












Minutes

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Finance and Resources Committee

Minutes

Meeting Time and Date	1700 on 21 June 2023
Meeting Location	Zoom Online
Members	Peter Doble (Chair)  Heather Barrett-Mold OBE Peter Brammall (Principal)  Lorna Fitzjohn  Mei Lim  Roger McClure  Joanne Roxburgh
Observers	Rachel Nicol (External Reviewer)  James Bryan (HR)  Paul Smith / Denise Cheng-Carter (Finance)  Denise Lloyd (Academic)
Minute Taker	Joanne Coffey (Clerk) 
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	Action
1. Welcome and Apologies <p>1.1. Apologies were received for Heather Barrett-Mold, Joanne Roxburgh and Denise Lloyd.</p> <p>1.2. The External Review of Governance, Rachel Nicol was welcomed to the meeting.</p>	
2. Declaration of Interests <p>2.1. None.</p>	
3. Minutes (Decision) <p>3.1. There had been a delay to the College Improvement Plan being reported on at Committee meetings, as it needed further revisions following the Ofsted inspection. It will be further reviewed at the July 2023 Full Governing Body meeting.</p> <p>3.2. Minute 3.3 was corrected to state that £2.169m of the College's cash reserves had been approved to support the Mottingham build.</p> <p>3.3. The College had requested an extension to submit the Accountability Agreement whilst the amendments agreed by the Board were finalised.</p> <p>Resolved to</p> <p>3.4. Approve the minutes of the Finance and Resources Committee meeting held on 8 March 2023 as a correct record and authorise the Chair to sign them.</p>	

<p>4. Matters Arising</p> <p>4.1. Follow-up reporting on the Staff Survey was due in July 2023.</p> <p>4.2. A significant change to the survey was that it was now shared with both Governors and staff, for transparency.</p>	
<p>5. Review of Terms of Reference (Decision)</p> <p>5.1. The Committee reviewed the financial threshold of £80,000.</p> <p>5.2. The Deputy Principal advised that the threshold remained unchanged whilst all financial policies and procedures were being reviewed by SLT.</p> <p>5.3. It was agreed to add a statement to both the Estates and Finance and Resources Committee's Terms of reference, that If a pre-approved capital project incurred further expenses, greater than £80,000, that the Estates Committee will make any recommendation to the Finance and Resources Committee, prior to the Corporation.</p> <p>Resolved to</p> <p>5.4. Accept the revised Terms of Reference and recommend them to the Governing Body for their adoption.</p>	<p>A: Governing Body (Appendix I)</p>
<p>6. Report of the Human Resources Director (Information)</p> <p>6.1. A qualified Head of HR had joined the College on 19 June to bring some much-needed experience and knowledge to the team.</p> <p>6.2. The College now employed 7 of its previous agency staff. This had been budgeted for and would provide long term cost savings. It was clarified that the 30 existing agency staff were mainly learning support assistants.</p> <p><u>Staff Turnover</u></p> <p>6.3. The staff turnover for 2022-23 was projected to be 24% which reflected the high turnover seen in the current labour market, which was even higher in the FE sector. The recruitment cost implications make this a continuing risk to the College.</p> <p>6.4. For Capel, some people are lost to universities, merged colleges and industry, who can all pay more.</p> <p>6.5. The Committee discussed the importance of having a good welfare package for staff, that went beyond pay in terms of adding value. The College Improvement Plan's wellbeing additions had been postponed to the next financial year to ensure that the budget was met.</p> <p>6.6. Governors suggested that staff were reminded about their current welfare package, including promotion of their unique surroundings and flexible working options.</p> <p>6.7. Governors also suggested a free, bi-annual health check for staff, which can be affordable as a package deal, to contribute to the wellbeing of staff.</p>	<p>HR</p>

