



FINANCE & GENERAL PURPOSES COMMITTEE

MINUTES OF THE MEETING HELD ON THURSDAY 1ST JULY 2010 AT 5PM

Members: Mr M Parkinson
Dr S R Dowbiggin OBE
Mr D Fussell (Chairman)
Mr D Gratton
Mr H Jones Owen
Lady Stuttard
Lady Salisbury

Present: Mr D Triggs, Clerk to Governors (until 7pm)
Mr D Fallon, Director of Finance
Ms M Hall, Head of College
Mr N Evans, Director of Estates and Buildings
Mr S O'Hear, Personnel Manager

The Chairman opened the meeting by recording his thanks and congratulations to the Chief Executive, Members of the Senior Management Team, Lady Salisbury and all staff involved in arranging a very successful visit by the Queen on Friday 11th June 2010.

The Chairman welcomed Mr Triggs to his first meeting of the Committee as the new Clerk to the Governing Body.

1. APOLOGIES FOR ABSENCE

Lady Stuttard had made it known when the meeting schedule was circulated that she would be unable to attend the meeting, due to a long standing prior engagement. An apology for absence was also received from Mr Parkinson who had intended to be present but was unavoidably delayed abroad.

2. DECLARATIONS OF INTEREST

- Lady Salisbury declared an interest as Patron of the Institute of Horticulture.
- Dr S R Dowbiggin declared an interest as Managing Director of Capel Manor Limited and in his capacity as a Fellow and Trustee of the Institute of Horticulture. He also declared an interest as a member of the Worshipful Company of Gardeners, that he was currently Upper Warden of the Company and a member of its Court and that he had recently been nominated for election to the City & Guilds London Institute Council at their annual meeting on 15th April 2010.
- Mrs M Hall declared an interest as Director of Capel Manor Limited, as a Fellow of the Institute of Horticulture and as a member of the Livery of the Worshipful Company of Gardeners.
- Mr N Evans declared an interest as a Director of Capel Manor Limited, as a Fellow of the Institute of Horticulture, as a member of the Court of the Worshipful Company of Gardeners and of their Livery.

- Mr D Fallon declared an interest as Company Secretary of Capel Manor Limited.
- Mr Simon O’Hear declared an interest as a Director of Capel Manor Ltd

3. MINUTES OF THE FINANCE & GENERAL PURPOSES MEETING HELD ON 18TH MARCH 2010

RECEIVED paper 3, minutes of the Finance & General Purposes Committee meeting held on 18th March 2010.

RESOLVED: That the minutes of the meeting of the Committee held on 18th March 2010 be approved as a correct record and signed by the Chairman, subject to deleting from Minute 2 the declaration of interest from Lady Stuttard (as she had been absent from the meeting).

4. MATTERS ARISING FROM THE MINUTES OF THE MEETING OF 18TH MARCH 2010

RECEIVED paper 4, matters arising from the minutes of the meeting held on 18th March 2010.

NOTED:

4.1 Regent’s Park Developments (Item 17 of the minutes of the 10th July 2008)

Item 17 – the college was in negotiations with The Royal Parks to extend the lease for the site beyond 2011. However, as the issue of the greenhouses availability could not be determined in the short term, it was agreed that this matter be withdrawn from the action plan and it be brought back to the Committee as a substantive item if and when matters progress;

4.2 Lease for use of facilities at Stepping Stones Farm, Hackney (Item 19.6 of the minutes of the 27th November 2008)

NOTED that:

- Negotiations are progressing now the farm was a legal entity;
- The name of the farm has changed to “Stepney City Farm”

5. VARIATIONS TO THE FINANCIAL MEMORANDUM PART 2

RECEIVED paper 5, the report of the Clerk for information.

NOTED: The variation to the Financial Memorandum Part 2 reference number GL 12008034A – Schedule A – in respect of Employer Responsive 2009/10 dated 31st March 2010. This meant a decrease in funding of £15,964 and had already been factored into the other information presented by the Finance Director.

