















Minutes

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Finance and Resources Committee

Minutes

Meeting Time and Date	1000 on 19 June 2024
Meeting Location	Zoom Online
Members	Peter Doble (Chair)  Paulina Balogun Heather Barrett-Mold OBE  Peter Brammall (Principal)  Lorna Fitzjohn  Mei Lim Roger McClure  Joanne Roxburgh  Zoe Halfyard 
Participants	Milana Uginciute (Student Governor)  James Bryan (HR)  Paul Smith (Finance)  Gladys Gafrey-Umeh (Finance)  Denise Lloyd (Academic)
Minute Taker	Joanne Coffey (Director of Governance) 
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	Action
1. Welcome and Apologies 1.1. Apologies were received for Paulina Balogun, Mei Lim and Denise Lloyd.	
2. Declaration of Interests 2.1. None.	
3. Minutes (Decision) 3.1. It was agreed that minute 5.10 and the action should be completed based on the information provided, as this Committee did not require any high level of detail regarding reasons below low student attendance. 3.2. It was confirmed that the budget would be shared with the Staff Council at its next meeting in two weeks' time. 3.3. Despite seeking support from the DfE, a tribunal was expected to go ahead in February 2025. Although there was a good defence in place, there was an inherent financial risk due to the high costs involved prior and during the tribunal. This had already been budgeted for. Resolved to	

<p>3.4. Approve the minutes of the Finance and Resources Committee meeting held on 6 March 2024 as a correct record and authorise the Chair to sign them.</p>	
<p>4. Matters Arising (Information)</p> <p><u>Fundraising Strategy</u></p> <p>4.1. The new fundraising strategy was in progress with a target date of 31 July 2024.</p> <p>4.2. Conversations had begun with individuals to promote the future capital projects, which had been aligned with the site reviews for Enfield and Forty Hall Farm.</p> <p>4.3. As Governors felt that the opportunities at Forty Hall Farm should continue to be followed up on, it was agreed to update the completion date to September 2024.*</p> <p>Gladys Gafrey-Umeh joined the meeting.</p> <p><u>Prince's Trust courses</u></p> <p>4.4. It was confirmed that the Prince's Trust Courses were short courses. Although there had only been 5 new starters, it was also a progression pathway for foundation learners.</p> <p>4.5. Marketing were also promoting these courses throughout the autumn term and, particularly, targeting those Not in Education, Employment, or Training (NEET).</p>	<p>*Governance (Completed)</p>
<p>5. Annual Review of Terms of Reference (Decision)</p> <p>5.1. Reference to the Strategy Committee was removed.</p> <p>5.2. Following a recommendation by the the Search, Governance and Remuneration Committee meeting in May 2024, the Committee agreed to stipulate that there should also be a minimum of termly pre-meetings between the Chair and SLT lead.</p> <p>5.3. It was explained that this was to provide clarity to external parties that there were strong lines of communication between the Chairs and SLT.</p> <p><u>Chair and Vice Chair of the Committee</u></p> <p>5.4. As the Chair of the Committee would be retiring in December 2024, the Search, Governance and Remuneration Committee agreed to use a search agency to appoint, at least, one qualified accountant, with one adopting the role of Chair of Finance and Resources from December 2024.</p> <p>5.5. It was confirmed that the responsibility to elect Vice Chairs, as stated in the Membership table in the Terms of Reference, sat with the individual Committees.</p> <p>Resolved to</p> <p>5.6. Finance and Resources Committee to accept their revised Terms of Reference and recommend them to the Governing Body for adoption.</p>	<p>A: Governing Body (Appendix I)</p>

