



FINANCE & GENERAL PURPOSES COMMITTEE

MINUTES OF THE MEETING HELD ON THURSDAY 18TH MARCH 2010 AT 6PM

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: Mrs S Adams, Acting Clerk to Governors
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

Also present for items 2-10 as observers Ms Trevena Champion and Mr David Triggs.

Both the above were shortlisted candidates for the post of Clerk and minuted the first ten items as part of the selection process.

The Chairman welcomed Ms Champion and Mr Triggs to the meeting and the Committee introduced themselves.

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.

2. DECLARATIONS OF INTEREST

- Lady Salisbury declared an interest as Patron of the Institute of Horticulture.
- Mr M Parkinson declared an interest as a member of the Livery of the Worshipful Company of Gardeners.
- Lady Stuttard declared an interest as a member of the Livery of the Worshipful Company of Gardeners.
- 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.

3. MINUTES OF THE FINANCE & GENERAL PURPOSES MEETING HELD ON 25TH NOVEMBER 2009

RECEIVED paper 3, minutes of the Finance & General Purposes meeting held on 25th November 2009.

NOTED that:

- i. a minor typographical amendment to the Terms of Reference for the newly constituted Finance & General Purposes Committee attached as Appendix I to the minutes;
- ii. that these are accepted as a true and accurate record of the meeting and signed by the Chairman with the above amendment.

4. MATTERS ARISING FROM THE MINUTES OF THE MEETING OF 25TH NOVEMBER 2009

RECEIVED paper 4, matters arising from the minutes of the meeting held on 25th November 2009.

NOTED that:

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 until 2011 and the potential occupation of the greenhouse would be taken as part of these discussions;

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:

- i. it had not proved possible to negotiate the final details of the lease as the legal status of the farm had not yet been resolved;
- ii. a further £17,500 advanced funding had been received to refurbish the classroom (this is supplementary to the funding to redecorate the classroom);

4.3 The Old Manor House Garden (Item 9.2.2 (viii) of the minutes of the 25th November 2009)

Lady Salisbury reported that the two senior gardeners leading on the Old Manor House Garden project had already secured £60,000 worth of sponsorship from the RSA Trust and that the college was confident it could exceed its sponsorship income target within the Business Plan for this project over the life of the project;

4.4 New Build Capital Project Work (Item 18 of the minutes of the 27th November 2009)

As a result of the emerging priorities to develop facilities at Crystal Palace, SMT requested Governors to defer the production of a financial business plan for the capital developments on the Enfield site and for this to be received at its meeting of 1st July 2010.

RESOLVED to agree SMT's request.

4.5 Retendering of College's insurance contract (Item 19 of the minutes of the 27th November 2009)

NOTED that:

- i. this matter had not been progressed because of issues identified in the preliminary discussions with NFU Mutual and a request from SMT that this action be deferred with a report being made to the July 2011 F&GP meeting.

RESOLVED:

- i. **to defer the need for the Director of Estates & Buildings to tender college insurance business via college procurement consortium until the F&GP meeting in June 2011.**

5. VARIATIONS TO THE FINANCIAL MEMORANDUM PART 2

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

NOTED that:

- i. the variation to the Financial Memorandum Part 2 reference number GL 12008034 – Schedule A – in respect of Employer Responsive 2008/09 dated 8th December 2009;
- ii. the variation to the Financial Memorandum dated 1st August 2008 reference number GL 12008034 - Schedule A (Appendix II) Employer Responsive Allocation (16-18 Apprenticeships) 2009/10 dated 1st February 2010;

- iii. the variation to the Financial Memorandum Part 2 reference number GL 12008034 Schedule A in respect of Employer Responsive Funding (16-18 Apprenticeships) 2009/10 dated 10th March 2010.

6. REPORT OF THE CHIEF EXECUTIVE

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

6.1 Overall Strategy

NOTED that:

- i. the report reaffirms the overall priorities and strategies being pursued by SMT and that these were endorsed by F&GP.

6.2 Update of the Risk Management Action Plan

NOTED that:

- i. the current situation continued to be unstable and that the college was alert and aware of the need to continually assess the risks associated with options and decisions going forward;
- ii. the CEO had led a recent review of the college's Risk Review Schedule to identify whether it was necessary to amend the college's Risk Management Action Plan;
- iii. the following specific risks were explored in detail:
 - risks associated with changes in the funding methodology and the qualifications identified by Government for priority funding;
 - Management Information Systems (risks 3 and 4 in the risk schedule);
 - Information Technology (academic and administration) - (risk 2 in the risk schedule);
 - Estates/Facilities (relating to Crystal Palace) – (risk 7 in the risk schedule).
- iv. in all instances the mitigation identified within the Risk Management Action Plan was proving adequate and as a result no change in the residual risk score for these items needed to be reported to the Governing Body.

