













Remote Access Symbols

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Finance and Resources Committee
Minutes

Meeting Time and Date	1700 on 22 June 2022
Meeting Location	Zoom Online
Members	Peter Doble (Chair)  Paulina Balogun  Heather Barrett-Mold OBE  Christine Bianchin (Principal)  John Gayer Roger McClure 
Observers	James Bryan (HR)  Denise Cheng-Carter (Finance Director)  David Scott (Estates)  Liz Wood (Academic) 
Minute Taker	Joanne Coffey (Clerk) 
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	Action
<p>1. Welcome and Apologies</p> <p>1.1. Apologies were received for John Gayer and Liz Wood.</p>	
<p>2. Declaration of Interests</p> <p>2.1. None.</p>	
<p>3. Minutes (Decision)</p> <p>3.1. Minute 11.3 was amended to clarify that the lease had been <i>renewed</i>, rather than <i>received</i>.</p> <p>Resolved to</p> <p>3.2. Approve the minutes of the Finance and Resources Committee meeting held on 9 March 2022 as a correct record and authorise the Chair to sign them.</p>	
<p>4. Matters Arising</p> <p>4.1. New budgeting systems, put in place by Denise Cheng-Carter, had now completed the following actions:</p> <ul style="list-style-type: none"> a) Payroll to now be regularly reviewed against the College's academic and financial strategies. b) The College's vision for Excellence in Finance. <p>4.2. A fee had now been agreed with the Independent Advisor for 66 The Ridgeway. This has not led to a need to change the Financial Regulations.</p>	

<p>4.3. Calculations for Agency and Casual full-time equivalents had not been currently feasible, due to the time it would take to process. It was determined that a quicker calculation would not be accurate enough for analysis purposes.</p> <p>4.4. Following the College's audit on student numbers, the Education and Skills Funding Agency (ESFA) had not required any further data. It was expected that there would be a clawback for the previous year's students who had withdrawn early.</p>	
<p>5. Review of Terms of Reference (Decision)</p> <p>5.1. As part of the annual review of the Committee's Terms of Reference, it was agreed to:</p> <p>a) Move annual pay increases for staff to be a recommendation from the Committee to the Board.</p> <p>b) The wording was also amended to read:</p> <p><i>Authority to consider</i> annual inflationary pay increases for all categories of staff in line with either:</p> <p>a) Annual inflation factor</p> <p>b) Recommendation by the Association of Colleges.</p> <p>Resolved to</p> <p>5.2. To approve the revised Finance and Resources Committee's Terms of Reference and recommend them to the Governing Body for their adoption.</p>	<p>A: Governing Body (Appendix I)</p>
<p>6. Report of the Finance Director (Decision)</p> <p><u>Financial regulations</u></p> <p>6.1. The Financial Regulations have not been reviewed due to changes in leadership and updates of College processes which has yet to be completed. The Financial Regulations in situ remains current and will be updated in the autumn term.</p> <p>6.2. The Anti-Bribery Policy was reviewed and found to not be in need of revision.</p> <p>Resolved to</p> <p>6.3. That the Finance and Resources Committee agree the approach to the revision of the Financial Regulations.</p> <p><u>ESFA review of the College's Annual accounts and Finance Record 2020 to 2021</u></p> <p>6.4. The ESFA reported appropriate financial health assessments of Outstanding for 2020-21 and Outstanding for 2021-22 based on the previous CFFRFP submission. They have not identified any significant financial control concerns.</p>	