<p>6. Election of Chair of Vice of the Finance and Resources Committee (Decision)</p> <p>6.1. Nominations were sought by a proposer and seconder to appoint a Vice Chair of the Finance and Resources Committee.</p> <p>6.2. Lorna Fitzjohn helpfully agreed to be nominated to become Vice Chair of the Committee. This was upheld by:</p> <ul style="list-style-type: none"> a) Proposer: Peter Doble b) Seconder: Heather Barrett-Mold <p>Resolved to</p> <p>6.3. Appoint Lorna Fitzjohn as Vice Chair of the Finance and Resources Committee until the end of her Term of Office.</p>	
<p>7. Report of the Human Resources Director (Information)</p> <p>7.1. College staff had already saved several thousand pounds of discounts by engaging with the new benefits app.</p> <p><u>Recruitment</u></p> <p>7.2. On 30 April 2024, the College had 19 vacant posts (not FTE) being advertised; 8 teaching/academic, and 11 business services.</p> <p>7.3. In the three months prior to 30 April 2024, the College published 35 adverts, some being for multiple posts, generating 187 applicants. 80 people were shortlisted, and 26 appointments were made.</p> <p>7.4. The College's recruitment platform was taking time to integrate with current HR systems.</p> <p>7.5. Whilst the number of vacancies advertised had reduced, applications had increased by nearly 17% since the last report, although there remained a 40-50% success rate in filling roles.</p> <p>7.6. It was clarified that the rate should be closer to 70-80% and that inabilities to appoint were also affected by the suitability of the candidates.</p> <p><u>Sickness absence</u></p> <p>7.7. Total days lost to sickness absence for the year-to-date was 2,147, a substantial increase of 30% on the last figure reported. However, there was a slight improvement year on year and the HR team continued to work particularly hard on the cases of long-term absence.</p> <p>7.8. Of that total, 704 days were teaching staff and 1,443 days were business services staff. It was clarified that the latter included some staff who were student facing, such as practical instructors and learning support assistants.</p> <p>7.9. Governors requested that Appendix I be amended as follows:*</p> <ul style="list-style-type: none"> a) The Workforce table headcount to be corrected to show that the Part Time Permanent Headcount of 106 was +6, rather than 66. 	<p>*HR (Nov 2024)</p>