6. REPORT OF THE CHIEF EXECUTIVE

RECEIVED paper 6, the report of the Chief Executive for information.

6.1 General Financial Situation

NOTED: the work undertaken by the College to achieve a positive financial position in the face of significant challenges during the past two years. This meant that across the whole college staff continued to deliver beyond expectations.

6.2 Update on Government Budget on 22nd June 2010

NOTED: The full impact of the budget had yet to be evaluated although Governors received a summary provided by the AoC and therefore could make their own judgements.

6.3 Capital Investment

NOTED:

- i) Various announcements had been received from the Government concerning its plans for a small capital investment fund for the sector to use.
- ii) The emergency budget had allocated £30m to a renewal fund for FE but details of this fund were not available when papers were circulated but were now attached as a supplementary paper (23A).

6.4 Gardens and Events

NOTED: That the Queen's visit on the 11th June and the Mayor's Day/Open Day on the 12th June were major successes. It was hoped that the higher profile that had been established for the college would increase visitor numbers and generate a financial return.

6.5 Strategic Away Day

NOTED: That the feed back from staff (at manager's meeting on 23 June 2010) was very positive. The clear priorities message is being disseminated across the college and all staff seemed to appreciate the clear leadership being given.

6.6 Conclusion

NOTED: The College's financial position continued to be strong with the major strategic consideration for Governors being if, how, and when, it was best to commit reserves to maximise the potential of the college going forward to provide a secure foundation for the future.

7. REPORT OF THE PERSONNEL MANAGER

RECEIVED paper 16, the report of the Personnel Manager for information.

NOTED:

- i. A comprehensive list of retirements, resignations, leavers and appointments.

RESOLVED: that as this information was provided in “Manor Matters” and appended to the report, there was no requirement to repeat the information in future reports.

- ii. discussion of the potential for receiving statistical information around the reasons for staff leaving the college and that the Personnel Manager already provided this information including staff turnover in his autumn annual report;
- iii. That SMT had put in place arrangements to carefully scrutinise the need to fill all vacant posts and to identify if it was appropriate to restructure and/or re-allocate resources;
- iv. The sickness monitoring information is included as appendix II. During discussion it was noted that the split between long and short term sickness was about 50:50 and Governors asked if the actual split between long and short term sickness could be provided in future reports;
- v. Following a recent audit of the Personnel Department a number of the pre-employment checks were scrutinised. In a number of cases SMT had agreed to allow staff to commence employment prior to receiving formal written references (although verbal references had been taken) and the CRB disclosure (in cases where the employee did not have unsupervised access to students). No issues had arisen from these actions and the Personnel Manager had therefore drawn up a formal Fast Track Pre-Employment process and details of this were contained in the report.

RESOLVED: That the Fast Track Pre-Employment process, as detailed in the report of the Personnel Manager, be adopted.

8. REVIEW OF THE RISK MANAGEMENT PLAN 2010/2011 - HUMAN RESOURCES RISK AREAS

To receive the report of the Personnel Manager for information.

NOTED:

- i) the risk review schedule for Human Resource risks (H1 to H6). In particular H1 and H5 which were considered to be high risk;
- ii) the additional risk of Payroll had now been identified.

RECOMMENDED TO THE GOVERNING BODY:

- (1) **That the general risk areas, covering operational areas HR1 to HR 6 (Appendix 1 to the report) have been reviewed by the Committee and remain appropriately assessed;**
- (2) **That the risk review areas are endorsed for the period 2010/2011.**

9. REPORT OF THE DIRECTOR OF FINANCE

RECEIVED paper 9, the report of the Director of Finance for decision.

9.1 VAT Returns

NOTED: VAT returns were now submitted electronically.

9.2 Capel Manor Limited

NOTED: The 2010 annual return for Capel Manor Limited was submitted electronically to Companies House on 11th March 2010.

