




















# Minutes

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<b>Full Governing Body</b>
<b>Minutes</b>

<b>Meeting Time and Date</b>	<b>1730 on Wednesday 13 July, 2022</b>	
<b>Meeting Location</b>	<b>Zoom Online</b>	
<b>Members</b>	Roger McClure (Chair)  Heather Barrett-Mold OBE (Vice Chair)  Paulina Balogun  Sheila Cunningham  Beryl De Souza Peter Doble  John Gayer Robert Howard	Guy Jones-Owen  Joanne Laban Alex Lane  Ralph Luck OBE  Heather Marks  Sarah Moreland MBE  Stephen Way 
<b>Principal</b>	Christine Bianchin 	
<b>Staff Governor</b>	Sarah Seery 	
<b>Student Governors</b>	Rosie Evans Michael Sinnett Layla Jane Rashid	
<b>Senior Leadership Team</b>	James Bryan (HR)  Denise Cheng-Carter (Finance) David Scott (Estates)  Liz Wood (Academic)	
<b>Observer</b>	Nolan Smith, Fusion (Item 6 only) 	
<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. Apologies were received for Beryl de Souza, John Gayer, Robert Howard, Guy Jones-Owen, Joanne Laban, Rosie Evans, Layla Jane Rashid, Michael Sinnett, Denise Cheng-Carter and Liz Wood.</p>	
<p><b>2. Declaration of Interests</b></p> <p>2.1. None.</p>	
<p><b>3. Minutes (Decision)</b></p> <p><b>Resolved to</b></p> <p>3.1. <b>Approve the minutes of the Full Governing Body meeting held on 30 March 2022 as a correct record and authorise the Chair to confirm them.</b></p> <p><b>Paulina Balogun joined the meeting.</b></p>	

<p><b>4. Matters Arising (Information)</b></p> <p>4.1. A further Ofsted training session for Committee Chairs will take place in September 2022 once Denise Lloyd, the new Interim Vice Principal (joining on 15 August 2022) has established the content.</p>	
<p><b>5. Report of the Principal (Decision)</b></p> <p>5.1. The Principal provided an update to the Governing Body via a <a href="#">presentation</a>, which discussed the following.</p> <p><b><u>Current Position</u></b></p> <p>5.2. The College has grown from a total income of £13,455k in 2017-18, to £18,418k forecast in 2021-22, and from 2,747 students (2017-18) to 3,287 in 2021-22 (although some adult short courses remained to enrol).</p> <p>5.3. Many of the processes, systems and structures that had served the College well, to date, were no longer deemed fit for purpose. The College needs to look to the future, review the structure, core processes and skills base in order to achieve its mission to be London's Environmental College.</p> <p>5.4. A lack of investment in estates and key support functions across the College had become increasingly evident.</p> <p>5.5. The College, for some time has operated a climate where decisions come from the top, key managers from across the College are not empowered, nor in some areas do they have the skills to manage their areas of responsibility, nor have they been supported to develop these skills.</p> <p>5.6. The College, for some time has operated a system of financial management too heavily controlled from the top, and a lack of business planning, ownership and accountability is evident across almost all areas of the College.</p> <p>5.7. Transparency with the Board is paramount moving forwards, within Committee papers, through closer working between Chairs of Committees and the Senior Leadership Team (SLT), and the embedding of new processes to allow Governors to further triangulate information presented to the Governing Body.</p> <p>5.8. The mission of the College remains strong with many committed staff who believe in our core purpose. The identified challenges are fixable but it will take some time to change the culture, climate and processes, as well as address the skills and structures needed to support the College as it continues to grow.</p> <p>5.9. The student surveys demonstrate that students are happy and that they feel safe and supported at College. Teaching and learning is good, with some outstanding areas and some that will need more work to reach the higher standard.</p> <p>5.10. It was imperative that overall satisfaction from students should get back onto an upward trajectory, as it had just begun to fall (currently 89% from the usual low 90s).</p> <p><b>Sheila Cunningham and Heather Marks joined the meeting.</b></p>	

**Risks**

5.11. The Principal risks that were currently elevated for more intense focus were:

<b>Risk Ref</b>	<b>Principal Risk</b>
3	Insufficient student recruitment and grant funding to support the curriculum
4	A failure to maintain an appropriate workforce, and organisational structure
5	A failure to diversify income, control costs or provide sufficient income from other sources
6	A failure to maintain appropriate assets, estates, infrastructure and facilities to support the curriculum and business development

**Academic**

5.12. Historic top-down curriculum planning processes, that failed to closely align with budget management, had resulted in inflated recruitment targets 2021-22 and associated poor in-year planning to ensure the College hits its Adult income targets.

5.13. Risk 3, relating to grant funding income is therefore considered to be elevated as the College is currently at risk of not hitting the required 97% of our Adult Education Budget (AEB) to avoid in year claw-back and an associated reduction in funding in 2022-23.

5.14. The robust implementation of new integrated curriculum planning and budget planning processes will mitigate against this risk moving forwards, and actions are in place to ensure AEB grant funding income is met for 2021-22.

5.15. Whilst it was too early to draw conclusions about the final academic outcomes, a similar overall outcome to 2020-21 was anticipated, with areas of high achievement and marked areas of challenge including lower results in maths and English particularly around Functional Skills, as a result of students receiving inflated calculated grades in 2020-21. The College's own tutor-based self-assessment showed a potential 85% overall achievement.