<p>6.8. The heart of the People Strategy would be for people to feel valued, listened to and engaged, with free flowing communication mechanisms. By being engaged in Task Groups, this would further motivate them to endorse the College, regardless of budget restrictions.</p> <p>6.9. A new weekly SLT rota was now in place at each campus, to encourage more open engagement, to get staff involved and feeling valued.</p> <p>6.10. Governors considered the affordability of further measures to reduce staff turnover; while appreciating there might be additional costs, these needed to be considered in the context of the additional costs being incurred now by the College in managing high staff turnover</p> <p><u>Recruitment and retention</u></p> <p>6.11. Gross vacancies had reduced through consolidation of roles and thorough reviews and prioritisation of whether vacant posts needed to be filled</p> <p>6.12. The College's new Curriculum Development Plan had facilitated this process.</p> <p><u>Sickness</u></p> <p>6.13. Sickness absence was continuing on an upwards trajectory, with a end of year projection of 4,000 total working days lost. This equated to around 14 days per FTE, and around 2.5 times the UK average (according to 2022 ONS data).</p> <p>6.14. Some of the long term sickness was linked to disciplinary and grievance cases, although the trajectory was going down as some recurring issues had been resolved.</p> <p>6.15. It was clarified that strikes were a low risk for the College, due to a small union membership.</p> <p>6.16. The Executive Director of HR observed that, post-pandemic, people appeared more willing to resort to sick leave or raise grievances. The Committee equally acknowledged the strain that many people were under, in terms of their workload and the current economic climate.</p> <p>6.17. Mental health related absence remained a challenge for the College. Governors queried whether workplace stress could be separated out from other mental health causes. It was clarified that the majority of sickness certificates did not stipulate work related stress, although the majority was assumed to be.</p> <p>6.18. The College were considering various strategies to improve staff morale, to improve both sickness absence and retention. The new People Strategy would also have a well-being strand.</p> <p>6.19. Governors suggested assigning mental health first-aiders, which had proved to have a positive impact on staff in other organisations. The College were already considering this for</p>	
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<p>2023-24 and could also extend use of the counselling team. Progress would be reported back to the Committee once in place.</p> <p>6.20. Return to work interviews were providing a supportive vehicle for frank conversations from both the staff and College perspective.</p> <p>6.21. The Executive Director of HR stated that other management techniques which could be utilised to try to reduce sickness were under consideration.</p> <p><u>Training</u></p> <p>6.22. There had been good progress on mandatory training, with completion rates between 83-95%.</p> <p>6.23. After questioning by Governors it was confirmed that all casual and voluntary staff had been DBS checked. Completion of safeguarding training was still significantly lower for these staff, particularly those who work very occasionally at the College. Governors requested that further action be taken to improve the uptake of safeguarding training by casual and voluntary staff.</p> <p>6.24. Teacher training was progressing well, however, for staff who leave, they take those elevated qualifications with them.</p> <p><u>Employee Relations</u></p> <p>6.25. As at 30 April 2023, from the total of 21 cases, 12 remained ongoing, including one live Employment Tribunal claim.</p> <p>6.26. Tribunals create both a financial pressure and a heavy impact on staff time. Particularly due to the long wait for proceedings to begin, which was 18 months away in the ET case.</p>	
<p>7. Report of the Deputy Principal, Finance & Resources (Information)</p> <p><u>Capital Transformation Fund</u></p> <p>7.1. The College had been awarded £5m from the Capital Transformation Fund to be spent on capital improvements to the condition and quality of its freehold. It was anticipated that c £2m would be utilised as the College's contribution to the Nottingham project and c £3m at Enfield.</p> <p>7.2. A proposal for expenditure will go to the Governing Body on 12 July 2023.</p> <p><u>Financial Health</u></p> <p>7.3. The ESFA reported their assessment of the College's financial health as Good for 2021-22. They had not identified any significant financial control concerns. This conclusion was in line with the College's own view.</p> <p>7.4. Based on the year-end forecast (2022-23), the Colleges' financial health was projected to be Good. The College remained dependent on 16-19 learners for significant growth and these had declined in the past year.</p> <p>7.5. Against the average college, Capel had greater solvency and no borrowings; but a lower EBITDA.</p>	