<p>b) The varied list of reasons for sickness absence be simplified, to provide clearer intelligence. This would be considered for the next report.</p> <p>7.10. The College were planning to train more mental health first aiders to provide more support with this area for staff and students.</p> <p>7.11. There were also plans for the College to engage with middle management training to ensure that staff felt confident in their responsibilities.</p> <p><u>Turnover and leavers</u></p> <p>7.12. Annual turnover, at 21.05%, was slightly above the sector average in 2021-22 of 17.80%.</p> <p>7.13. The total number of leavers in the year-to date was 83, comprising 27 teaching staff and 56 business services staff.</p> <p>7.14. Governors queried whether pay issues still played a part in job satisfaction and retention. Capel now stacked up well against other UK colleges in terms of lecturer's pay, although this was not reflected as well in London.</p> <p>7.15. The workload could also be heavier at land based and small colleges, reflected in some new staff leaving very soon after starting which was clearly not a pay issue. The workload problem is exaggerated by vacancies and sickness absence requiring others to provide cover.</p> <p>7.16. The Chair of the Academic Committee informed the Committee of the discussion at their recent meeting, where new teaching staff did not have enough long-term staff to mentor them. In order to address this, the Quality Practitioners had been working to support these staff on a one-to-one basis.</p> <p>7.17. It was also pointed out that staff were more vulnerable to stress when needing to cover unfilled vacancies or for those off sick. This had then filtered up to management, where Team Leaders and Heads of School were needing to cover classes themselves and some support staff were needed to step into completely different roles.</p> <p>7.18. Governors queried if there were any patterns found in terms of where the leavers moved to. There were no obvious trends and some staff left, even when they had not yet acquired another position.</p> <p>7.19. To address the tighter staff resources at the smaller campuses, counsellors and other supplementary services were being engaged to support those staff until more long-term strategies could take shape.</p> <p>7.20. Strategies to increase permanent staff were being considered for the autumn term to improve quality and provide more consistency.</p>	
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<p>7.21. AI systems, such as TeacherMatic, were being employed to assist teachers in producing good quality teaching materials at short notice.</p> <p>7.22. It was confirmed that the College did also have a small, on-call bank of temporary, or previously retired, staff to fill in at short notice.</p> <p>7.23. The College was exploring, with the GLA, an interesting concept for people within the appropriate industries to supplement teaching at FE colleges. This would also provide a high quality of engagement for the students.</p>	
<p>8. Report of the Deputy Principal, Finance and Resources (Information)</p> <p>8.1. The ESFA confirmed that the College's financial health rating was Good for 2022-23.</p> <p>8.2. The Flex 3 Forecast for 2023-24 showed an expected operating surplus of £197k (versus the original budget of £41k). This would continue to deliver a Good ESFA financial rating.</p> <p><u>Student Recruitment</u></p> <p>8.3. As at June 2024 there were 625 applications from new 16-18 students, 85 (16%) ahead of the same time last year (540).</p> <p>8.4. Applications for new adult students was tracking 3% ahead of this time last year.</p> <p>8.5. There was much work still to do to achieve target applications and convert these to enrolled students, for which solid plans were in place.</p> <p>8.6. Governors queried the challenge to resources if targets were met. Resources could be adjusted accordingly and, as average class sizes were relatively low, growth could be met with good economies of scale, to reduce the need to use the surplus.</p> <p><u>Capital Grants</u></p> <p>8.7. Capital grant funds totalled £15.4m, representing a significant opportunity to improve the condition of the estate, enhance the student experience and strengthen the balance sheet.</p> <p>8.8. Governors highlighted the need to achieve a good proportionate split of funding between campuses.</p> <p>8.9. The funding included £700k for use on leasehold sites, separate funding for the freehold sites (Enfield and Mottingham) and assets could also be disposed of, to top up funds where needed.</p> <p><u>Audit report: Procurement, Cash and Electronic Receipts</u></p> <p>8.10. The internal audit report for Procurement, Cash and Electronic Receipts provided a Reasonable Assurance opinion (3rd highest) for procurement and Significant Assurance (2nd highest) for Cash and Electronic Receipts.</p> <p>8.11. Governors felt suitably reassured by the audit report.</p>	

<p><u>College Financial Handbook 2024</u></p> <p>8.12. A new government issued document provided the overarching framework for the implementation of effective financial management and other controls, consistent with the College's obligations as public funded bodies.</p> <p>8.13. The handbook was published in March 2024 and becomes effective on 1 August 2024. As it was designed for use by governors, as well as accounting officers, CFO's and auditors, Governors were encouraged to read and note its contents.</p>	<p>B: Governing Body (For Info: Appendix II)</p>
<p>9. P9 Management Accounts 31 January 2024 and Flex 3 Forecast (Decision)</p> <p>9.1. As at Period 9 (30 April 2024) the year to date (YTD) operating surplus was £131k versus a budget of Flex 1 YTD Forecast surplus of £274k. It was anticipated that the forecast surplus would be achieved and be exceeded by £30k.</p> <p>9.2. The report to be corrected to show that the £196k was for Flex 2 (Paragraph 6)*.</p> <p>9.3. It was key to ensure that income was maximised, with the main risks being a reduction of £15k for apprenticeship funding and a shortfall of £273k in tuition fees. This was balanced against higher exams fees, interest received, grants and an increase in high needs students.</p> <p>9.4. The Committee remained cautious on outcomes but understood that this also reflected the journey to improve quality through refinement of the budget processes.</p> <p>9.5. Debt included outstanding funding from the GLA of £700k for Mottingham.</p> <p>9.6. Capel had continued to retain cash reserves, which demonstrated better resilience compared to other colleges, but it was imperative to ensure that financial health did not fall below Good.</p> <p>9.7. The Finance Team, led by Paul Smith and Gladys Gafrey-Umeh, were thanked for the management accounts and revised flexed budget.</p> <p>Resolved to</p> <p>9.8. Recommend that the Governing Body note the report on the Period 9 results and approve the Flex 3 2023-24 reforecast.</p>	<p>*Deputy Principal</p> <p>C: Governing Body (Appendix III)</p>
<p>10. Proposed Budget 2024-25 and Forecast 2025-27 (Decision)</p> <p>10.1. A draft future budget proposed operating surpluses of £203k (2024-25), £223k (2025-26) and £237k (2026-27) which demonstrated the continued need to invest in quality (taking the College towards Ofsted good), whilst building reserves for future capital projects to be able to invest in quality and people.</p>	