9.3 Regulation

NOTED: That despite the removal of the LSC in favour of the SFA and the YPLA the reporting regime used by the LSC would remain in place with the same timetable.

9.4 Skills Funding Agency

NOTED: That under the Financial Management and Control Evaluation (FMCE) the college had self assessed itself as “Good” and this assessment has now been confirmed by the SFA (the successor body to the LSC).

9.5 2010/2011 Budget and 3 Year Financial Planning

NOTED: No new guidance had been issued to colleges. There would therefore be a requirement to assess the situation in the light of announcements from the new Government and the budget on 22nd June.

9.6 Value for Money

NOTED: That under its review of the college’s Financial Procedures Scrutton Bland, the newly appointed internal auditors, had recommended that a Tender Procedure Waiver Form be adopted in order to record the situation and circumstances where the college had found it not possible to obtain 3 quotations. In such circumstances the Finance Director would sign the form as an exception to the normal procedures. Governors asked that an annual report be made to the Committee stating the number of times that this process had been used.

RESOLVED: That the introduction of the Tender Procedure Waiver Form (attached at Appendix 1 to the report) be approved.

Action: The Finance Director

- i) to include the new form in the college Financial Procedures;*
- ii) to submit an annual report to the Committee indicating the number of times that the Waiver Form had been used.*

10. FRANCHISING, ACTIVITY AND PARTNERSHIPS

RECEIVED paper 10, the report of the Head of College for information.

NOTED: The situation regarding partnerships:

- i) with the Royal Parks signed in 2005;
- ii) with Birkbeck, University of London in offering a Foundation Degree in Garden Design (March 2009) and a Foundation Degree in Horticulture (May 2009). In discussing this partnership it was noted that the College intended to hold discussions about the fee as the 15% allocation did not cover the College's costs;
- iii) with Southgate College for provision at Edmonton Green Colleges Centre;
- iv) partnerships for 14-19 Environment and Landbased Diplomas for delivery from September 2011 with the following:
 - the London Boroughs of Tower Hamlets and Hackney
 - the London Boroughs of Haringey, Enfield and Waltham Forest and Barnet
 - the London Borough of Sutton
 - the London Borough of Croydon
 - joint activity with the London Borough of Bromley, Bromley College and local secondary schools
- v) with Barking and Dagenham College – Governors discussed the difficulties in progressing this project which meant that the process had been delayed longer than the College would have wished;
- vi) with the Environmental Trust for Richmond.

11. UPDATE ON PROJECTS

RECEIVED paper 11, the report of the Head of College for information.

11.1 Background

NOTED:

- i) that considerable activity continued to be undertaken by the College.
- ii) A project in 2009/2010 involved work commissioned by the LSC and referred to by Job Centre Plus. It was anticipated that this London-wide initiative focused on landbased training would have earned the college £83,700 of eligible activity to 31st July 2010 and an offer of a further £137,800 for the first two terms of the 2010/2011 year.

11.2 Activity in 2009/2010

NOTED:

- i) the activity totalled £165,700. This included a six month offer called Heartbeat worth £83,700;

- ii) given the complication of working with Job Centre Plus it had been difficult to complete this project;
- iii) the project was now carried forward successfully and funding has been rolled forward to 2010/2011.

11.3 **Project Applications and Carry Forward 2010/2011**

NOTED: the list of applications for 2010/11.

11.4 **Potential Projects and Other Activity**

NOTED: the College was always pursuing potential sources of funding and projects some of which were notified through larger organisations (LSC, LDA and ODA) and some of which were as a result of smaller research projects and individual staff or team enterprise.

12. **LEARNER SUPPORT UPDATE**

RECEIVED paper 11, the report of the Head of College for decision.

NOTED:

- i) That the Learner Support Funds for 2009/2010 totalled £259,611.57 which represented a decrease of 2% on the previous year;
- ii) That the Learner Support Funds for 2010/2011 came through the YPLA and the SFA as detailed in the report totalled £292,535, an increase of 12.7% owing to new funding mechanisms;
- iii) The update on 16-19 transport costs and tuition fee support for adults;
- iv) Governors considered the proposed revisions to the Learner Support Funds Policy (attached at Appendix A to the report) which had been reviewed following an equality impact assessment.