5.16. To date there had been 2,600 applications for 2022-23, this is 285 more than the same time last year. There are 1,190 16-19 year old applications, an increase of 81 compared with this time last year, and 1,378 adults, an increase of 195.

5.17. It was explained that Garden Design applications had risen higher than for the other courses, due to the large amount of intake seen each year at Regent's Park in January.

5.18. However, current enrolment systems and processes are hindering the on-boarding and securing of these students and present an elevated risk. The College is implementing a hybrid enrolment process partly online or paper-based as required and robust monitoring of progress is in place.

5.19. It was clarified that the usual conversion rate is 60%.

5.20. Changes to the way Ofsted inspects Colleges will come into effect from September 2022 and will draw a focus on how the College meets local and sector skills shortages. This plays to the College's strength as a landbased specialist College. However, the College's current processes rely heavily on individual teams and managers engaging with employers. This has been hampered by the pandemic and more recently by staffing challenges, and there is much for the College to do to re-engage with employers, supporters and sponsors.

### **People**

- 5.21. The principal risk register defines the staff related risk as, 'Insufficient staff, or poorly developed and de-motivated staff, or the ineffective deployment and utilisation of staff causes a decline in overall performance, and damage to the reputation of the College.'
- 5.22. Historically, papers presented to Committee have addressed some of these issues. Work is underway to ensure the data reported is accurate and aligned to allow for better interpretation. Several key gaps, such as workforce utilisation, are being addressed to more directly tackle the risks identified.
- 5.23. The College, for some time has failed to gather adequate staff voice or provide feedback loops to allow staff to be a real part of the direction of the College, supporting the drive towards a common purpose.
- 5.24. The College has initiated 'coffee with the principal' informal meetings at all campuses, regular video updates from the Interim Principal, as well as 'Teams Live' to facilitate an online all staff meeting including question and answers from the SLT as part of staff continuing professional development (CPD) days.
- 5.25. Plans are underway to re-engage staff feedback via staff surveys and the 'have your say' email address is utilised to gather feedback regarding specific events or activities. The staff conference on 8 July 2022 focused on looking to the future and reclaiming 'the Capel way'. An extensive plan for staff communications for 2022-23 has been developed.
- 5.26. The HR team is currently under-resourced, and many HR processes and systems currently hinder rather than support key functions such as staff recruitment, coordination of CPD, as well as progress and performance management.
- 5.27. The HR team are also currently addressing 28 employee relations cases (disciplinary or grievance cases). Additional external management support is in place to reinforce the HR team and investment in this key support area is included in budgets for 2022-23.

### **Finance**

5.28. The College is now in the process of reversing its former top down budget management and target setting processes, as these had been hindering business planning, management and ownership of pay elements of budgets, as well as tracking and accountability.

<p>5.29. The budget forecast predicts a financial health grade of 'good' for 2021-22 with an operating surplus of £96k. However, this is as a result of a one-off payment relating to land owned by the College at 66 the Ridgeway, without which the College's financial health would be 'requires improvement'.</p> <p>5.30. Robust new curriculum planning and budgeting processes have now been put in place, combined with a renewed format for presentation of monthly management accounts on a 'matching principle' basis to aid transparency, where related income and associated expenditure are declared at the same time.</p> <p>5.31. The budget for 2022-23 aims to achieve an operating position of £163k surplus and a financial health grade of 'good'. Underlying assumptions include the significant reduction in agency costs, reductions to the marketing budget, increased commercial income, and the full utilisation of the College's Adult Education Budget (AEB) allocation including the National Skills Fund (NSF).</p> <p>5.32. The College is now more strongly focused on mitigating its financial risks, and the controls in place will ensure that timely action can be taken as soon as any assumptions within the budget are not met.</p> <p>5.33. The budget forecast for 2022-23 factors in the realignment of business support areas, including finance, to support the College as it continues to grow.</p> <p>5.34. Heather Barrett-Mold had known the College for many years and she explained that, when Capel was a smaller institution, the Heads of Schools had a better understanding of their spending allocation and so could responsibly manage it. Over the years, this intelligence drifted back to senior managers.</p> <p>5.35. This top-heavy imbalance is now being re-centred to ensure that the new culture of transparency filters into all areas of the College.</p> <p><b><u>Estates</u></b></p> <p>5.36. The College has significant estates to manage for such a small College and is in the process of renewing its Estates strategy, aligned to the College strategic objectives.</p> <p>5.37. The College has not previously gathered sufficient data regarding contribution levels by campus. The new senior leadership team wishes to focus on improving efficiencies across the College, based on improved information for each campus.</p> <p><b><u>Crystal Palace Park / Mottingham</u></b></p> <p>5.38. The College is negotiating with the Greater London Authority (GLA) / Transport for London (TfL) regarding long-term leases for its Crystal Palace Park (CPP) campus and Capel's ongoing tenure of the stadium until alternative facilities are available. The College is seeking 99 years for a rent of around £20-30k per annum. There are positive signs that the GLA wish the lease to be progressed as a priority.</p> <p>5.39. The GLA have 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</p>	
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the Mottingham scheme to assist the College's cashflow (the College would then need to fund 100% of the Crystal Palace scheme).

- 5.40. Funding for Crystal Palace is proposed through various means including an application to prepare for readiness to deliver T-levels (Agriculture, land management and Animal Care) in 2024-25, application for further Department for Education (DfE) Transformation Fund, fund raising through partnerships and sponsors and potential sale of College land and buildings at its' Enfield site.