<p>7.6. The College were striving to move to more sustainable budgets, in order to provide an operating surplus to fund capital investment</p> <p>7.7. Governors queried how staff views would be taken into account in determining where capital improvements were made. The Staff Survey provided a forum for Managers and their teams to express where space was needed and to offer their own ideas.</p> <p><u>Next financial year (2023-24)</u></p> <p>7.8. A draft operating surplus of £41k was proposed. However, continued and ongoing action would be required during the year on both quality and student recruitment to support its achievement.</p> <p>7.9. Decreased 16-18 funding (-£0.6m) had resulted from low September 2022 recruitment numbers, where funding is lagged by one year and impacts 2023-24.</p> <p>7.10. The draft budgeted operating surplus had been achieved through: staff cost savings (non-replacement of vacant roles); savings on non-pay expenditure and realistic planned increased income in other streams</p> <p>7.11. Student recruitment plans were in place to drive more applicants through marketing strategies. It was noted that recruitment was at the top of the agenda at all SLT meetings.</p> <p>7.12. It was confirmed that Denise Cheng-Carter would be retained by the College to support completion of the Mottingham Project during 2023-24.</p>	
<p>8. P9 Nine Month Management Accounts 30 April 2023 and Flex 3 Reforecast (Decision)</p> <p>8.1. The College was operating in line with the Flex 3 forecast profile, with an operating surplus of £43k. The full year projected deficit has fallen from £201k to £105k</p> <p><u>Income & Expenditure</u></p> <p>8.2. Income to the first 9 months of the 2022-23 year was £14,114k. which was £612k behind profile, with many budget lines still below profile, largely due to poor student recruitment in many funding streams.</p> <p>8.3. Overall in the full year Flex 3 forecast, income has been forecast to reduce by £351k, but this is being offset by pay expenditure reducing by £525k and non-pay expenditure increased by £69k.</p> <p>8.4. Governors noted that the overall change to the College's year end deficit now forecast in Flex 3 was a positive movement albeit modest in comparison with College turnover. Governors welcomed this improvement and were further pleased to note that the consistency of the year-end financial forecast month by month was evidence that College finances were being effectively managed. Governors noted however that there was no room for complacency as the College's EBITDA still remained at less than</p>	

<p>2%, thereby continuing to score only 10 points in the Financial Health calculation</p> <p>8.5. Farming income had reduced by £35k. The grants from the Department for Environment, Food & Rural Affairs (DEFRA) had been delayed and were not expected to be paid this year</p> <p>8.6. Governors noted that there were possibly opportunities for Capel to benefit from the new way that rural payments were calculated. The new Farm Manager would consider this, as part of the Farm's new strategy. Governor, Lorna Fitzjohn, offered to assist with this project.</p> <p><u>Balance Sheet - Debtors</u></p> <p>8.7. The College had been historically slow to recover income from debtors but improvements were beginning to take effect. Governors welcomed the significant reduction in the value of debtors since the previous meeting.</p> <p>8.8. The main challenge regarding debtors was for High Needs Learner contributions from the 33 local authorities with whom the College had contracts. This placed a considerable administrative burden on the College. .</p> <p>Resolved to</p> <p>8.9. Note this report, and particularly the impact of under-recruitment of student numbers on 2022-23 and 2023-24 income.</p> <p>8.10. Approve the Flex 3 forecast, with the year-end outturn operating deficit of £107k, improved from £212k at Flex 2 forecast.</p>	<p>Deputy Principal / Estates</p>
<p>9. Proposed Budget 2023-24 and Forecast 2024-25, 2025-26 (Decision)</p> <p>9.1. The financial plans aimed to achieve an operating surplus of £41k for 2023-24, £97k for 2024-25 and £163k for 2025-26.</p> <p>9.2. The proposed budget and following years' financial forecast had been set with challenging but achievable targets.</p> <p>9.3. Investment was focused on improving quality, some curriculum areas, safeguarding and people. This would be funded by staff utilisation efficiencies, although these were dependent on meeting student recruitment targets.</p> <p>9.4. A more accurate system to forecast staff pay and resources was now in place, with pay as a percentage of income being kept steady at 69%. Although the sector benchmark was 65%, Governors considered it was acceptable that Capel should have a higher percentage given the higher than average number of High Needs Learners requiring personal support and the number of College sites</p> <p>9.5. The College were closely monitoring student recruitment against its Key Performance Indicators (KPIs), to ensure that under recruitment was identified early.</p>	

