













Minutes

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Finance and Resources Committee Minutes

Meeting Time and Date	1700, 28 November 2022
Meeting Location	Zoom Online
Members	Peter Doble (Chair)  Paulina Balogun Heather Barrett-Mold OBE  Christine Bianchin (Principal)  Lorna Fitzjohn  Roger McClure 
Observers	Sarah Seery for Item 16 only  James Bryan (HR)  Denise Cheng-Carter (Finance Director)  Denise Lloyd (Academic)  David Scott (Estates)
Minute Taker	Joanne Coffey (Clerk) 
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	Action
1. Welcome and Apologies 1.1. Apologies were received for Paulina Balogun and David Scott.	
2. Declaration of Interests 2.1. None.	
3. Minutes (Decision) <u>Mottingham Project – GLA Funding</u> 3.1. A bid of £1.6m bid had been made to the GLA for cost of living capital support for the Mottingham build, after being asked to confirm if additional funds may be required. However, the probability of this being granted was low. 3.2. The deadline for a decision on the grant was due to be at the end of November 2022 but this was expected to be delayed due to the number of applications the GLA were likely to receive. <u>Staff recruitment strategies</u> 3.3. Staff recruitment strategies suggested at the June 2022 meeting were all works in progress but some were long-term projects. It was agreed to add these to the Matters Arising so that Governors are kept informed about the progress achieved. 3.4. As targeted marketing campaigns were also included in the strategies, it was agreed to add a presentation of their updated marketing strategy to the Governors' training schedule.	 Clerk (Completed) Clerk (Completed)

<p>Resolved to</p> <p>3.5. Approve the minutes of the Finance and Resources Committee meeting held on 22 June 2022 as a correct record and authorise the Chair to approve them.</p>	
<p>4. Matters Arising</p> <p>4.1. All previous Matters Arising has been completed.</p>	
<p>5. College Improvement Plan (Decision)</p> <p>5.1. The Principal updated the Committee on where the College was currently positioned against its plans and highlighted some additional investment areas.</p> <p>5.2. In July 2022 the College set a budget for 2022-23 with a planned operating surplus of £163k. The College is operating £176k behind budget profile, with an operating deficit of £97k against a budgeted surplus of £79k.</p> <p>5.3. The College had under-recruited Higher Education (HE) students by 21, resulting in circa £160k shortfall in income for 2022-23, effectively wiping out the planned operating surplus.</p> <p>5.4. 16-18 recruitment for 2022-23 was currently below allocation by 20 students, this will have no impact on the current year's finances but will impact future years' allocations, and is likely to reduce 2022-23 funding by c £450k compared to the three year forecast for that year approved by the Corporation in July 2022.</p> <p>5.5. The College is now self assessing as "requires improvement" . It was therefore acknowledged that there was an urgent need to improve the quality of teaching and learning and outcomes for students, as well as investing in the College's processes, systems, resources and people.</p> <p>5.6. The College's budget for 2022-23 included investment in some key areas to drive improvements, including Estates and IT infrastructure. An IT manager had just been recruited to drive progress.</p> <p>5.7. Capital expenditure has been increased to £700k (48% more than in recent years) to catch-up previous years of neglect and underspend, requiring some cash outflow from the College reserves. Significant investment is required in estates, ICT infrastructure and networks over the coming 3 years to allow the College to meet its strategic objectives of being digitally enabled.</p> <p>5.8. The budget for 2022-23 also factors in the realignment of business support areas, including HR, finance and IT to support the required College improvements.</p> <p><u>College Improvement Plan</u></p> <p>5.9. An operational College Improvement Plan has been developed in order to drive the necessary focused and rapid improvements across the College. The plan identified priority areas, risks, milestone targets, as well as required support and resources.</p>	