#### Gunnersbury Park

- 5.41. The College campus in West London at Gunnersbury Park (GP) is currently operating close to capacity and pressure on resources is challenging. The College is pursuing the lease in GP which has some outstanding queries that Ealing Council and the park community interest company (CIC) are considering. No further progress has been made with the lease negotiations which would provide 23 years' tenancy for the full walled garden.

#### Regent's Park

- 5.42. The College campus at Regent's Park is held on a two-year rolling licence with the Royal Parks, although the link between the two-year licence and the renewal of temporary planning consent for the 'Lodge Building' has now been divorced. The Royal Parks have also supported the College's temporary planning application with Westminster, therefore, much of the risk has now been ameliorated in regard to the College operation over the next two academic cycles.
- 5.43. However, the Royal Parks are looking for the College to make a substantial, circa £4,000,000, capital commitment to building a new shared educational facility at the Queen Mary garden site, in return for an appropriate longer period of tenure.
- 5.44. The College is also exploring potential partnerships and additional locations in proximity to the Regents Park Campus to support potential expansion as the site is near capacity.
- 5.45. The College estates and IT infrastructure has suffered from some years of neglect and the needs for capital expenditure over the next three years has been increased in the budget forecasts to allow greatly needed investment in these areas.
- 5.46. Investment in the College IT infrastructure and networks is essential to allow the College to meet its strategic objectives of being digitally enabled, as well as meeting the needs of the required Cyber Essentials and Cyber Essentials + accreditation and ensuring that the College maintains an acceptable level of risk around the threat of a cyber-breach.

#### Forty Hall Farm

- 5.47. The College leases Forty Hall Farm from Enfield Council on a 99 year agricultural lease which limits the frequency and nature of the events that can be held at the farm and prohibits sub-letting.

5.48. There are a number of businesses within Forty Hall Farm including: Enfield Veg Co, Forty Hall Farm Vineyard, Community Orchard, Food Gatherers and Enfield Bee Keepers.

5.49. Senior Leaders were currently exploring historic arrangements with the many stakeholders, to gain the fullest understanding of all parties, potential collaborations and best ways forward for the College. As well as mitigating the impact of previous communications, particularly with the Vineyard around control and legal structures.

**Audit and Compliance**

5.50. Of the 8 audit areas covered in 2021-22 to date, one received 'limited assurance' (Lecturer Deployment), and four received 'reasonable assurance' (Commercial activities, Budget Setting and Control, Income and Debtors, IT Infrastructure). A further three areas received 'significant assurance' and follow up on previous recommendations was felt to be making 'good progress'.

5.51. It is unusual for the College to receive assurance levels of 'reasonable' or 'limited', previous audit areas in the past having consistently received 'significant' or 'strong' assurance.

5.52. The Lecturer Deployment audit highlighted two high recommendations, and 2 medium recommendations, in the action plan to improve the performance of the systems of internal controls. The recommendations relate to formalising staff utilisation reporting and improving staff utilisation rates across the college, and are for urgent implementation for the next academic year (2022-23).

5.53. The Commercial Activities audit highlighted 2 medium actions relating to the updating and tracking of progress against the commercial activities strategy and associated action plans.

5.54. The IT infrastructure audit found that the College has implemented appropriate processes relating to cyber security, but highlighted one high risk recommendation that all staff urgently complete the cyber security mandatory training.

5.55. The Income and Debtors audit highlighted one medium recommendation relating to actions to improve debt chasing processes and outcomes. The Budget Setting and Control audit received a revised assurance rating of 'reasonable', with the high-level communication, 'rigour over the management of pay and non-pay costs and the close monitoring of income achievement'.

5.56. Governors stated that independent verification and the internal audit process demonstrated a need for improvements.

5.57. A Special Audit Committee had confirmed the need for deeper scrutiny by the internal auditors, with more checks with staff, beyond SLT, to ensure accuracy in their reporting and to give a stronger assurance back to SLT and the Board.

**Structure**

5.58. In order to provide stability moving forwards and manage the risks identified in this paper more effectively, a revised structure for the senior leadership team was being implemented.

<p>5.59. The current management structure highlighted the ‘flat’ nature of the College and subsequent operational burden on Senior Leaders, and ineffective nature of the current College Leadership Team.</p> <p>5.60. The new management team will be meeting with all staff to ensure that they have a full understanding of what the new roles and the structure means to them.</p> <p><b><u>Culture and moving ahead</u></b></p> <p>5.61. The Governing Body discussed the importance of ensuring, going forwards, that the Board is better informed to support and challenge management.</p> <p>5.62. As culture comes from the top, both Governors and the Principal acknowledged their shared responsibility. It was imperative that the Board supported the Principal to ensure that they develop strong leadership skills and this would be managed through a more targeted focus during the Principal’s appraisal process.</p> <p>5.63. The Governing Body debated how to ensure that what they were being told was the correct information. The regular monthly accounts were now providing consistent information which Governors now felt more confident about. Other improvements for regularity, consistency and transparency included:</p> <ul style="list-style-type: none"> <li>a) An open and transparent culture which encourages honest and committed conversations</li> <li>b) Improved external verification</li> <li>c) More delegated authority to middle managers</li> <li>d) Triangulation from the new planned Governor learning walks and in-person Full Governing Body meetings</li> <li>e) More support and scrutiny between Governors and SLT, through Chairs, Vice Chairs and Link Governors.</li> </ul> <p>5.64. The Governing Body agreed that it was imperative to keep this conversation going through its meetings and surveys.</p> <p>5.65. Governors congratulated Christine Bianchin on providing such an informative report on the current issues that the College faces.</p> <p>5.66. It was recognised that this is a seminal moment for the College and Christine and the new Senior Leadership Team were congratulated for recognising what was needed, and for their commitment to achieve it.</p> <p>5.67. It was also important to continue to promote Capel as London’s environmental College, against the backdrop of the growing impact of climate change.</p>	
<p><b>6. Estates Committee minutes (Decision)</b></p> <p><b>Project Manager, Nolan Smith of Fusion, joined the meeting and presented an update on the progress of the Mottingham and Crystal Palace capital works scheme.</b></p>	



