Capel Manor College

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Minutes

Finance and Resources Committee
Minutes

Meeting Time and Date	1700 on 8 March 2023
Meeting Location	Zoom Online
Members	Peter Doble (Chair) 💻 Paulina Balogun Heather Barrett-Mold OBE 💻 Christine Bianchin (Principal) 💻 Lorna Fitzjohn 💻 Mei Lim 💻 Roger McClure 💻
Observers	James Bryan (HR) 💻 Paul Smith / Denise Cheng-Carter (Finance) 💻 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.	
2. Declaration of Interests 2.1. None.	
3. Minutes (Decision) 3.1. Governors requested a further marketing update to be received in the next appropriate report, on school liaison and 16-18 applications. 3.2. The College Improvement Plan was now being reported on at each Committee and relevant sections will be report to the Board. 3.3. £2.169m of the College's cash reserves had been approved to support the Mottingham build of which £1.8m was currently required with the remaining £0.329m potentially available as a project contingency. It was clarified that the higher approved sum was the amount that should not be exceeded, before returning to the Board. 3.4. Actions relating to the analysis of the staff survey from minutes 10.2, 10.13 and 10.15 to be added to Matters Arising.	**Principal (Completed)** **Clerk (Completed)**

Resolved to 3.5. **Approve the minutes of the Finance and Resources Committee meeting held on 28 November 2022 as a correct record and authorise the Chair to sign them.**	
4. Matters Arising 4.1. It was agreed to change the date to present a cost proposal for the London Living Wage to June 2023, rather than wait until November 2023.	**Clerk (Completed)**
5. Report of the Human Resources Director (Information) 5.1. In order to address the important people issues at the College, the HR report would now be received as the first main item. 5.2. Although an action plan was now in place, these issues were not yet being fully tackled, due to some uncertainty as to the College's strategy and lack of capacity/resources. 5.3. One of the main longstanding HR issues was around an imbalance of under and over-utilisation of staff in different areas of the College. **<u>Sickness</u>** 5.4. Staff sickness was a significant concern, with an average of 7-8% of staff absent at any one time. Added to vacancies, the result is around a quarter of a permanent staff population not being present over the past year. 5.5. Around 25% of sickness absence is through mental health and anxiety issues. 5.6. Governors queried if the College could provide more mental health support. Capel currently did have some support mechanisms in place but these may not always be accessed by staff affected. More provision comes at increased cost. The most effective methods of tackling this is to address workload/utilisation issues and staff retention. Governors made the point that there were significant financial and operational costs to high absence, and it may, therefore, be necessary to spend money 'up front' to tackle the underlying causes. 5.7. Management felt that a lack of workplace stability had impacted some of these people, and that once timetables were in place, and the work load became manageable, that significant improvements would be seen. **<u>Recruitment and retention</u>** 5.8. At 31 January, the College had 76 vacant posts (not FTE); 27 teaching/academic (including 8 management roles), and 49 professional services/business support (including 8 management roles). 5.9. Recruitment and retention issues were also a national picture. The College had been managing this by having eight interim appointments filling vacant roles, with five in key management positions. However, this was impacting quality and morale.	

Teaching vacancies were often covered by managers, agency staff or extra hours for current staff. 5.10. There had been an improvement with more applicants more recently but the conversion rate remained low. 5.11. Due to the pressures that already impact new teachers, turnover of teaching staff was high, with an average of 5 years' service. 5.12. Governors were pleased to hear about positive action being taken: Staff that were new to teaching were now being provided with one to one mentoring. Quality Practitioners had also been appointed to work alongside new teachers, and to support those who were underperforming. The College were also arranging peer sessions with high performing teachers to inspire teaching. 5.13. The College had also found that 'growing' their own new teachers from the student alumni, provided higher quality and motivated teachers. 5.14. Permanent Learning Support Assistants (LSA) were now also demonstrating a more effective staffing model. This was more costly due to the agency conversion fees , but the impact on quality and overall cost reduction was worthwhile. 5.15. The Committee discussed the difference between negative problems and positive problems, in relation to staff retention. Cuts to resources are negative and demoralising, versus more positive strategies, where staff are encouraged to problem solve and invest in achieving the shared goals. Once people feel involved and can see the small improvements begin, it improves both motivation and morale. A number of examples were given e.g. in Animal Management and arboriculture where teams had taken the initiative in imaginative ways of recruiting and staffing provision. 5.16. Capel's commercial events will now include a recruitment stand to attract new teachers and apprenticeships. The College's alumni were also keen to support a recruitment drive. 5.17. Governors noted that the staff survey demonstrated that morale was improving and that it was important to build on the concept of people being connected to the bigger picture, to strive for those shared goals. It was vital that staff have a voice and feel listened to during their appraisals and one-to-one meetings where their objectives are clear and that they feel supported. 5.18. In order to remain competitive, it was important to re-establish links with industry partners and to become a strategic partner with other educational establishments. 5.19. In terms of remuneration, smaller colleges were now competing in a more competitive market with the larger colleges that had been formed following the area review. These larger institutions had in some cases more critical mass to pay their staff. 5.20. Although Capel were a specialist college and, hence, less affected by these larger FE colleges, industry also remained a	