6.3 Conclusion

That the college continued to perform well and is within its budgets and is likely to exceed its LSC targets for activity at the end of year.

7. REPORT OF THE DIRECTOR OF FINANCE

RECEIVED paper 7, the report of the Director of Finance for information.

7.1 Principal Regulator

NOTED that:

- i. the role of Principal Regulator (of the college as an exempt charity) will pass to the SFA in due course.

7.2 Governors' Capital Funds for 2009/10

Invitations to managers in the college to bid for this have been circulated to staff and applications are due by the end of March 2010.

7.3 LSC Letter on our Financial Plan 2009/12

NOTED that:

- i. it is standard practice of the LSC to write to a college if their assessment of the financial health of a college varies to that of the college undergoing the self assessment process;
- ii. based on the three year financial plan, the college has assessed its health as outstanding in 2011/12 but the LSC had calculated that this would be "good" for this year;
- iii. the college plan shows a £104,000 surplus in 2011/12 (which is 0.98 of turnover). To achieve outstanding status this surplus would need to be 1% at least (i.e £20,000 more than that predicted.) The LSC have indicated that they can apply no flexibility because the college is not predicting that it will meet this particular key indicator;
- iv. SMT accepts the LSC assessment, as there is no way that the figures can be re-submitted. This matter will be addressed when the next three year financial programme is prepared.

7.4 LSC letter on Capel Manor 2009 statutory accounts

NOTED that:

- i. the LSC had offered colleges the option of writing off costs associated with preparations of non progressing AiP and AiD projects as abnormal expenses, but Capel Manor College had chosen to take a more prudent approach and had accommodated all such costs within their operating expenses;

- ii. a letter had been sent to the LSC explaining the practice adopted by the college.

8. FRANCHISING, ACTIVITY AND PARTNERSHIPS

RECEIVED paper 8, the report of the Head of College for information.

NOTED that:

- i. a discussion of the partnership with Barking and Dagenham College and action being taken by the College to ensure the potential of this partnership was realised so that the quality of provision expected by the college was maintained;
- ii. significant investment in time, and the success of, developing partnerships for the delivery of the Environment and Landbased Diplomas for a variety of locations across London;
- iii. the Diplomas will be funded through the YPLA and where Capel Manor College was the lead organisation, such funding would need to be accommodated within the current 16-18 YPLA allocation (total volume likely to be between 12 and 20 SLNs next year);
- iv. a discussion about the Train to Gain partnership with Southgate College and whether the 20% management fee levied by Southgate College was reasonable and the explanation that the college gained valuable experience and access to new markets from their partnership with Southgate on this occasion.

9. UPDATE ON PROJECTS

RECEIVED paper 9, the report of the Head of College for information.

NOTED that:

- i. the reduction in the number of projects (and their value) for 2009/10 was in line with what had been predicted to the Governing Body;
- ii. the college was hoping to maintain current volumes of activity over the next two to three years, but did not anticipate significant growth in this area;
- iii. the college was working with Enfield Borough Council to bid to the “big” lottery fund for funding for the “Get up and Grow” project (potentially worth £36,000 annually for three years).

10. MANAGEMENT ACCOUNTS FOR THE SIX MONTHS TO 31 JANUARY 2010

RECEIVED paper 10, the report of the Director of Finance for decision.

10.1 Overview of the paper

NOTED that:

- i. the reports had been prepared in the standard format;

10.2 Key Performance Indicators

NOTED that:

- i. the college's current performance met or exceeded all key performance indicators set by the Governing Body.

10.3 Income and Expenditure Account

NOTED that:

- i. the total income at six months was £267,000 less than expected for the period, but this had been offset by careful cost management and savings totalling £344,000 during the same period, giving a slightly better than expected overall position at the six month position;
- ii. detailed discussion of the items contributing to these figures and that at this stage a prudent view had been adopted to act as a firm foundation for the preparation of the revised budget and cash flow forecast.

RESOLVED:

- i. **to approve the Management Accounts for the six months to 31st January 2010 for distribution to the Governing Body.**

(Please refer to Paper 10a)

11. REVISED BUDGET AND CASH FLOW FOR 2009/2010

RECEIVED paper 11, report of the Finance Director for decision.