<p>6.1. The planning application had now been lodged for Mottingham. The scheme had now gone through both the public consultation and the statutory consultation period.</p> <p>6.2. A tender process for RIBA stage 3 design had been completed in April 2022. It had been carried out early, in order to provide an early indication of real time cost, given rising inflation in the construction market.</p> <p><b><u>Mottingham Town Planning</u></b></p> <p>6.3. As the Mottingham build extends onto Metropolitan Open Land (equivalent to Green Belt), the build required a Very Special Circumstances (VSC), where harm to the land would be outweighed by a package of educational benefits.</p> <p>6.4. The Greater London Authority (GLA) concluded that the College had demonstrated the VSC, given the clear educational need case (to which they apply significant weight) and that there are no alternative sites - which was a major positive for the proposals.</p> <p>6.5. There was also recognition that the proposals at Mottingham would enable the Crystal Palace Park Farm proposals to be reduced in scale.</p> <p>6.6. The following additional costs, arising from the early planning comments, had been approved by the College:</p> <ul style="list-style-type: none"> <li>a) The additional provision of a greater portion of green roofs for both buildings (this will likely be circa £50k extra)</li> <li>b) The provision of extra cycle parking and 2 bus shelters (£30k additional cost)</li> <li>c) Agreement to segregate pedestrians and cyclists at the entrance to the site (£10k additional cost)</li> <li>d) The College to commit to a shuttle bus service to run between Crystal Palace and Mottingham</li> <li>e) The College to clarify the learner numbers and connectivity with Crystal Palace (i.e. how many learners will move from Crystal to Mottingham).</li> </ul> <p>6.7. In order to ensure planning permission, the following reports were being prepared:</p> <ul style="list-style-type: none"> <li>a) Air quality – RPS Group (RPS) need to update elements of the transport pollution linked to the additional buses</li> <li>b) Arboriculture – RPS need to enhance the biodiversity net gain assessment and the urban greening factor for the GLA</li> <li>c) Transport – RPS need to provide an active travel zone assessment</li> <li>d) Drainage – RPS must amend the drainage strategy based on GLA comments on the flood risk assessment</li> </ul>	
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<p>e) CDC fire engineers are producing the revised fire strategy to accommodate the changes to a weather-protected external escape staircase in the Welcome block.</p> <p>6.8. The council will then need to assess whether any of the information triggers a re-consultation (which Fusion do not believe that it does) and then they need to advise a planning committee date, potentially in August 2022.</p> <p>6.9. RPS have been instructed to arrange a meeting with planning officers to walk through their timeline and confirm that all items are closed out, as well as seeking for the scheme (due to its metropolitan open land designation) to be the subject of a special committee.</p> <p>6.10. Approval by the GLA was expected during August 2022.</p> <p><b><u>Mottingham Value Engineering and Design</u></b></p> <p>6.11. Design options were provided for relocating the Linear building further into the central quadrangle. The design study also reviewed several key changes that had been discussed with the College as follows:</p> <ul style="list-style-type: none"><li>a) A reduction in size of the linear building by circa 160m<sup>2</sup> but retaining size of classrooms</li><li>b) A slight movement of the linear block to the East (now only marginally)</li><li>c) The movement of the refectory from the linear block to the Welcome block</li><li>d) The generation of a VAT zero rating saving on the linear block.</li></ul> <p>6.12. The Staff Governor suggested that soil already on site could be used for the topography, for sustainability and to reduce costs. This was already being planned for where there is appropriate soil for the area being filled.</p> <p><b><u>Cost</u></b></p> <p>6.13. The total cost of the Mottingham scheme is £7,578,446. This includes a value engineering target to reach a net construction value of £4,600,000 and includes the historic expended fee costs.</p> <p>6.14. The total capital cost of the entire project including Crystal Palace (£2,187,699) would be £9,763,145.</p> <p>6.15. Omitting the historic written off costs of the scheme (on the original Crystal Palace project), this would generate a combined total cost of £9,185,145. This would be split as £7,000,446 for Mottingham and £2,184,699 for Crystal Palace.</p> <p>6.16. Utilising the feedback from the ACS tender that was submitted, balancing the additional costs arising from the town planning queries, as well as the review of the gross internal floor area and a possible VAT zero rating for the Linear building, the agreed gross cost target for Mottingham is £6,600,446.</p> <p>6.17. The total budget remaining for Crystal Palace would be £2,184,699 (including fees, VAT and to fit it out) and would then generate a total</p>	
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combined cost of £8,785,145 compared to an original budget of £8,890,007.

- 6.18. The full split between the two sites is £7.5m for Mottingham and £2.1m for Crystal Palace.