<p>5.10. The highest risk priority areas, where investment will be focused, included:</p> <ul style="list-style-type: none"> a) Quality of teaching and learning, including areas of leadership and management as well as outcome for students,. overall student attendance (including Maths and English), within Foundation Learning and 16-18 study programmes, addressing achievement gaps and underperforming campuses. b) Safeguarding including review of College 14-16 processes, management of volunteers, processes within Apprenticeships, c) Student recruitment processes by improving the College enrolment processes and the 'learner journey' to get enrolments back on track. <p>5.11. Identified urgent support included investment in the following areas:</p> <p><u>Foundation Learning</u></p> <p>5.12. Through the College not placing enough focus on foundation learning, this had led to poor outcomes,</p> <p>5.13. Excellent feedback and clear actions were provided by an external consultant. Identified areas for improvement align with those highlighted in the Self-Assessment Report (SAR).</p> <p><u>Safeguarding</u></p> <p>5.14. An interim deputy Designated Safeguarding Lead (DSL) was required to support the DSL in areas of safeguarding that require attention.</p> <p>5.15. Further 'deep dives' from external consultants focusing on quality and safeguarding. A consultant was now already in place.</p> <p>5.16. Safeguarding Lead Governors now had regular oversight of safeguarding through regular meetings.</p> <p><u>Apprenticeships</u></p> <p>5.17. Additional management support was required within the Apprenticeship provision to rapidly drive improvements in processes and people management.</p> <p><u>Teaching and Learning</u></p> <p>5.18. Learning coaches and additional support would be put in place for those new to teaching and to analyse the College's quality processes.</p> <p>5.19. 'Campus Directors' – academic managers responsible for the oversight of particular campuses to drive rapid improvements.</p> <p>5.20. As achievement had significantly fallen, Governors questioned the high grading of lessons observations of the current teaching staff. This was deemed more of a leadership issue, where the focus had not been strong enough on driving student outcomes.</p>	
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- 5.21. As new leadership was now in place, a cross-College quality approach, including improving the design of the curriculum, was now being implemented to raise student outcomes.
- 5.22. Management were also being careful to communicate that the correct protocol is followed regarding student assessments. .
- Data
- 5.23. Additional support was required within the MIS team in order to drive the necessary and rapid improvements in data quality and availability across the College Data quality and ownership.
- 5.24. To ensure that the right student is on the right course, data verification has been introduced. There was also a 6 week transfer period in place to move students to the right course, where necessary.
- 5.25. Learners were now also being withdrawn if they did not attend for a consecutive four weeks which was now producing more reliable data.

Costs

- 5.26. As these priority areas were urgent, the required immediate support and resources amounted to £343,940 additional costs in 2022-23 of which £100,000 relates to potential restructuring costs.
- 5.27. This additional expenditure under the current exceptional circumstances would require the College to access reserves by running a small deficit, in order to drive the necessary improvements. The College will continue to ensure prudent oversight of progress against budgets, exploring in year efficiencies, cost savings and additional income.
- 5.28. It was necessary to action these changes in year and invest in the resources required to turn the College around. Delaying these actions would hinder improvements in teaching and learning and fundamental processes, risking College Ofsted grading, poor learner experience and College reputation.

Cost savings

- 5.29. The College will be analysing future sustainability of the current multi-campus business model, with its inherent inefficiencies and increased costs, which compounds already challenging issues relating to the delivery of land-based courses including resources and class sizes.
- 5.30. At the Full Governing Body meeting on 28 September 2022 the Board approved proposals to move towards the closure of the College's Brooks Farm Campus which will take place in January 2023. As the College were running the farm at an operating loss, amounting to -£135,695 in the 2021-22 academic year (when maximum student numbers were achieved) and a budgeted operating loss of -£138,053 for 2022-23, the closure of the farm will generate savings of c £140k in 2023-24.

<p>5.31. The College catering service operates at an annual loss of -£65k (2021-22). The 2022-23 budget would now result in a forecast deficit for 2022-23 of -£82k. Proposed changes to the catering service, if implemented in 2022-23, will result in a forecast deficit for 2022-23 of -£7,438 and a projected break even contribution in 2023-24 to mitigate for further losses.</p> <p>5.32. The College's Saddlery and Leathercraft provision operates at an annual loss of -£108,364 (2021-22). The College receives £27,500 annual bursary support from 5 Livery companies, the majority of which is awarded to students as hardship and materials bursaries. The College is meeting with representatives of the Livery Companies to explore the future sustainability of these courses.</p> <p>5.33. Other priority areas will be invested in over the next 3 years such as staff processes, support and development.</p> <p><u>Impact</u></p> <p>5.34. Governors reaffirmed the importance of reporting on the impact of the planned changes, so that there is clear evidence of what improvements are actually being achieved.</p> <p>5.35. Governors queried the impact from the external consultant on enrolment who advised the College in 2019. This had led to integration between the College's new website and the student records system including making online enrolments possible, which was critical given that the pandemic followed shortly after. Previously, the new website did not feed directly into the College's systems which resulted in more staff resources being used to re-enter the data. Systems were now compatible and the focus was now on the physical process of enrolment to drive it, own it and improve the student experience.</p> <p>5.36. Governors requested a summary update to the budget for 2022-23 to articulate the impact on College finances and 2022-23 surplus / EBITDA</p> <p>5.37. In view of challenges in recruitment and the resulting likely shortfall of income in 2023-24, Governors indicated that senior managers need to bring forward financial and staff restructuring plans early in 2023 to ensure there is sufficient time for its implementation prior to the start of the 2023-24 academic year.</p> <p>Resolved to</p> <p>5.38. The Governing Body to approve the commitment of £344k in costs and confirm that the College financial health grading should remain as Good.</p>	<p>Finance (Completed: Paper 6)</p> <p>Finance (Jan/Feb 2023)</p> <p>A: Governing Body</p>
<p>6. Report and Financial Statements 31 July 2022 (Decision)</p> <p>6.1. The Audit Committee had approved the regulatory information at their meeting on 11 November 2022.</p> <p>6.2. The Finance and Resources Committee had responsibility for the Strategic Report and the financial pages with accompanying notes of the College accounts and for the full content of the Capel</p>	