<p>10.2. It was confirmed that, although 16-18 income had dropped in year, that the College would still receive a small funding uplift for English and Maths and the allocation for T Levels.</p>	
<p><u>T Levels</u></p>	
<p>10.3. It was explained that funding, in the first year of T Levels, was for a standard 50 students, until actual numbers could be accounted for in subsequent years.</p>	
<p>10.4. Governors queried whether the lagged funding basis of 916 students included the 50 T Level cohort. The Deputy Principal to check and report back.*</p>	<p>*Deputy Principal</p>
<p>10.5. As the College had planned for 25 T Level students in 2024-25 (22 had currently applied), Governors were concerned that the curriculum plan had not factored in for 50 students. The latter number had been based on ESFA averages but any risk of more students applying could be managed.</p>	
<p>10.6. As T Levels were 2-year courses, Governors asked if retaining 25 students would impact future funding. As new 2-year courses could begin in each new academic year, the funding could cumulatively grow.</p>	
<p>10.7. The Deputy Principal agreed to check exactly how the timing would flow through and if it would continue to be partitioned off, and report back at the next meeting.*</p>	<p>*Deputy Principal</p>
<p><u>Cost base</u></p>	
<p>10.8. Pay costs were budgeted to rise at 3% each year and non-pay costs typically rose at the rate of inflation, although cost saving measures continued to offset these as much as possible.</p>	
<p>10.9. In summary, the College's aims were to:</p> <ul style="list-style-type: none"> i. Improve course quality ii. Improve adult applications iii. Set fees to the mid-upper region relative to competitors iv. Decrease the inflation forecast to below 3% by Q4 2025 v. Set a more measured fee increase of 3% for 2024-25 in contrast to the high price increases of 5% and 8% in the two years prior to 2024-25. 	
<p>10.10. The College was confident that these were achievable but could adjust targets in autumn, if necessary. This would be facilitated by the MIS Team who look at funding year to date and forecast each of the funding streams on a monthly basis to keep on top of.</p>	
<p>10.11. It was key that balance was retained between the student experience and the available resources. AI was facilitating workload and larger class sizes often created a better experience for students.</p>	
<p>10.12. It was also imperative that students with EHCPs received the individual attention that they needed.</p>	