competitive influence where they can often provide better pay and conditions. **Resources** 5.21. Although small improvements were being made, the casework load, predominantly grievance, disciplinary, and capability processes, is too high a volume for the HR Team to effectively tackle. External support may be required 5.22. WiFi access had remained a significant issue at some campuses. The College's new Head of IT was now working on a strategic 3-year IT plan to improve standards for teaching and learning, with WiFi access being the main priority. A draft of the strategy and plan would be in place by the end of April 2023. Governors noted that there was c £200k of unspent capital budget for IT and WiFi upgrades in the College's 22/23 budget which should be utilised as a matter of priority 5.23. Many of the HR/People development actions had been deferred due to budget restrictions. 5.24. Governors imparted that management training can be affordable, along with a team building programme. 5.25. It was acknowledged that some staff resource losses were needed in order to improve the College overall. **Action Plan** 5.26. On a positive note, it was clear that the College had the data and recognised the issues, and were already beginning to work on the priorities. Although it had been slow progress, by examining the people issues, the College was now moving in the right direction. 5.27. The College's people were there to develop and support its students and to also respond to tough discussions, as appropriate. 5.28. The performance management of teaching staff was crucial for student outcomes and if this meant reducing how many students this could be delivered to, then this should also be considered. 5.29. The use of a new electronic appraisal system had been impacted by the pandemic. It had now been relaunched and would provide a more stable appraisal process. 5.30. Mandatory Safeguarding and Prevent training compliance by casual staff was now improving. Management had been relentless on chasing up completion with existing staff and all new staff now had a 100% completion rate.	
5.31. Governors suggested that management identify at least some items on the action plan, that might make the biggest difference, and budget for them accordingly from the funds that have been set aside. This would be considered in the Report of the Principal.	**HR**

6. Report of the Finance Director (Information)

Accountability Agreement

6.1. The Accountability Agreement is a new requirement emerging from the Skills for Jobs White Paper reforms. It is a 2-part document setting out the overall expectations of Colleges in return for the Department's funding investment.

6.2. The agreement forms part of the wider set of reforms under way to transform the skills system, so it better supports young people and adults to develop the skills they need to get a good job, and ensuring a clearer focus on the delivery of outcomes.

6.3. Part Two of the agreement consists of a skills statement that will explain the College's objectives and commitments and how this links to the Local Skills Improvement Plans (LSIPs), such as meeting the green skills needs of Londoners.

6.4. The first draft of the Accountability Agreement, based on curriculum review, will need to be signed off by the Governing Body by 31 May 2023.

6.5. Colleges can formally request permission to delay the return of the final statement until 31 July 2023, thought the expectation is that the final submission is not radically different from any draft submitted to the ESFA

6.6. It was agreed to hold an Extraordinary Meeting of the Governing Body in May 2023 to approve the first draft of the agreement. The final version will be approved at the 12 July 2023 Board meeting.

Office for National Statistics (ONS) Classification

6.7. With effect from 29 November 2022, Colleges are now classified in the public sector.

6.8. For most colleges, the most important changes relate to borrowing. There are no changes to existing loans but a clear DfE objective is to replace borrowing from banks in the future with grants or borrowing from government.

6.9. DfE will be distributing £150 million in spring 2023 in formula-based capital grants to FE and sixth form colleges and will be bringing forward £300 million in revenue payments from summer 2023 to March 2023 to reduce the need for borrowing.

6.10. Colleges will continue to retain their reserves, any surpluses they make or assets they sell, and also have the ability to manage their own capital spending and can take out leases.

6.11. Most of the controls closely mirror those that apply to academies but, significantly, colleges will not need to get prior approval for capital transactions and normal commercial activity.

6.12. DfE and ESFA signal rapid movement towards consolidating college accounts for the 2024-25 financial year. They are likely to ask for new information as of 31 March 2023 so that they can produce prior year comparative data and account for activity in the financial year.