<p>Manor Limited and Forty Hall Community Vineyard Limited (FHCV) accounts.</p> <p>6.3. It was agreed to remove the names of the Vice Presidents from the College accounts, for privacy reasons.</p> <p>6.4. The Teachers' Pension deficit had significantly reduced due to the UK interest rate rise, and the resulting increase in the discount rate.</p> <p>6.5. Trading for Capel Manor Limited will become dormant in 2022-23 as all transactions will now be dealt with through the College's account.</p> <p>6.6. The Committee were satisfied with the content of the Reports and Financial Statements.</p> <p>Resolved to</p> <p>6.7. Approve the accounting policies and the Financial Statements of (I) Capel Manor College, (II) Capel Manor Limited and (III) Forty Hall Community Vineyard Limited for the year ended 31 July 2022 and recommend them to the Governing Body for approval.</p>	<p style="text-align: center;">Finance (Completed)</p> <p style="text-align: center;">B: Governing Body (Appendix I, II, III)</p>
<p>7. Report of the Finance Director (Decision)</p> <p>7.1. In August 2022, the ESFA advised the College that it had again been selected for a funding assurance review for 2021-22 and that RSM has been appointed to undertake the review.</p> <p>7.2. The review commenced in September and had been completed, with a funding adjustment of £1,340. Buzzacott, the College's financial statements auditor, will place reliance on the outcome of this audit, which will enable the final accounts to be approved by the Governing Body at its meeting on 14 December 2022, ready for submission to the ESFA by the deadline of 31 December 2022. Governors congratulated the College on this outcome.</p> <p>7.3. At the time of the meeting, work continued in DfE and ESFA to prepare plans in the event that ONS reclassifies colleges as public sector on 30 November 2022. N.B. The reclassification was confirmed on the following day of the meeting and the impact will be explored at future meetings.</p> <p>7.4. Possible changes for 2023 include a requirement on colleges to work on an accountability agreement with the ESFA. The FE commissioner team had been working on a pilot document with a number of colleges and the hope is that guidance will be out soon with a requirement that colleges return a finished document by 31 May 2023.</p> <p>7.5. Although the College's EBITDA, profitability measure, would fall to 1% with the revised budget, it was agreed that the target should remain at 3%</p> <p>7.6. The Mottingham build would now require approximately £1.5m of the College's own cash reserves i.e. an increase of c £900k over what was previously been reported. The College has already incurred £676k of this in 2020-21 and 2021-22. The College</p>	

<p>would need to consider how this additional capital cost will be funded if the GLA was unable to contribute more capital grant. The College might consider the sale of one of its assets, Bulls Cross Lodge, a cottage in Enfield, to raise £1.5-2m. This would all be discussed in full detail with the Estates Committee prior to a recommendation being made to the Board.</p> <p>Resolved to</p> <p>7.7. Note the contents of the report and approve the proposed key financial ratios for the 2022-23 year.</p>	
<p>8. Group Management Accounts 2022-23 as at 30 September 2022 (Decision)</p> <p>8.1. The College was currently operating £176k behind budget profile, with an operating deficit of £97k against a budgeted surplus of £79k.</p> <p>8.2. Income for the first 2 months of the 2022-23 year was budgeted to be £3,339k, but is currently £289k behind profile to September 2022.</p> <p>8.3. Income summary: 16-18 recruitment was currently below allocation by 20 students, this will have no impact on this year's finances but will impact future years' allocations; HE has under-recruited by 21 learners, circa £160k shortfall in income this year; Adult Education Budget (AEB) is slightly down, however, the College recruits adult courses the whole year round, therefore close monitoring is required; High Needs SEND learners are 19 above allocation, however, only 54 of the 224 learners' element 3 costs has been agreed by the local authorities.</p> <p>8.4. The College's planning application for the Mottingham project was unanimously approved by Bromley Council subject to Section 106 conditions and the Greater London Authority (GLA) referral.</p> <p>8.5. The Committee agreed that Crystal Palace would be further addressed when an accommodation review takes place via the new Estates Strategy.</p>	
<p>9. Pay Award (Decision)</p> <p><u>Pay Award</u></p> <p>9.1. The Governing Body previously approved a 3% increase in pay across all roles and this had been budgeted for. This will be actioned from 1 January 2023 as expected. 3% increases from 1 January are also being planned in the next two years, although these remained subject to Corporation agreement.</p> <p>9.2. Although the 3% pay rise is an increase on previous awards and would likely be in line with AoC recommendations, it was acknowledged that it did not take account of the prevailing cost of living conditions at the time the award is to be paid, or the cumulative effect of year-on-year 1% increases adopted over a considerable period.</p>	