#### **Capital funding and the GLA**

6.19. There had been very positive meetings with the GLA in recent weeks. The GLA day to day contact had confirmed their agreement to the College using the entirety of the GLA funding contribution of £5,363,000 towards the Mottingham scheme.

6.20. The Deputy Mayor for Skills had confirmed approval and the final step was for the LEAP investment committee to approve the use of the funds solely for Mottingham at their meeting at the end of July 2022. Fusion have had to provide a large body of information to the GLA by way of a separate report, a revised schedule 7a document (part of the funding agreement) and other standard GLA reports to be contained within the LEAP investment committee meeting and subsequently within a deed of variation.

6.21. It is expected that the GLA will request that the College sign a deed of variation documenting the change in early August 2022.

6.22. The GLA has again reaffirmed that the College are able to submit a claim against the £5.2 million allocation once planning approval for Mottingham has been achieved.

#### **Crystal Palace Park**

6.23. The planning application for Crystal Palace would be submitted once the Mottingham plans had been approved. This will enable the College to have the flexibility of reviewing the Crystal Palace site in context of a wider property strategy review and enable the resolution of the lease term with TfL.

#### **Programme**

6.24. Town planning approval was expected to be confirmed by mid-August 2022. A buffer period (if required) had also been factored into the programme through to September 2022.

6.25. The programme remains a 'no risk' programme. RIBA stage 4 design would not be commenced until planning was approved.

6.26. The projected placement of the building contract would be from 10 November 2022 for 6-9 months.

#### **RIBA stage 4**

6.27. A detailed cashflow had been provided to the College for RIBA stage 4 at Mottingham for £200k including VAT.

#### **Conclusion and way forward**

6.28. The key actions were as follows:

- a) Securing permission for the Mottingham build
- b) Commencing the RIBA stage 4 design for Mottingham

<p>c) Securing the GLA LEAP deed of variation for Mottingham.</p> <p>6.29. Governors discussed the impact of a potential financial recession on the contractor's tendered quotes. The quantity surveyor will be providing live information on all the contractors and consultants' costs on a rolling basis. A performance bond and guarantee will also be secured.</p> <p>6.30. The latest date that the design stage could take place would be the third week in September and any risk of it being overturned would be known by August. The Chair of Estates requested further strategies to mitigate for further delays. Fusion agreed to ask the design team to take on the financial risk of RIBA stage 4 to safeguard the College against any further fees being written off.</p> <p>6.31. Governors requested that the final plans, that will be shared more widely with staff, were themed around the environment and not, solely, animal management, to ensure inclusivity and alignment with the College's vision.</p> <p><b>Nolan Smith was thanked for his comprehensive presentation and he left the meeting.</b></p> <p><b><u>Review of Terms of Reference</u></b></p> <p>6.32. The annual review of the Committee's Terms of Reference did not require any revisions.</p> <p><b>Resolved to</b></p> <p>6.33. <b>Adopt the Estates Committee's standing Terms of Reference.</b></p> <p><b><u>66 Ridgeway</u></b></p> <p>6.34. This position with the payment to the Property Advisor for 66 The Ridgeway had now been resolved. The College had taken advice from its auditors, who gave assurance that such a payment is compliant with financial regulations.</p> <p>6.35. A fair remuneration was agreed at £7.5k. This was based on the basic fee that would have been charged by surveyors acquired through the Crown Commercial Services framework.</p> <p><b>Resolved to</b></p> <p>6.36. <b>Agree that the Property Adviser is paid an ex gratia fee of £7.5k.</b></p> <p><b>Ralph Luck left the meeting.</b></p>	<p><b>Fusion / Estates</b></p> <p><b>Fusion / Estates</b></p>
<p><b>7. Finance and Resources Committee minutes (Decision)</b></p> <p><b><u>Review of Terms of Reference</u></b></p> <p>7.1. 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>	

- i. Authority to consider annual inflationary pay increases for all categories of staff in line with either:
- ii. Annual inflation factor
- iii. Recommendation by the Association of Colleges.

**Resolved to**

- 7.2. **Approve the revised Finance and Resources Committee's Terms of Reference for adoption.**

**ESFA review of the College's Annual accounts and Finance Record 2020 to 2021**

- 7.3. The ESFA reported appropriate financial health assessments of Outstanding for 2020-21 and Outstanding for 2021-22 based on the previous submission. They had not identified any significant financial control concerns.

**Resolved to**

- 7.4. **Adopt the ESFA review of the College's 2020-21 annual accounts.**

**ESFA College financial planning handbook 2022**

- 7.5. 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.
- 7.6. 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.
- 7.7. 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.

**Resolved to**

- 7.8. **Agree arrangements outlined above for submission of the CFFR to enable submission to the ESFA by 31 July 2021.**

**Nine Month Management Accounts**

- 7.9. 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.

- 7.10. The mid-year point operating forecast Flex 2 is in line with Flex 1 with an operating surplus of £6k. The Flex 1 and Flex 2 forecasts deteriorate by £319k from the budget approved surplus of £325k to a £6k surplus.
- 7.11. 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.
- 7.12. With a Flex 3 forecast of £96k operating surplus, the College's Financial Health grade remains 'Good'.
- 7.13. The Governing Body acknowledged the difficult year but were confident that projected finances were now more stable.