<p>10.13. Paul, Gladys and their finance colleagues were thanked again for this robust, bottom up approach.</p> <p>10.14. As Gladys was also needing to cover other vacancies, she was also thanked by Paul for her hard work and dedication.</p> <p>10.15. The last date in Appendix IV, 2iv Financial Health, to be corrected to read 2024-25.*</p> <p>Resolved to</p> <p>10.16. 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.</p>	<p>*Deputy Principal</p>
<p>11. Annual Review of Tuition Fees (Decision)</p> <p>11.1. Fees were increased by 8% for academic year 2023-24 (agreed June 2022). This followed a period of low/no increases prior to 2022 and in the context of high inflation at that time.</p> <p>11.2. The Committee agreed (in June 2023) a fee increase of 3% for the 2024-25 academic year. This increase had already been applied to courses for the 2024-25 academic year</p> <p>11.3. It was recommended that the College's more prudent approach to pricing continued, with a fee increase of 3% in 2025-26 (and for the following year, to be reviewed in June 2025)..</p> <p>11.4. Governors noted that the increase of 8% in September 2023 did not impact the rise in applications.</p> <p><u>Overseas Tuition Fees</u></p> <p>11.5. The fee for overseas students stood at £9,170 (2024-25) moving to £9,445 in 2025-26. There was a separate overseas fee for Saddlery courses which was £13,730 (2024-25), moving to £14,140 in 2025-26. This reflected the high cost of materials and equipment needed to study these courses.</p> <p>11.6. As the College did not currently have any overseas students, a full discussion took place on the reasoning and challenges.</p> <p>11.7. The College had not had Tier 4 status since 2016, which meant that the only current options would be further sub-contracting with partners, such as the RAU.</p> <p>11.8. Governors queried why the overseas fee were higher than the standard fees at the College, in case this acted as a barrier to receiving interest from these students. As this had been based on historical decision, further research would be conducted by the Deputy Principal and reported back at the next meeting.*</p> <p>11.9. It was clarified that all course fees were inclusive on exam fees.</p> <p>11.10. The Staff Governor suggested that a table of course fees could be made available to staff to assist with student progression queries, that would effectively promote these courses. This was an excellent idea that would assist with marketing and options would be considered and reported back.*</p>	<p>*Deputy Principal</p> <p>*Deputy Principal</p>

<p>Resolved to</p> <p>11.11. Approve the tuition fees for 2025-26 and 2026-27, noting that the fee increases for 2026-27 would be revisited in June 2025.</p>	
<p>12. Financial Principal Risks (Decision)</p> <p>12.1. There had been an increase in the risk appetite to secure and retain an expert, motivated, high-performing workforce.</p> <p>12.2. It was recognised that this could begin to impact on student recruitment if strategies to retain staff did not begin to gain traction.</p> <p>12.3. Historically, the College had not been in a growth mindset but SLT, management and staff were now consistently trying different approaches to ensure that staff retention and recruitment was kept on the radar.</p> <p>12.4. Governors appreciated being kept alert to changes in the Principal Risks to ensure that their focus was also being correctly placed.</p> <p>12.5. In order to address securing and maintaining a happy workforce, a new staff benefits system had been adopted which staff were very pleased with. The range of benefits offered, which included online GP appointments and gym membership discounts, had been pushed as far as possible, in terms of the current budget, however, further additions would be considered to build on staff satisfaction.</p> <p>12.6. Professional memberships were continuing to be considered as they also crossed over with CPD opportunities.</p> <p>12.7. The Staff Governor proposed a review of the Staff Toil Policy, to further facilitate staff motivation. This would be overseen by the Staff Council and presented to Governors at the next Academic Committee meeting.</p> <p><u>Staff Council</u></p> <p>12.8. The Staff Council was chaired by the Staff Governor, and meetings were attended by the Executive Director of HR and, occasionally by the Principal and other members of SLT.</p> <p>12.9. Recommendations made at the meeting would now be overseen by the Principal, with any strategic decisions coming to the appropriate Committee meetings.</p> <p>12.10. Governors felt that the Executive Director of HR's creation of the Staff Council, and the decision for the Chair to be Staff Governor, had been very effective.</p> <p>Resolved to</p> <p>12.11. Note and agrees to the Finance and Resources Principal Risks.</p>	
<p>13. AOB</p>	

13.1. The Chair of Governors, who was retiring in July, gave a special thank you to Paul and Gladys for their helpful, thoughtful and accessible approach to the College's finances.	
14. Date of next meeting 14.1. The next Finance and Resources Committee meeting will take place on Wednesday 20 November, 2024 at 1000.	

APPROVED MINUTES			
CHAIR:	Peter Doble	DATE:	20 November 2024
APPROVAL:	Remote confirmation: Or signed:		