<p>9.3. Other options were presented to the Committee, including tapering the pay award to visibly focus the increase on those most in need. However, the College's pay structure would create an overlap on narrow pay bands, and anomalies existed where lower banded people would be paid more than those on a higher scale.</p> <p><u>London Weighting Allowance</u></p> <p>9.4. In addition to the pay award, it was also proposed that the rates of London Weighting Allowance (LWA) be tapered. As the LWA is aimed at offsetting the increased costs of both travelling to and working within more expensive areas, an organisation with multiple sites should consider scaling the LWA according to proximity to the centre of London. The proposal was to increase LWA for staff based at two of our sites, Regents Park and Gunnersbury Park.</p> <p>9.5. As the pays scales were close together, a tapering approach that overcame these issues would be considered for future pay awards and the LWA.</p> <p><u>London Living Wage</u></p> <p>9.6. The London Living Wage (LLW) had increased to £11.95 with effect from September 2022. In order to maintain the College's position as a LLW employer and not disrupt the pay structures before a wider overhaul is possible, an allowance will need to be paid to each member of staff in a scale 2 or scale 3 role.</p> <p>9.7. This in turn would cause short term problems with recruiting/retaining is in scale 4 roles. In order for the College to honour the LLW, a proposal will be drawn up to demonstrate what the cost would be to maintain a fair differential between the scales.</p> <p>9.8. The proposed increases in LWA and resulting from the LLW to be funded from the saving in employer national insurance contributions recently announced by the government.</p> <p>Resolved to</p> <p>9.9. The Committee confirms recommendation of the 3% pay award to the Governing Body, as well as the College's continued commitment to the LLW and increase to the LWA for Regents Park and Gunnersbury Park.</p>	<p>HR</p> <p>C: Governing Body</p>
<p>10. Report of Human Resources (Information)</p> <p>Sarah Seery joined the meeting.</p> <p><u>Staff Survey</u></p> <p>10.1. A staff survey was re-launched in late October 2022, the first for several years. During the pandemic, smaller surveys were conducted on specific working arrangements and support.</p> <p>10.2. The survey closed on 7 November 2022. The results remained confidential at this time until analysis had been completed.</p>	<p>D: Governing Body (Appendix IV: For Info.)</p> <p>HR</p>

<p>10.3. The Staff Governor welcomed the return of the staff survey.</p> <p>10.4. The response rate was 59% (218 people). Governors considered this to be low, though noting that it included a 73% response from full time staff and that part-time and casual staff were likely less motivated to take an in-depth interest in their place of work.</p> <p>10.5. Building on what we can do, have some quick wins that we can show what we have done so that staff feel that it is worth completing and things are moving in the right direction.</p> <p>10.6. Positive responses were received for safeguarding, communication, staff's support of each other and wellbeing.</p> <p>10.7. Improvements in communication were still deemed necessary, through better middle-management contact, rather than just through immediate line managers.</p> <p>10.8. It was suggested that managers could identify key areas to then discuss with their staff, which would provide more familiarity and encourage openness towards management.</p> <p>10.9. Staff had reacted well to the Principal's vlogs. Short and regular communication tended to be the most effective, driving small but key messages that make people feel involved and in touch with the College.</p> <p>10.10. The MS Teams Live events, where SLT held Q&As with staff had also been well received.</p> <p>10.11. It was noted that many of the responses were 'undecided'. This could be due to the relevance of questions to certain departments or, perhaps, a lethargy that staff do not feel listened to.</p> <p>10.12. Governors agreed that it was critical that action was taken on the areas that could provide immediate improvements. These 'quick wins' could then be widely communicated through the College's 'You said, We Did' posters.</p> <p>10.13. The Staff Survey will be published to staff in December 2022 and an action plan would be in place by January 2023 for the college and for schools and business support departments where possible. It was clarified that all Heads of Schools and Business Support departments would receive the reports.</p> <p>10.14. Governors suggested that more than one person should summarise the individual comments, to ensure against any unconscious bias or misinterpretation.</p> <p>10.15. Governors noted an issue that as the College had produced its own survey, there is no benchmarking data with the rest of the sector. Managers indicated that it might be possible to benchmark response rates against other Colleges.</p>	<p>HR</p> <p>HR</p>
<p>11. AOB</p> <p>11.1. None.</p>	

APPROVED MINUTES			
CHAIR:	Peter Doble	DATE:	8 March 2023
APPROVAL:	Remote confirmation: CONFIRMED Or signed:		