9.6.	More detailed tracking of each potential learner will identify any conversion constraints which SLT will explore with a Task and Finish group.	Deputy Principal
9.7.	The budget assumed a 3% increase in recruitment for the next two years due to the planned delivery of the new T Levels in Agriculture, Land Management and Animal Care.	
9.8.	Governors requested that the student recruitment numbers were included in future financial KPIs.	
9.9.	It was confirmed that the College were running courses for the Prince's Trust from 2023-24. Governors were pleased to note that this would meet local demand and would increase recruitment to 16-18 provision.	
9.10.	Other in-year16-18 recruitment and retention strategies included: a) The ability to switch courses within the first 42 days. b) Marketing to attract external students who were on the wrong courses. c) NEET provision – providing for young people who are not in education, employment or training (NEET).	
9.11.	Governors were please that these strategies were all now in place.	Deputy Principal (Nov 2023)
9.12.	The marketing budget would be reviewed once the Ofsted report had been analysed, to ensure that marketing resources matched demand. This would be reported back at the next Committee meeting.	
9.13.	The Committee discussed the current demographics. There was expected to be a rise in 16-18 students, which may even surpass the 3% KPI.	
9.14.	School liaison was high on the College's marketing agenda and Governors noted that schools were now being encouraged to promote apprenticeships to their pupils.	
9.15.	The College's Open Day on 24 June had received a 54% increase in interest. Conversion strategies will include 'keep warm' activities.	
9.16.	The Deputy Principal, Denise Cheng-Carter and the Finance Team were thanked by the Committee for the budget strategies and they expressed confidence in the stronger financial position.	
Resolved to		
9.17.	Consider and approve the proposed budget for 2023-24, forecasts 2024-25, & 2025-26 and recommend it to the Governing Body for approval and submission of the CFFR to the ESFA by 31 July 2023.	B: Governing Body (Appendix II)
10. Annual Review of Tuition Fees (Decision)		
10.1.	In reviewing fees for 2024-25 and beyond, the following factors had been considered: Course quality and student numbers:	

<p>Competitor benchmarking; Inflation (CPI) projections and; Pay costs were budgeted to rise at 3% each year.</p> <p>10.2. The College proposed:</p> <ul style="list-style-type: none"> a) A modest increase in fees by 3% in 2024-25. b) That this fee increase is reviewed and confirmed in autumn 2023 (for 2024-25 pricing) based on the prevailing conditions at that time, e.g. inflation and student recruitment. c) Fees for the following year – 2025-26 to increase by 3% (to be reviewed in one year's time). <p>10.3. Governors agreed that these proposals sufficiently took into account the cost of living crisis affecting the ability for many adults to pay fees and to remain competitive.</p> <p>Resolved to</p> <p>10.4. Provisionally approve the tuition fees for 2024-26. With the proposal to be revisited/confirmed at the autumn 2023 meeting of the Committee.</p>	
<p>11. AOB</p> <p>11.1. None.</p>	
<p>12. Date of next meeting</p> <p>12.1. The next Finance and Resources Committee meeting will take place on Wednesday 22 November, 2023 at 1700.</p>	

APPROVED MINUTES			
CHAIR:	Peter Doble	DATE:	22 November 2023
APPROVAL:	Remote confirmation: APPROVED		
	Or signed:		