<p>6.5. The financial dashboard information is extracted from the returns made by the College. It reports a score of 240, which is 'Outstanding'. Governors should note that based on this year-end forecast, the Colleges' financial health would be Good. The College remains dependent on 16-19 learners for significant growth. Against the average college, Capel has greater solvency and no borrowings; but a lower EBITDA, which is due to a combination of reduction in income and increased staff costs.</p> <p>Resolved to</p> <p>6.6. Finance and Resources Committee agree the ESFA review of the College's 2020-21 annual accounts and recommend it to the Governing Body for adoption.</p> <p><u>Department of Education – FE capital transformation fund</u></p> <p>6.7. As previously reported, the College has been informed that its application to the FEETF DfE, of £2,571k has not been successful. Since then, the College held a positive meeting with the GLA in recent weeks. The GLA has advised that match funding for Mottingham can be drawn down once the planning application is approved. In addition, it may be possible for the GLA to contribute their full funding towards the Mottingham scheme to assist the college cash flow (the College would then need to fund 100% of the Crystal Palace scheme).</p> <p>6.8. In addition, the GLA have also mentioned the possibility of additional contributions by way of a contingency fund. The GLA recognise the aggressive market inflation issues that are impacting on all projects currently. This is to be confirmed and is subject to further discussion.</p> <p><u>ESFA College financial planning handbook 2022</u></p> <p>6.9. The ESFA requires the College to submit a 3-year College Financial Forecasting Return (CFFR), by 31 July 2022, which includes an income and expenditure account, balance sheet and cash flow statement.</p> <p>6.10. Due to timing of meetings, the Committee is requested, based on its recommendation for approval to the Governing Body of the proposed College budget for 2022-23 and financial forecast 2023-24 and 2024-25 as presented at this meeting, and subject to no material amendments approves the College Financial Forecasting Return (CFFR) to be submitted by the 31 July without further reviews.</p> <p>6.11. There is also a potential change to the basis on which the ESFA assesses the financial health of colleges. The updated financial health scoring method involves retaining two of the three existing ratios. The ratios for solvency (adjusted current ratio) and performance (EBITDA) would remain, but the ratio for borrowing would be dropped. The Committee will be informed if this method comes into force.</p>	<p>B: Governing Body (Appendix II)</p>
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<p>6.12. Governors stated that potential, future strategies, e.g. closing a campus, are not included in any College reports, until they are definite, to avoid causing unnecessary stress to students and staff. Any such data should be removed from all live reports.</p> <p>6.13. The Committee agreed with the content of the CFFR, which should remain aligned with any recommended changes to the budgets.</p> <p>Resolved to</p> <p>6.14. Agree arrangements outlined above for submission of the CFFR to enable submission to the ESFA by 31 July 2021 and recommend the approach to the Governing Body.</p>	<p>SLT (23 Nov 2022)</p> <p>C: Governing Body</p>
<p>7. Nine Month Management Accounts 30 April 2022 (Decision)</p> <p>7.1. The Governing Body had approved an operating surplus for the full 2021-22 year of £325k in July 2021. The budget has subsequently been 'phased' over the twelve-month period to produce an in-year measure against the budget. Traditionally, most of the income streams for the monthly management accounts have been declared on a 'cash' earned basis. This has the effect of not matching income with associated expenditure at the same time.</p> <p>7.2. The mid-year point operating forecast Flex 2 is in line with Flex 1 with an operating surplus of £6k. It is worth noting that both Flex 1 and Flex 2 forecasts deteriorate by £319k from the budget approved surplus of £325k to a £6k surplus.</p> <p>7.3. As April 2022 was three quarters' through the year, a re-forecasting Flex 3 exercise has been carried out. Flex 3 forecast is predicting an operating surplus of £96k at the end of this financial year, with the incorporation of £600k one-off compensation receipt as Other Income.</p> <p>7.4. With a Flex 3 forecast of £96k operating surplus, the College's Financial Health grade remains 'Good'.</p> <p>7.5. The Adult Education budget included £185k due by July 2022. If 50% of this was delivered, this would equate to 97% of the College's target. Additional courses being run over the summer will help to reach further towards meeting the target.</p> <p>7.6. The key variances table (Paper 7, Page 4) to be corrected for the figured for YTD Flex 2/HE and YTD Flex 2/Tuition Fees students.</p> <p>7.7. Governors felt that the change in how the College's Management Accounts were now presented, provided a more stable position.</p> <p><u>Mottingham capital build</u></p> <p>7.8. The planning approval for the Mottingham project has been delayed until the 8th July 2022. Therefore, based on a 2-month RIBA Stage 4 programme after consent, the project would commence on site on 17 October 2022 with a July 2023 completion.</p>	<p>Finance (Completed)</p>