RECOMMENDED TO THE GOVERNING BODY: that the updated summary policy for the distribution of Learning Support Funds (FE) and Hardship Funds (HE) be confirmed for 2010/2011.

13. **MANAGEMENT ACCOUNTS FOR THE NINE MONTHS TO 30 APRIL 2010**

RECEIVED paper 13, the report of the Director of Finance for decision.

13.1 **Summary**

NOTED: For the period ending 30th April 2010 the College had generated an operating surplus of £252,612 against a target profile of £208,959;

13.2 **Key Performance Indicators**

NOTED:

- i. the college continued to operate within the key accounting ratios;
- ii. There had been an increase in the debtor and creditor days compared to the same period last year. The Finance Director was taking action to bring these back into line for the year end.

13.3 Income and Expenditure Account

NOTED: A corrected Schedule 2 realigning the noted points to the commentary was issued to governors.

RESOLVED: That the Management Accounts for the nine months to 30th April 2010 be approved for distribution to the Governing Body. (See Paper 11a for details)

14. OUTTURN FORECAST 2009/2010

RECEIVED paper 14, report of the Finance Director for decision.

NOTED:

- i) The revised income and expenditure budget, cash flow forecast and balance sheets for 2009/2010. These papers attached as appendices 1, 2 and 3 to the report indicated:
 - Costs continue to be managed in line with known changes to income;
 - The College was projecting an operating surplus of £16,000;
 - The net effect is a £1,000 increase in the bottom line operating surplus;
 - The end of year cash balance is forecast at £2m – equivalent to 81 cash days.
- ii) That the revised income and expenditure budget for 2009/2010 results in a small improvement of £1,000 on the planned surplus but as the movement in several of the absolute figures is greater than £50,000 the revised outturn figures required Governors approval.

RECOMMENDED TO THE GOVERNING BODY: (See Paper 11b for details)

- i) **That the revised income and expenditure budget for 2009/2010, as detailed in Appendix 1, column C, be approved.**
- ii) **That the revised rolling cash flow forecast, as detailed in Appendix 2, be approved;**

15 UPDATE ON NEGOTIATIONS WITH FUNDING AGENCIES 2010/2011

RECEIVED paper 15, the report of the Head of College for information.

NOTED:

- i) The Headline Allocations for YPLA and SFA Responsive Provision (additional Learning Support had yet to be included);
- ii) The Headline Allocations for HE Provision (income was reducing in line with student numbers);
- iii) The Headline Allocations for Employer Responsive Provision (this included an additional £80K following successful lobbying of the LSC Employment Board);
- iv) Programme Funding Target
- v) Centre Targets;
- vi) Employer Responsive detailed analysis
- vii) Conclusion: That the college was able to adapt and be very flexible which given the national funding constraints was a clear strength and had enabled it to negotiate an increase in funded provision in 2010/2011.

16 PARAMETERS FOR THE THREE YEAR DEVELOPMENT PLAN

RECEIVED paper 16, the report of the Chief Executive Officer for decision.

NOTED:

- i) the requirement to provide a three year financial plan; and for this to be approved by the Governing Body before 31st July 2010;
- ii) the working model (Appendix 1 to the CEO report) showed the criteria to be used in the planning process going forward. This included a list of core assumptions as detailed in the report;
- iii) the need to review assumptions, the government priority given to 16-18 and apprenticeships for 19-24 and the college's high dependence on adult learners 25+.

RESOLVED: That the working model of planned provision for 2010 to 2013 be endorsed as the basis for the production of the three year financial plan and this to be considered by the special meeting of the Finance and General Purposes Committee to be held on 14th July 2010 for Recommendation to Governors for approval at the meeting on 14th July 2010.