**Resolved to**

- 7.14. **Approve the Group P9 management accounts to 30 April 2022, together with the revised Flex 3 forecast.**

**Draft 2022-23 Budgets**

- 7.15. The financial plans aim to achieve an operating surplus of £163k for 2022-23, £176k for 2023-24 and £209k for 2024-25.
- 7.16. 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%.
- 7.17. Governors queried how confident management were about future surpluses. The College were now more strongly focused on mitigating for its financial risks, which now included a robust framework that will:
- a) More accurately predict funding allocations
  - b) Produce modest growth
  - c) Align the curriculum plan with staff costs to calculate the required income.
- 7.18. The proposed budget and following years' financial forecast had been set on challenging but achievable targets and would be kept under constant review and scrutiny.
- 7.19. It was noted that there still remained further scope to reduce costs.

**Resolved to**

- 7.20. **Approve the proposed budget for 2022-23, forecasts 2023-24, and 2024-25 and submission of the CFFR to the ESFA by 31 July 2022.**

**Annual Review of Tuition Course Fees**

- 7.21. The fees for 2022-24 were approved by the Committee in June 2021 at a 5% increase.

<p>7.22. The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 7.8% in the 12 months to April 2022 (compared to 1.6% for the same period in 2021), up from 6.2% in March.</p> <p>7.23. The Finance and Resources Committee agreed 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><b>Resolved to</b></p> <p>7.24. <b>Approve the tuition fees for 2022-25.</b></p>	
<p><b>8. Academic Committee minutes</b></p> <p><b><u>Review of Terms of Reference</u></b></p> <p>8.1. The annual review of the Committee's Terms of Reference did not require any revisions.</p> <p><b>Resolved to</b></p> <p>8.2. <b>Adopt the Academic Committee's standing Terms of Reference.</b></p> <p><b><u>Quality Improvement Plan (QIP) May 2022 Update</u></b></p> <p>8.3. Of the 143 individual actions, 75 were complete, 5 were in progress and on track, 45 were in progress but behind schedule and 18 were not started or well behind schedule.</p> <p>8.4. To assist the Board in approving the Principal QIP, given the exceptional circumstances, the Academic Committee had requested that a summary is provided to demonstrate why actions are pending and the mitigating solutions that are being put in place.</p> <p>8.5. The Governing Body felt that the summary provided a sensible reappraisal.</p> <p><b>Resolved to</b></p> <p>8.6. <b>Approve the summary of the Principal QIP.</b></p> <p><b><u>Staffing Issues</u></b></p> <p>8.7. As staffing levels had been a recurring theme, the Academic Committee shared the full discussion on the challenges and potential solutions.</p> <p>8.8. The College are working hard to invest in their staff, in terms of higher salaries, additional headcount in areas that are under-resourced and improvements to performance management.</p> <p>8.9. Improving staff culture is also a high priority and has been featured in discussions between management and Governors during the last two months.</p> <p>8.10. SLT were considering all new avenues and processes, including offering more flexibility in terms of work/life balance, in order to find some feasible models to work with.</p> <p>8.11. The biggest risk was to reduce agency costs which remained a sector-wide challenge.</p>	

**9. Audit Committee minutes (Decision)**

**Special Committee**

- 9.1. A Special Audit Committee was held on 18 May 2022 to, mainly, discuss the revised Audit Report for Budget Setting and Control, which was downgraded from 'Strong' to 'Reasonable'.
- 9.2. Following the initial flex of the budget in autumn 2021, budget holders had not been notified of their reduced budget allocations and continued to spend and act as per the original budget, leading to higher expenditure that could have been curbed.
- 9.3. Scrutton Bland noted that this was an unusual situation, in their experience, which meant that they had not considered making further internal cross-checks, which would have identified this particularly issue in the process. However, due to staff being overwhelmed with workload at the time of the audit, the previous Finance Director had managed it alone (which would not have occurred in previous years) and the auditors felt that this was a lesson learned for them.
- 9.4. The Interim Executive Director of Finance and IT has begun to make significant improvements in strengthening the controls of the budget processes, such as monthly meetings with budget holders in a bottom-up approach, that factors in curriculum planning and challenges them on what they actually need.
- 9.5. The role of the Audit Committee was also likely to include other management/staff to observe, as appropriate, which will provide a more dynamic and diverse range of views for the Governors and auditors to more broadly assess.
- 9.6. The overview was that both SLT and the Internal Auditors had become too comfortable about the effectiveness of the systems in place. An Internal Audit tender will take place in 2023.

**Review of Terms of Reference**

- 9.7. Membership had recently been increased to up to 4 members, from 3. The Governing Body agreed that, as members of other Committees could now be members of the Audit Committee, that it would be prudent to increase this further, to up to 6 members.

**Resolved to**

- 9.8. **Adopt the revised Audit Committee's Terms of Reference.**

**Review of Risk Management**

- 9.9. It was proposed that a more detailed presentation and evaluation of the Principal Risks was adopted to inform Governors' review of risk.
- 9.10. The Principal Risks remain unchanged but a further layer of analysis, in the form of a rag-rated inherent and resident risk, has been added to clarify which are the currently elevated risks.
- 9.11. All Committee reports will continue to have the Principal Risks embedded into them.