<p><u>Debt strategies</u></p> <p>7.9. Due to challenges around the timing of when funding should be agreed and paid by the Royal Agricultural University (RAU) to Capel, the Finance Department were to engage, as a priority, with the RAU's Director of Finance to resolve the current debt of £372k.</p> <p>7.10. If learners are unable to pay their fees, the College would now be asking them to apply to the College's bursary fund, rather than to write the unpaid fees off as bad debts.</p> <p>7.11. The College had improved the robustness of its invoice system, where purchase order numbers are required on all invoices raised for the delivery of supplies and services to the College. This ensured against unreasonable purchases being made and provided more accurate financial analysis.</p> <p>7.12. As the Non Pay expenditure forecast continued to fluctuate due to the lack of purchase orders (which is a failure of staff to comply with Financial Regulations), the College had implemented a 'No Purchase Order, No Payment' policy with effect from 1 May 2022. This was expected to become less of an issue over time, as staff learn the new ways of working.</p> <p>Resolved to</p> <p>7.13. Note and accept the Group P9 management accounts to 30 April 2022 and recommend them to the Governing Body for approval, together with the revised Flex 3 forecast.</p>	<p>D: Governing Body (Appendix III)</p>
<p>8. Draft 2022-23 Budgets (Decision)</p> <p>8.1. The financial plans aim to achieve an operating surplus of £163k for 2022-23, £176k for 2023-24 and £209k for 2024-25.</p> <p>8.2. The Financial Health rating, based on the current ESFA scoring methodology, was expected to be 'Good' for all three financial years and EBITDA would be maintained at 3%.</p> <p>8.3. The proposed budget and following years' financial forecast has been set on challenging but achievable targets.</p> <p>8.4. Denise Cheng-Carter gave a helpful and clear presentation to the Committee (attached as Appendix A) on priorities, operating position, income, risks, expenditure, solvency and Financial Health.</p> <p>Paulina Balogun joined the meeting.</p> <p>8.5. The College were now more strongly focused on mitigating for its financial risks, and the controls in place ensured that timely action could be taken as soon as any assumptions were not met.</p> <p>8.6. Strategic focus was being given to reducing agency costs, by close monitoring of controls and addressing the considerable national recruitment challenges.</p> <p>8.7. There is a risk relating to commercial income targets, however progress will be closely monitored and prudent assumptions are</p>	<p>Governing Body: For Info. (Appendix IV)</p>

<p>in place to recognise the impact of a potential financial recession in the UK.</p> <p>8.8. The proposed budget assumes the full utilisation of the College’s Adult Education Budget (AEB) allocation, including the National Skills Fund (NSF) which the College failed to fully utilise in 2021-22. To mitigate the risk the curriculum plan is being reviewed to ensure full utilisation of the NSF and progress will be closely monitored.</p> <p>8.9. A new catering model was being assessed, to ensure that it is not fully treated as a commercial operation, given the higher nature of the overheads and staff costs.</p> <p>8.10. The commentary to be revised to read that the College ‘will <i>continue</i> with Good financial health’, rather than return to it.</p> <p>8.11. Student enrolment for 2022-23 had been slowed down by technical issues. These are in the process of being resolved and the College was now adopting a hybrid model of online and paper enrolments. It was clarified that new 16 to 18 year old applicants are always confirmed a College place immediately but that final placements are confirmed later.</p> <p>8.12. Although the College had always been able to accept all applications, the number of students who could be physically accommodated at Gunnersbury Park had reached its maximum capacity.</p> <p>8.13. There were also some limitations to staff resources for the Arboriculture school limiting ability to offer this curriculum area at all campuses. Students would always be offered places at other campuses if applications challenged capacity.</p> <p>8.14. The data, tracking and processes of staff utilisation had been flagged at the Audit Committee and this was continuing to be monitored to ensure that courses will be correctly resourced.</p> <p>8.15. The College is also engaging with industry professionals, such as in Arboriculture, to suggest that the future employers coming in to the College to teach their future employees.</p> <p>8.16. Roger McClure thanked Denise Cheng-Carter for the solid accounts and budget.</p> <p>Resolved to</p> <p>8.17. Approve the proposed budget for 2022-23, forecasts 2023-24, and 2024-25 and recommend them to the Governing Body for approval and submission of the CFFR to the ESFA by 31 July 2022.</p>	<p style="text-align: center;">Finance (Completed)</p> <p style="text-align: center;">E: Governing Body (Appendix V)</p>
<p>9. Annual Review of Tuition Course Fees (Decision)</p> <p>9.1. The fees for 2022-24 were approved by the Committee in June 2021 at a 5% increase.</p> <p>9.2. The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 7.8% in the 12 months to April 2022</p>	