6.13. They plan to work on a new College Finance Handbook over the 12 next months and gave assurance they will work closely with the Association of Colleges (AoC) and with college leaders to develop it. 6.14. It was explained that only loans that had already been requested, prior to the ONS decision, would be considered and that many of these had already been rejected.	
7. P6 Six Month Management Accounts 31 January 2023 and Flex 2 Forecast (Decision) 7.1. The College was operating £195k behind the Flex 2 forecast profile, with an operating deficit of £107k, against a forecast surplus of £89k. 7.2. The College's main current income risk was ensuring delivering of the Adult Education Budget (AEB) which had been reduced by £27k, due to a reduction in funding of £137k from failing to recruit the target number of Level 3 learners in 2021-22. This had been offset by the cost of living increased allocation from the GLA of £72k, with an additional learning support increase of £38k. **<u>Non-recurrent grants</u>** 7.3. These include partnering delivery in the West London and Local London Green Strategic Development Funds (SDF). These equate to £117k and £61k respectively. Much of this income is offset by increased costs. 7.4. The College had been successful in its application to deliver up to £500k of the GLA 'Multiply' programme over the next 3 years. This is a new national numeracy programme, which aims to give people who do not have at least a GCSE grade C4 or equivalent in maths, access to free courses to improve their numeracy skills. The current year's allocation was £128k. **<u>Income and Debt</u>** 7.5. Since January 2023, £294k of debts had been paid. These were mainly high needs provision invoices from 14 different local authorities. 7.6. 16-18 recruitment was below allocation by 55, this will have no impact on the current year's financial outturn but will impact future years' allocations. The College was developing plans to introduce Prince's Trust delivery in 2023 to mitigate for some of this shortfall and provide another avenue for students who wish to change direction. 7.7. The College was not planning T Level delivery until 2024-25 and, as this is highly funded (10% higher than Level 3), some of the Level 3 qualifications were under threat of being removed. 7.8. With a Flex 2 forecast of an outturn of £212k operating deficit, the College's Financial Health grade just remains as 'Good' 7.9. The Adult Education courses, which are recruited for throughout the year, remained the biggest risk to income. Finance were working closely with the Vice Principal to monitor the AEB, along	

with retention and achievement to achieve this year's funding allocations. 7.10. A consultant was currently establishing a monthly tracking system for Adult recruitment to enable close monitoring. 7.11. Some additional floristry courses were also being planned to utilise classroom space. **Information** 7.12. **The Committee and Governing Body are requested to note this report, and particularly the impact of under-recruitment of student numbers on 2022-23 and 2023-24 income.**	**A: Governing Body (Appendix I: Information)**
8. Budget Prospects for 2023-24 (Decision) 8.1. Budget prospects for 2023-24 have been adversely impacted by low 16-18 recruitment in the 2022-23 and reduced HE income. 8.2. The 2023-24 budget will also need to include the full year effect of the pay award actioned in January 2023, and make provision for some level of pay award from January 2024. 8.3. To achieve a surplus budget, a realignment of pay costs against income will need to take place, with a robust timetable to ensure the budget plan was in place prior to the start of 2023-24. 8.4. The 3 year strategic curriculum plan will ultimately drive the staffing budget and costs. This will also facilitate recruitment, enrolment and marketing. a) Some vacancies have been identified for 2023-24 saving approximately £311k, and a review of guided learning hours for the new planned curriculum will seek to address any over-resourced courses. b) Class sizes were being reviewed to ensure that minimum target numbers were met. If courses did not meet this target, they would be assessed for viability, or removed from the curriculum offer. c) Practical instructors hours, which were currently ad-hoc, would align with the same 840 hour model as teachers. d) English and maths teaching hours, which were currently under-utilised, would be increased. 8.5. Governors suggested the following strategies that SLT may consider: a) That online teaching could be more fully utilised to facilitate teachers not having to travel between campuses. b) Income-led budgeting, by school or campus. 8.6. It was acknowledged that the following year would be very challenging for the College's budget, with further pressures expected from inflation, rising supply costs and staff recruitment issues. While this is a national FE picture and many colleges are planning deficit budgets next year, the College still needs to plan	**Principal**

for a robust budget in 2023-24 which safeguards the College's financial viability. 8.7. The draft 2023-24 budget and forecast for 2024-25 will need to be presented at the next Finance and Resources Committee meeting. **Resolved to** 8.8. **Note the contents of the report and support, in principle, the realignment and restructuring of pay and non-pay costs in line with total income levels.**	**Deputy Principal (June 2023)**
9. Report of the Company Secretary (Information) 9.1. The Committee received the minutes of the College's subsidiary companies: Capel Manor Limited, Enfield Veg Co and Forty Hall Community Vineyard, for information. 9.2. It was confirmed that Capel Manor Limited and Enfield Veg Co.'s accounts are now dormant, with all transactions received through the College's accounts. 9.3. Although Forty Hall Vineyard were in receipt of grant funding for 2023-24, there was a risk that financial support from the College may be required in two years' time.	
10. AOB 10.1. None.	
11. Date of next meeting 11.1. The next Finance and Resources Committee meeting will take place on Wednesday 21 June, 2023 at 1700.	

APPROVED MINUTES			
CHAIR:	Peter Doble	**DATE:**	21 June 2023
APPROVAL:	**Remote confirmation:** Approved. **Or signed:**		