**Resolved to**



<p>9.12. <b>Accept the new approach to the presentation of principal risks within the Principal Risk Register.</b></p>	
<p><b>10. Search and Governance Committee minutes (Decision)</b></p> <p><b><u>Review of Terms of Reference (Decision)</u></b></p> <p>10.1. The Committee's Terms of Reference did not require any revisions.</p> <p><b>Resolved to</b></p> <p>10.2. <b>Adopt the Search, Governance and Remuneration Committee's standing Terms of Reference.</b></p> <p><b><u>Increasing Full Governing Body meetings</u></b></p> <p>10.3. To increase Full Governing Body meetings, it was agreed to the following hybrid model of Board meetings:</p> <ul style="list-style-type: none"> <li>a) An additional Board meeting each September, at the beginning of the academic year, to focus on recruitment, strategy and to receive updates from SLT. It is not proposed that Committee meetings would be required to feed into this additional Board meeting. It would be supported by reports from the Principal, SLT and the Clerk on key KPIs, especially on recruitment and funding. It would also be a further Governor training opportunity. The first meeting would take place on 28 September from 1600-1930.</li> <li>b) That the Strategy Committee meetings (the next being held on 10 November 2022 via Zoom) should have an open invitation to the Governing Body to attend as observers.</li> <li>c) A further formal business Board meeting could take place, as necessary, during the Strategy Away Days in February. This would provide an opportunity to continue to assess progress and take action, particularly on adult recruitment.</li> </ul> <p><b>Resolved to</b></p> <p>10.4. <b>To agree to: an additional September Full Governing Body meeting; full Board invitation to the November Strategy Committee meeting and; an optional Full Governing Body meeting at the February Strategy Away Day.</b></p> <p><b><u>Senior Post Holders</u></b></p> <p>10.5. Following a request by a Governor, the Search, Governance and Remuneration Committee had considered increasing the designation of Senior Post Holder (SPH) beyond the Principal and Clerk.</p> <p>10.6. The only difference between SPHs and other management roles, is that the Board, via this Committee, are directly responsible for the recruitment, appraisal, remuneration and termination of SPHs.</p> <p>10.7. Historically, this had been an effective framework for the Principal and Clerk, for whom Governors have a close working relationship. They are able to assess the needs of the roles in a much more accurate way, than for other management roles in the College.</p>	

<p>10.8. Prior to the last Vice Principal appointment, this role also carried the SPH designation. However, as the Governor recruitment panel were less able to judge what management particularly required from the role, SLT were relied on heavily to confirm the suitability of the candidates. There was also a misjudgement by a Vice Principal (who served during 2017) that the SPH role carried a higher level of authority within the College, compared to other SLT members. It was later decided by the Board that a more effective strategy for the Vice Principal role would be to remove SPH designation and manage recruitment internally, but with support from Governors.</p> <p>10.9. Outside of the appraisal oversight, the SPH designation does not create any additional opportunities for interaction with the Board, as all of SLT can, and should, have direct communication with Governors. This will also be more apparent once Link Governor roles are in place.</p> <p>10.10. It was confirmed that the Committee Chairs/Vice Chairs (and the Link Governors soon to be appointed), should have a working relationship with their SLT leads, regardless of their SPH status. This would serve as a more effective way to create a supportive Governor/SLT network, rather than through a direct appraisal process.</p> <p>10.11. If Governors are ever concerned about the conduct of a member of SLT who was not SPH designated, they are expected to express this to the Chair/Vice Chair of Governors and/or the Principal, in an advisory capacity.</p> <p>10.12. The Governing Body discussed this in further detail and one additional point was made that the SPHs being directly accountable to the Governing Body inappropriately absolved the Principal from a degree of responsibility.</p> <p>10.13. It was stressed that there should not be any blocks to channels of communication between Governors and SLT and vice versa. By creating special designations to specific senior leaders, this could give the false impression that a communication hierarchy was in place.</p> <p>10.14. It was agreed not to designate any further SLT members as SPH but that it should be revisited once there has been enough time to review how well the Link Governor system supports SLT.</p> <p><b>Resolved to</b></p> <p>10.15. <b>Agree that no other management roles at the College should currently carry SPH designation, until further reviews have been carried out.</b></p> <p><b><u>Ofsted Governance Training session</u></b></p> <p>10.16. An Ofsted training session for Governors took place on Tuesday 17 May, 2022, which took the form of an online Q&amp;A with a local college, who had recently been visited by Ofsted.</p> <p>10.17. The Governors and SLT who attended found it very helpful and notes of the meeting were shared with the Governing Body.</p>	<p>Clerk</p>
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10.18. The Clerk has created an Ofsted Governor Briefing Pack, which contains various information and documents that Governors would find useful prior to an inspection.

#### **Terms of Office**

10.19. **Robert Howard** was due to retire at this Governing Body meeting, following the end of his exceptional term of office. Robert has been a Governor since 2010 and Chair of the Audit Committee since 2014.

10.20. **Guy Jones-Owen** was currently Vice Chair of Audit and the potential successor to Robert Howard. Guy would be willing to be nominated as Interim Chair of Audit for a one-year term of office in order for him to assess his suitability to the role, before committing to the remaining full term.

10.21. Heather Barrett-Mold nominated Guy Jones-Owen to be Chair of the Audit Committee and Stephen Way seconded the nomination.

#### **Resolved to**

10.22. **Appoint Guy Jones-Owen as Chair of the Audit Committee for an initial one year of office from 13 July 2022.**

#### **Governor Recruitment Policy and Procedure 2022-23**

10.23. This new policy is a recent requirement through the AOC Code of Good Governance for English Colleges.

10.24. Some of the content has been extracted from the Governor Development policy under pre-appointment.

10.25. It also includes, as appendices, updated role descriptions for Chairs/Vice Chairs (Governing Body and Committee), Governors and Link Governors, which Governors.