<p>(compared to 1.6% for the same period in 2021), up from 6.2% in March.</p> <p>9.3. It was proposed that the fee increase for 2023-24 is revised to an 8% increase and that the fees for 2024-25 are also set at an 8% increase.</p> <p>9.4. Management were confident that the higher fees were a sensible approach, which aligned with competitors, although it was noted that they are under-priced compared to Central London.</p> <p>9.5. To mitigate for student affordability issues, the College's bursary fund could be increased to achieve balance.</p> <p>Resolved to</p> <p>9.6. Approve the tuition fees for 2022-25 and recommend them to the Governing Body for approval.</p>	<p>F: Governing Body (Appendix VI)</p>
<p>10. Report of the Executive Director of Human Resources and Central Services. (Information)</p> <p>10.1. The reporting dates had been realigned with the Governing Body dates. A five year comparison will then be applied to analyse trends.</p> <p>10.2. At 30 April 2022, the total headcount was 377. This included a full-time permanent headcount of 199.</p> <p>10.3. The average staff turnover for the 12 months to 30 April 2022 was slowly growing at 20.59%. For the three months prior to 30 April 2022 it was 6.48%.</p> <p><u>Staff recruitment</u></p> <p>10.4. In the three months prior to 30 April 2022, Capel has advertised 22 vacancies, some being adverts for multiple posts, generating 104 applicants. 44 people were shortlisted, and 17 appointments were made.</p> <p>10.5. Whilst the number of advertised vacancies remains roughly steady, the number of applications generated has increased by 14.4%, compared to the previous term.</p> <p>10.6. Of the 22 vacancies, all were advertised and no appointment was made for nine (8.6%). The percentage of external appointments was at 88.47%.</p> <p>10.7. Staff recruitment remained a national issue and there were currently no strategies being shared by the Association of Colleges (AoC).</p> <p>10.8. Capel's strategies to improve staff recruitment included:</p> <ol style="list-style-type: none"> a) Two additional full-time HR members. b) Increased headcounts in areas that are very low, including IT and Events. c) More investment in management and training, to lower staff turnover. 	

<p>10.9. The Committee had a full discussion on further strategies to be considered, considering that the labour market may be on the cusp of change. These included:</p> <ul style="list-style-type: none"> a) Re-packaging the way that staff can work at the College, such as job shares and a division of labour between Capel and industry, which also engages students from learning from those who are already doing the jobs that they aspire to. b) Using external advisers to provide new concepts and strategies, as necessary. c) Changing the way that Capel markets itself to the labour market: <ul style="list-style-type: none"> i. Putting greater emphasis on being London's environmental College that is tackling carbon reduction and sustainability. ii. Promoting and elevating the professionalism of being a Capel employee. iii. Increasing PR for the College in the media and at high profile events, which will then attract new staff. iv. Collaborative marketing with other 'green' educational institutions, such as the Royal Horticultural Society's (RHS) research facility and the private school sector. v. Re-balancing the assumption that Capel is a SEND only College, by demonstrating its success as an A Level competitor. vi. Running targeted marketing campaigns that would attract both staff and students. <p>10.10. It was agreed that the challenge to remain competitive, when hybrid options to work from home were more limited with a practical, land based College, were more difficult to mitigate for.</p> <p>Heather Barrett-Mold left the meeting.</p> <p><u>Staff sickness absence</u></p> <p>10.11. The sickness absence rate (the average number of days' sickness per employee) during the 12 months prior to 30 April 2022 was 3.69 days, a change of -7.06.</p> <p>10.12. Approximately 35% of the total still related to Covid. Only individuals who were unable to work remotely during their absence were listed as sick.</p> <p>10.13. On 30 April 2022 there were five staff on short-term absence, four on long-term absence and one absent due to Covid.</p> <p>10.14. It was becoming clear that Covid numbers had been increasing since the previous term, which matched the national picture. The College were closely monitoring the situation and would follow any Government guidance.</p>	<p>Principal / HR</p>
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<p><u>Employee Relations</u></p> <p>10.15. The College had currently been dealing with 19 employee relations cases which involved workloads, low pay, inflation and recruitment problems. 30% of the cases were from historical issues that had not previously been resolved.</p> <p>10.16. This added further time constraints to the small, and already stretched, HR department.</p> <p>10.17. The Committee discussed the ongoing strategies to improve staff morale. Governors suggested team building activities to bring people together, to feel more valued and to be motivated to solve problems as a team.</p> <p>10.18. Age had been a factor where some younger new staff had unusual expectations about conduct in the workplace, suggesting a potential societal change in how we will work in the future.</p> <p>10.19. Governors noted that, although pay was an important factor for employees, other incentives could include more holidays and other flexible benefits.</p> <p>10.20. It was concluded that, although a lot of work was needed to invigorate the 'people culture' at Capel, that it would be achieved. Marketing to both staff and students with evidence of quality, through success stories, would demonstrate that the College caters for all people and all ages, where people will be successful.</p>	
<p>11. AOB</p> <p>11.1. None.</p>	
<p>12. Date of next meeting</p> <p>12.1. The next Finance and Resources Committee meeting will take place on Wednesday 23 November, 2022 at 1700.</p>	

APPROVED MINUTES			
CHAIR:	Peter Doble	DATE:	28 November 2022
APPROVAL:	<p>Remote confirmation: Approved</p> <p>Or signed:</p>		