17 PROPOSED OUTLINE BUDGET FOR 2010/2011

RESOLVED:

- i. **That the Revenue (Income and Expenditure) budget for 2010/11, as detailed in Appendix 1, be adopted.**
- ii. **That the Revenue (Income and Expenditure) budget for 2010/11, as detailed in Appendix 1, be used as the basis for the preparation of a 3 year financial forecast to be submitted to a special meeting of the F&GP on 14 July 2010.**
- iii. **That it be noted that the 3 year plan required by the SFA is being submitted to a meeting of F & GP on 14 July 2010.**

RECOMMENDED TO THE GOVERNING BODY: (See Paper 11c for details)

That the Revenue (Income and Expenditure) budget for 2010/11, attached as Appendix 1 to the report, be adopted for 2010/11 as the baseline for future discussions.

18 PLANNED CAPITAL EXPENDITURE FOR 2010/2011

RECEIVED paper 18, the report of the Finance Director for decision.

NOTED:

- i) The approved capital projects in 2009/2010 totalled £898,000 some of which had been deferred and some of which were yet to be completed;
- ii) The financial objectives of the college included remaining financially sound and retaining a high score under the Framework for Excellence criteria;

- iii) the impact of retaining cash days in hand on the college's ability to use revenue for capital works i.e. if the College retains 40 cash days in hand then the maximum available for capital investment is £1.003m;
- iv) the previously agreed capital spend totalled £195k;
- v) that the previously agreed capital spend of £419k be completed leaving a balance of £389k from the £1m available spend to be held in reserves.

RECOMMENDATION TO GOVERNING BODY: (See Paper 11d for details)

- i) that Governors maintain their financial performance indicator for cash days in hand at 40 for 2010/11;**
- ii) that £614k be allocated to capital projects in 2011/12;**
- iii) that Governors note that the theoretical maximum they could have allocated is £1.003m (but the remainder is held in reserve).**

19 TUITION COURSE FEE RATES 2011/2012

RECEIVED paper 19, the report of the Head of College for decision.

19.1 Background

NOTED:

- i. that the College needs to approve its 2011/12 course fee strategy at this meeting so that this information can be included in the Prospectus (published in October each year);
- ii. that the assumptions underlying the fee structure remain constant;
- iii. a discussion concerning the fee waiver and who would be eligible;
- iv. that the increase in fees had not depressed interest from adult learners in 2010/2011;
- v. That HE Fees were set by Birkbeck, University of London and the College awaited notification of their fee rates for 2011/2012;
- vi. It was felt that the standard increase (8.5%) should be applied to apprenticeship fees as well as 18+ Learner Responsive fees.

RECOMMENDED TO THE GOVERNING BODY: (See Paper 11e for details)

- i. That the rates detailed in Appendix A to the report of the Head of College are confirmed for 2011-2012;**
- ii. That the College waives tuition fees for 19+ students progressing to any full-time course having initially completed a full-time course with the college when they were under 19;**
- iii. That functional skills registration fees for full-time adults be met by the College for 2011-2012;**
- iv. That adult apprenticeship fees are raised by 10% for all ages and all sizes of employer. Instalment option and discount for full payment at start, as offered in 2009-2010 and 2010-2011, are confirmed for 2011-2012;**

- v. **That additional provision run directly by schools is classified as:**
 - a. **premium courses (where the course is eligible for part governmental funding); or**
 - b. **key cost recovery courses (where the course is not eligible for governmental funding but meets an agreed social/community need or is a bridge for progression); or**
 - c. **commercially costed courses with a fee determined by market forces.**

20 REPORT OF THE DIRECTOR OF ESTATES AND BUILDINGS

RECEIVED paper 20, the report of the Director of Estates and Buildings for information.