11.1 Revised income and expenditure budget

NOTED that:

- i. the profile of income and expenditure for the last six months of 2008/09 had been used as a template to predict expenditure over the final period in 2009/10 and that this had subsequently been modified based upon best knowledge (particularly in relation to projecting income);
- ii. an ambitious budget had been set in the original budget for LSC Employer Responsive Funding, but that the college had only been able to secure a proportion of LSC funding to meet this target. Therefore the largest variance which needed to be accommodated was a reduction of £153,000 in the anticipated outturn for Employer Responsive activity;

- iii. the expenditure on premises (routine maintenance etc) had been phased so that such activities could be authorised in the last six months if funding is available, thereby providing a “buffer” expenditure.
- iv. the six month position of £105,000 savings in salary would be slightly eroded by the expected phasing of costs in the last six months of the year, but that it was anticipated to make a saving of £67,000 to budget on the salary costs.

11.2 Cash Flow Forecast

NOTED that:

- i. as, at the time of preparing the budget, the LSC funding situation was not known, the Cash Flow Forecast has only been prepared to the end of July 2010. This will be supplemented once LSC funding is known and a 12 month forecast reported to the July 2010 Governing Body meeting;
- ii. that in a “worse case scenario” the college funds carried forward could reduce to £1.8m but that this was not expected to happen, as capital projects were likely to have to be “rolled out” over a longer timescale.

11.3 Management of reserves

NOTED that:

- i. concern over the interest rate being received on the college’s cash balances;
- ii. the Charities Aid Foundation (CAF) offered higher rates of interest than commercial banks at the present time and that the college (as an exempt charity) qualified to use this facility;
- iii. the revised revenue budget results in a small improvement in the planned surplus of £10,770 which requires approval, as the movement in several of the absolute figures is in excess of the £50,000 virement limit delegated to F&GP.

RESOLVED:

- i. **to authorise the Finance Director to set up an account with the Charities Aid Foundation and move a proportion of the college’s cash reserve to this fund to safely maximise the interest receivable.**

RECOMMENDED to the Governing Body that:

- i. **the revised budget for 2009/10 as detailed in Appendix 1, column B, be approved;**
- ii. **the revised rolling cash flow forecast as detailed in Appendix 2 be approved;**

(Please refer to paper 10b)

12. UPDATE RE 2010/11 LSC FUNDING

RECEIVED paper 12, report of the Chief Executive for information.

Tabled: Update "Overview of funding negotiations with the YPLA and SFA – revised Appendix I by the Head of College for information.

12.1 16-18 Learner Responsive

NOTED that:

- i. receipt of the Learner Responsive Allocation 2010/11 16-18 providers (attached as Appendix II to the report);
- ii. congratulations to the Head of College and her team for negotiating such a beneficial settlement and that the Governors' strategy of funding over achievement in 2009/10 had proved even more beneficial than had been expected to the funding levels received for 2010/11;
- iii. the overall increase in funding for 16-18 was in excess of £600,000;
- iv. the headcount outturn in 2009/10 was 467, the allocation target is 515, but that the college was seeking to achieve a headcount of 540+ (so as to ensure further growth in the 16-18 allocation in 2011/12);
- v. a discussion on the importance of maintaining the current or higher adult numbers, so that the ethos of the college (as a mixed 16-18/adult college) is maintained. The challenges associated with this going forward given the lack of Government investment in adult provision was noted.

12.2 16-18 Employer Provision

NOTED that:

- i. the college had not received its final allocation, but that the provisional allocation was already 14% higher than the expected outturn in 2009/10, but the college had bid for a further £60,000 of growth in this area and awaited a decision from the SFA.

12.3 19+ Learner Responsive

NOTED that:

- i. this was the area of greatest concern for the college. The initial allocation had been £1.2m less than the 2009/10 allocation of £3.6m (although the deficit had been protected by the 25% safety margin at approximately £900,000);

- ii. following strong representations from the Governing Body to a variety of influential supporters of the college, the National SAF Moderation Committee had decided to reinstate Capel Manor's allocation, so that the college only suffered the minimum 10% reduction in funding which is being applied to all high performing colleges in the country;
- iii. it appeared that this was not "protection" but was a reinstatement of the baseline, giving the college the opportunity to move all of its 19+ Learner Responsive activity in to "safe, priority" funded areas going forward;
- iv. current Government policy was to protect priority funding, but that no assurance could be given to Governors that this policy would not change before the 2011/12 allocations were made, but that the position for 2010/11 was as good as it possibly could be in the current financial circumstances and gave the college the opportunity to respond effectively to current challenges;
- v. Governors congratulated the Head of College on achieving such a settlement in these difficult times.