#### **Governor Development Policy and Procedure 2022-23**

10.26. The revisions to this policy were amended to:

- a) remove the pre-appointment content (see above)
- b) to state that some Chair/Vice Chair positions, membership to Committees and Link Governor roles may be pre-agreed at the interview and recommended to the Board at the time of appointment
- c) to clarify when new Link Governor positions might be established.

#### **Resolved to**

10.27. **Adopt the new Governor Recruitment Policy and Procedure and the revised Governor Development Policy and Procedure.**

#### **Recruitment of a Substantive Principal**

10.28. As the nature of this report did not contain any confidential information regarding the Principal's recruitment process, the Interim Principal did not leave the meeting.

<p>10.29. Following the resignation of Malcolm Goodwin, the former Vice Principal, Christine Bianchin, was invited by the Board and agreed to become Interim Principal from 2 April 2022.</p> <p>10.30. Noting the current position of the College and the difficulties ahead in relation to various aspects of college operations, the Governors committed to providing a framework of support to this appointment, including executive coaching, a mentorship with a Principal and Chief Executive of a local FE college and leadership training.</p> <p>10.31. To enhance focus and improve delegation, some responsibilities of SLT members have also been adjusted to realign most of the (non-SLT) roles formerly reporting directly to the Principal. Forty Hall Farm has moved to the Executive Director of Estates and Facilities as has Catering and College reception services. Commercial and Enterprise has moved to the Executive Director Finance and IT.</p> <p>10.32. In the absence of a substantive Executive Director of Finance, Denise Cheng-Carter will continue until the end of June as previously agreed and, following her pre-planned trip overseas in July, has been asked to return to the College on a new contract until the substantive appointment is made.</p> <p>10.33. The proposed timeline is to have a substantive post-holder in place by September 2023. This will allow ample time to attract and select. More importantly, it will allow the Interim Principal time to tackle the issues facing the College at this time with stable and consistent leadership.</p> <p><b>Resolved to</b></p> <p>10.34. <b>Agree the broad approach and timeline.</b></p> <p>10.35. <b>Agree the formation of a Principal’s Recruitment Group to manage the day-to-day process and its potential membership.</b></p>	
<p><b>11. Report of the Clerk (Decision)</b></p> <p><b><u>Timetable of meetings 2022-23</u></b></p> <p>11.1. The Timetable included the additional September Governing Body meeting on 28 September at Enfield and a Governor Learning Walk earlier the same day.</p> <p><b>Resolved to</b></p> <p>11.2. <b>Adopt the updated timetable of meetings for 2022-23.</b></p> <p><b><u>Robert Howard</u></b></p> <p>11.3. Robert Howard was due to retire from the Governing Body following this meeting, having served on the Board for 12 years.</p> <p>11.4. As Robert could not attend this meeting, he wrote a letter of thanks to the Governing Body.</p> <p>11.5. Robert was sent a gift from the College from the Leather Centre of a bespoke pen holder.</p> <p>11.6. The Chair of Governors will be sending a letter of thanks to Robert Howard on behalf of the Governing Body.</p>	

<p><b><u>Alison Yates</u></b></p> <p>11.7. Alison Yates made a decision to step down as a Governor in June 2022, due to personal circumstances that had arisen since her being appointed in December 2021, which meant that she could not commit the time required to perform the role.</p> <p>11.8. Alison was thanked for the support and advice that she had provided during her brief time on the Governing Body.</p> <p><b><u>Student Governors</u></b></p> <p>11.9. Rosie Evans has been re-appointed as Student Governor for 2022-23.</p> <p>11.10. Bradley James Hannigan, a previous Reserve Student Governor, has been appointed as a Student Governor for 2022-23.</p> <p>11.11. Michael Sinnott and Layla Jane Rashid are thanked for serving as Student Governors for 2021-22.</p> <p><b><u>Chair's Action</u></b></p> <p>11.12. No Chair's Action has been taken since the previous Governing Body meeting on 30 March 2022.</p> <p><b><u>College Seal</u></b></p> <p>11.13. The College seal has not been applied since the previous Governing Body meeting on 30 March 2022.</p>	
<p><b>12. AOB – Full Governing Body meetings in-person</b></p> <p>12.1. This meeting had been moved online due to a variety of reasons, including a lack of Governors being available in-person.</p> <p>12.2. Although hybrid options are made available, these should only be used in exceptional circumstances, to ensure that Governors can physically experience the campuses by taking part in tours and to meet students and staff.</p> <p>12.3. In-person meetings also provide a good opportunity for Governors to bond with each other, and SLT, in a way that is more difficult remotely.</p> <p>12.4. From a culture point of view, it is essential that planned Governors' meetings at the different campuses are not cancelled when staff are expecting them, so as not to undermine what we are trying to achieve.</p> <p>12.5. The Chair of Governors appreciated Governors' support with achieving these aims, as is the presence and visibility of governors are more important than ever before, both for staff and for Governors' 'feel' for Capel.</p>	
<p><b>13. Date of Next Meeting</b></p> <p>13.1. The next Full Governing Body and Training will take place on Wednesday 28 September, 2022 from 1600 at the Enfield campus.</p> <p>13.2. A Governor Learning Walk will take place from 1300-1500 and more information will be provided.</p>	

APPROVED MINUTES			
<b>CHAIR:</b>	<b>Roger McClure</b>	<b>DATE:</b>	28 September 2022
<b>APPROVAL:</b>	Remote confirmation: Approved.		
	Or signed:		