NOTED:

- i) The update on developments and progress at Crystal Palace Park. This included the proposed expansion of the Crystal Palace Jubilee Stand, how this could be funded and the recommendations for planning approval due to be considered by the London Borough of Bromley on 9th July 2010;
- ii) Enfield Site Capital Developments including the proposed new animal care building the costs of which had risen from £3m to £4m and the fact that the Chairman of Governors had asked for this matter to be placed on hold until F & GP could re-consider it given the current financial climate;
- iv) a phenomenal amount of work that had gone into preparing the gardens for the Queen's visit on 11th June 2010. The opportunity of greater exposure had been taken to attract new sponsors for the National Garden Centre and a list of the funding achieved to date was detailed in the report;
- v) the efforts of Julie Phipps, Mark Cook, Martin Day in particular;
- vi) that many staff had worked very hard, long hours and Governors wished to place on record their thanks to staff but also to Lady Salisbury and other Governors that had been actively involved in making the whole visit a fantastic occasion.

21 FIRE AT FORTY HALL FARM

RECEIVED paper 20, the report of the Director of Estates and Buildings for information.

NOTED: the details of the fire at Forty Hall Farm on 27th May 2010 and the preliminary report and investigation had concluded with a series of recommendations which were being pursued by SMT.

22 MINUTES OF THE MEETING OF THE OLD MANOR HOUSE GARDEN COMMITTEE HELD ON 26TH APRIL 2010.

NOTED:

- i) The minutes of 26th April 2010 meeting were presented by Lady Salisbury.
- ii) Most of the matters were historic.

23 REVISION OF CRITERIA FOR THE PROPERTY STRATEGY

RECEIVED paper 23A Update Paper – Option for Capital Development, Report of the Chief Executive, for decision.

23A.1 SFA Renewal Grants

NOTED that:

- i. the SFA had written detailing how they were allocating the initial £30m (Renewal Grant) and the more substantive Enhanced Renewal Grant;
- ii. officers had recommended bidding for both funds;
- iii. SMT wished to withdraw its proposal that the College bids for enhanced funding now the full financial impact of this had been modelled and F&GP's wider views had been factored in.

RECOMMENDED TO THE GOVERNING BODY that:

the College applies for $\frac{1}{3}$ capital support (£225,000) for a package of projects (value £675,000) as already costed, including:

i.	alterations to Crystal Palace Park Centre;	£420k
ii.	reorganisation and upgrading of IT resources;	£110k
iii.	installation of a science laboratory (by refitting an existing room at the Enfield campus);	£15k
iv.	improvements to animal care facilities at Enfield and Forty Hall sites.	£130k
		<hr/> <hr/> £675k

23.A.2 Overall Property Strategy

NOTED:

- i. minor amendments to the property master plan to be made to reflect the above and other short term demands;
- ii. Officers to identify the most cost effective route to obtain outline planning permission for intended developments at the Enfield site and cost this for future consideration.

RECOMMENDED TO THE GOVERNING BODY:

- i. **the College completes its master plan planning application and the £40,000 for this is released in 2010/11;**
- ii. **the minor modifications to the master plan are adopted and incorporated into the planning application.**

24. RISK MANAGEMENT REVIEW

RECEIVED Paper 24, Risk Management Review, Report of the Chief Executive, for decision.

NOTED:

- i. that F&GP have prime responsibility for reviewing risk in the following areas:
 - Corporate and Strategic;
 - Management Information Systems (also reviewed by Curriculum and Quality Committee);
 - Marketing;
 - Financial;
 - Information Technology (also reviewed by Curriculum and Quality Committee);
 - Estates/Facilities;
 - Commercial.
- ii. Governors reviewed these areas and the amended schedules (with tracked changes) were adopted.

RECOMMENDED TO THE GOVERNING BODY that:

- i. the amended risk review schedules and relevant annexes are adopted;**
- ii. these are incorporated into the College's Risk Review Schedule and Risk Management Action Plan for consideration by the Governing Body.**

25. **DATE OF NEXT MEETING:** 14 July 2010 at 5.45pm (prior to the Corporation short budget meeting) and 24th November 2010 (normal autumn meeting).