included in further accounts; it will be added to the above Decision Time library area, as a permanent record to be referred to.
- 6.5. The operating surplus for the period was £76k below the phased budget.
- 6.6. The net asset position on the balance sheet had increased by the surplus for the period, £569k.
- 6.7. The revised budget reflected significant movements resulting from the Covid lockdowns of the autumn and the winter.
- 6.8. The original full year forecast surplus of £646k is reduced to £82,700 due to the factors recoded in the narrative.
- 6.9. Commercial activities are planned to gradually restart from 12 April 2021, with a full programme from 21 June.
- 6.10. Adult recruitment had been heavily impacted by the third lockdown. Some 2020-21 educational delivery will be provided through summer schooling; this income is not recognised in the 2020-21 outturn.
- 6.11. The reduced forecast surplus is principally due to the Nottingham/Crystal Palace fees of £429k; these costs will not repeat in future years.

#### **16-18 ESFA Funding allocation for 2021-22**

- 6.12. As 2020-21 16-19-year-old recruitment was impacted by the pandemic, the ESFA's funding allocation for 2021-22 will be £8.2m, compared to £8.5m in 2020-21.
- 6.13. SLT are in the process of analysing the figures before they are accepted as there is a difference between the College's calculations based on student numbers and that of the ESFA.
- 6.14. To manage the shortfall, the College would compensate through increased activity in other areas and only look at cutting headcount if other methods were not fruitful, particularly as a

<p>targeted over-recruitment for 2021-22 of 149 students would require full resources.</p> <p>6.15. If there is any impact on funded roles, consideration of notification periods will need to be factored in.</p> <p>6.16. The strategy will be to contain costs where there is less demand and increase growth in funded recruitment.</p> <p><b>Resolved to</b></p> <p>6.17. <b>Accept the group management accounts for the half year to 31 January 2021 and recommend them to the Governing Body for approval.</b></p> <p>6.18. <b>Approve the revised revenue budget for the year ended 31 July 2021 and recommend it to the Governing Body for approval.</b></p>	<p><b>A: Governing Body (Appendix I)</b></p>
<p><b>7. Report of the Human Resources Director (Decision)</b></p> <p><b><u>Sickness Absence Policy and Guidance</u></b></p> <p><b>Resolved to</b></p> <p>7.1. <b>Accept the revised Sickness Absence Policy and Guidance and recommend them to the Governing Body for approval.</b></p> <p><b><u>Recruitment and Selection Policy</u></b></p> <p><b>Resolved to</b></p> <p>7.2. <b>Accept the revised Recruitment and Selection Policy and recommend it to the Governing Body for approval.</b></p> <p>7.3. It was noted that there had been 47 resignations during 2020-21 to date. However, the staff turnover is below sector benchmarks and that of the previous 3 years at the College so these data represent the normal churn. A high proportion of these departing staff were part time and on casual contracts, and all roles were now occupied. There was not a high turnover of teaching staff.</p> <p>7.4. Governors requested any feedback from the last two members of SLT to have resigned from the College, in order to be effective with lessons learned. The HR Director will report back to the Committee with any findings.</p> <p>7.5. The Committee recognised that identifying trends in reasons for resignations was key to reducing the impact on students and providing recruitment strategy analysis.</p> <p>7.6. The roles that were more of a challenge to fill were specialist arboriculture, where it was not possible to match the competitive salaries of that industry, and the more niche positions such as garden design.</p>	<p><b>B: Governing Body (Appendix II)</b></p> <p><b>C: Governing Body (Appendix III)</b></p> <p><b>HR</b></p>

<p>7.7. The Committee asked that the specific impact of staff turnover on different areas of the College was set out in future HR Director reports.</p>	<p><b>HR</b></p>
<p><b>8. Review of Finance and Resources Risk (Decision)</b></p> <p>8.1. The Principal Risks now included a new risk agreed with Governors: A failure to maintain the safety and wellbeing of staff and students.</p> <p>8.2. It was clarified that ‘a failure to diversity income, control costs or provide sufficient income from other sources (5)’ covered unknown costs, such as those lost through the pandemic.</p> <p>8.3. The description of the risk (currently 8) of a failure in the Governance and leadership of the College, to be amended to include that the Board would respond to strategic threats.</p> <p><b>Resolved to</b></p> <p>8.4. <b>Make no further changes or recommendations to the College risk management based on the review and discussion of the standing Principal Risks.</b></p>	<p><b>Principal (Completed)</b></p>
<p><b>9. Report of the Principal (Information)</b></p> <p>9.1. The outgoing FE Commissioners, Sir Richard Atkins CBE, had released an update to the FEC financial benchmarks used to measure and monitor colleges’ financial health.</p> <p>9.2. A notable change was for a new measure for land-based colleges to demonstrate pay costs as a percentage of income. This measure is set at 55% and will be used “where relevant.”</p> <p>9.3. The Committee agreed that these benchmarks should not be incorporated into the College’s KPIs (though should be reported against for information), but to keep the focus on the ESFA’s financial health benchmarks.</p>	
<p><b>10. Marketing and Fundraising (Information)</b></p> <p>10.1. The new website for the College (capel.ac.uk) has been live for nine months and continues to bring improvements and increased traffic, with 6,913 prospects enquiring / registering interest and 2,464 applying online since launch. This is an increase in users of 108% and an increases in sessions of 96%.</p> <p>10.2. Although the website had the technology for 16-18-year-olds to apply online, this is not yet automatically linked to the student records system. Better integration is being explored as part of the review and improvements to the Student Admissions service.</p> <p>10.3. HE applications are showing significant improvements meaning an increased cohort is expected in 2021-22.</p>	

<p><b>11. Report of the Estates Director (Information)</b></p> <p><b><u>66 The Ridgeway</u></b></p> <p>11.1. Enfield Council have obligations and targets to meet in regard to the provision of housing. As part of their recently updated and released local development plan, Enfield Council have issued a 'Call for Sites'. This is where anyone owning land can submit their holding for consideration by the council for future planning consent to develop. The College has submitted an expression of interest in regard to their holding at 66 The Ridgeway for the development of the plot into a residential scheme.</p> <p>11.2. The Committee had a full discussion around the potential housing needs of Enfield, and their strategic aims to supply affordable housing and how this might affect the College.</p> <p>11.3. In relation to the restrictive covenant, and the owner's sale of their land adjoining the College's land, The Chair of Governors took Chair's Action on 2 March 2021 to instruct the Principal, working with a local, independent consultant who has local knowledge of Enfield, to negotiate on behalf of the College to achieve the best outcome with regards to its full potential value.</p> <p>11.4. This includes securing the College right of way and if possible, improved access to the College's land which is currently only accessible from a footpath or via a local farm for vehicular access.</p> <p>11.5. The College awaits an outcome from the negotiations, which will be reported to the Governing Body as soon as there is a viable decision to be made.</p>	
<p><b>12. AOB</b></p> <p>12.1. None.</p>	
<p><b>13. Date of next meeting</b></p> <p>13.1. The next Finance and Resources Committee meeting will take place on Wednesday 23 June, 2021 at 1700.</p>	

APPROVED MINUTES			
<b>CHAIR:</b>	Peter Doble	<b>DATE:</b>	23 June 2021
<b>APPROVAL:</b>	<p><b>Remote confirmation:</b></p> <p><b>Or signed:</b></p>		