12.4 19+ Employer Responsive & Train to Gain

NOTED that:

- i. the initial allocations in both these areas were showing a reduction in funding (total £45,000) but negotiations were ongoing.

13. BARKING COLLEGE SIX MONTH PARTNERSHIP UPDATE

RECEIVED paper 13, the report of the Director of Estates and Buildings for information.

NOTED that:

- i. this had been discussed already as a matter arising from the Chief Executive's report and therefore no further comment was necessary.

14. EXPANSION AT CRYSTAL PALACE PARK CENTRE

RECEIVED paper 14, the report of the Director of Estates and Buildings

NOTED that:

- i. given the sensitivity of some of the issues that needed to be discussed in relation to this paper, this paper be moved to Part II and all copies of the paper removed from Part I documentation.

15. OLD MANOR HOUSE GARDEN PROJECT

RECEIVED paper 15, the report of the Chief Executive Officer for decision, and attached to this paper the unconfirmed minutes of the meeting of the Old Manor House Garden Committee of Tuesday 2nd March 2010 (presented by Lady Salisbury).

15.1 Revised Costing

RESOLVED:

- i. **to accept the new project cost of phasing as proposed (as the change in the overall cost is £10,000 over three years).**

15.2 Phasing Flexibility

NOTED that:

- i. the Committee was seeking support to “push on” with Phase II of the project (if weather and conditions allow) before 11th June;
- ii. as this was a variation in the capital programme, it needs to be recommended to the Governing Body.

RECOMMENDED to the Governing Body that:

- i. **they delegate responsibility to SMT to vire approved budget allocation between years 1-3 of the project on condition that a written report of any such virement is made to F&GP at the earliest opportunity.**

15.3 Minutes of the Meeting of the Old Manor House Garden Committee held on Tuesday 2nd March 2010.

NOTED that:

- i. more use of the gardens is being made by students than had originally been anticipated;
- ii. correction of the minutes to make it clear that the publicity strategy and plans to attract visitors applies to the period between 12th June and 30th September 2010.

15.4 Reception on 11th June 2010

NOTED that:

- i. the college was going to hire a marquee and that at the present time no sponsorship had been received for the lunchtime buffet;
- ii. funding had been made available in the budget for this event, but that as food and drink would be purchased, it was felt that this should be brought specifically to Governors’ attention.

RECOMMENDED to the Governing Body that:

- i. **they endorse the action being taken to provide a buffet (including wine) for guests on 11th June 2010.**

16. REPORT OF THE PERSONNEL MANAGER

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

NOTED that:

- i. a verbal update was given on the progress in appointing a Clerk;
- ii. the excellent feedback received as a result of the Personnel Customer Service Survey;
- iii. on average, 98% of respondents were favourable and no manager was dissatisfied with any statement;
- iv. given the number of questions and respondents, the level of dissatisfaction was approximately 0.3% overall;
- v. as a result of the comments received, an action plan would be developed;
- vi. congratulations to all staff in Personnel for the achievement of such outstanding results.

17. EQUAL OPPORTUNITIES MONITORING, RECRUITMENT AND RETENTION OF STAFF (1ST January 2009 - 31ST December 2009)

To receive the report of the Personnel Manager for information.

17.1 Overview

Governors noted the value of the report and the extent of the research and detailed monitoring which was necessary to produce such a comprehensive report.

17.2 Disability Focus Group

NOTED that:

- i. the college continues to achieve the “two ticks” quality mark.

17.3 Appointments

NOTED that:

- i. the Personnel section had managed 32 recruitment processes during 2009 as opposed to 25 during the same period in 2008;

- ii. discussion about staff retention and current length of service (broken down by schools/sections);
- iii. the success of the current strategies to increase the ethnic diversity of the college staffing and the fact that during the period being reviewed, the college had recruited more employees from minority ethnic groups than ever before;
- iv. that an action plan had been developed based upon this survey which is constantly being reviewed.

AGREED to compliment the Personnel Manager and his staff on their work and achievements.

18. DATE OF NEXT MEETING: 1st July 2010 at 5.00pm