



FINANCE & GENERAL PURPOSES COMMITTEE

MINUTES OF THE MEETING HELD ON THURSDAY 27TH NOVEMBER 2008

Members: Mr M Parkinson (Chairman)
Mr S Bell
Mr K Crowther
Dr S R Dowbiggin OBE
Mr D Fussell (Vice Chairman)
Mr H Jones Owen
Lady Stuttard

Present: Mrs S Adams, Clerk to Governors
Ms M Hall, Head of College
Ms J Hughes Hallett, Finance Manager
Mr N Evans, Director of Estates and Buildings
Mr S O'Hear, Personnel Manager

Observer: Mr Don Gratton

1. MEMBERSHIP AND APOLOGIES FOR ABSENCE

NOTED that:

- i) the Chairman welcomed Don Gratton to the meeting as an observer;
- ii) Lady Stuttard had made it known when dates were agreed for 2008/09 that she would not be available and her apologies were noted.

2. DECLARATION OF INTERESTS

Dr S R Dowbiggin declared an interest as Managing Director of Capel Manor Limited and in his capacity as a Fellow and potential trustee of the Institute of Horticulture following his election by the Annual General Meeting to be the educational representative on Council.

Ms M Hall declared an interest as a Director of Capel Manor Limited and as a Fellow of the Institute of Horticulture.

Mr N Evans declared an interest as Director of Capel Manor Limited and as a Fellow of the Institute of Horticulture.

Ms J Hughes Hallett declared an interest as the company secretary of Capel Manor Limited.

3. MINUTES OF THE FINANCE & GENERAL PURPOSES MEETING HELD ON 10TH JULY 2008

RECEIVED the minutes of the Finance and General Purposes meeting held on 10th July 2008.

NOTED that:

- i. the minutes were approved and signed by the Chairman of the Committee as a true record of the meeting;

4. MINUTES OF THE FINANCE AND GENERAL PURPOSES MEETING HELD ON 24TH JULY 2008

RECEIVED the minutes of the Finance and General Purposes Meeting held on 24th July 2008.

NOTED that:

- i. the minutes were approved and signed by the Chairman of the Committee as a true record of the meeting;

5. MATTERS ARISING FROM THE MINUTES OF THE FINANCE AND GENERAL PURPOSES MEETINGS OF 10TH JULY 2008 AND 24TH JULY 2008

RECEIVED paper 5, matters arising from the minutes of the Finance and General Purposes meetings of 10th July 2008 and 24th July 2008.

5.1 Item 14 from Finance and General Purposes Committee of 27th November 2007 Castle Green – Sir John Cass School and Stepping Stones Farm.

NOTED that:

- i. Sir John Cass School has withdrawn from the consortium planning to provide the new 14-19 Land and Environment Diploma;
- ii. alternative accommodation has been identified and terms for accessing this were being negotiated;
- iii. with the announcement that Cross Rail will be progressing, Stepping Stones Farm is in negotiation with Cross Rail and Tower Hamlets over the development of the Farm. The college is aware of these discussions and this will provide added security to the subsequent investment by the college in facilities at the Farm.

5.2 Item 8.5 (noted i, ii, and iii) from Finance and General Purposes Committee Meeting of 10th July 2008 - Developments at Forty Hall Farm

NOTED that:

- i. Governors sought assurance that the college was only establishing the first acre of the Vineyard and that officers gave this assurance.

- ii. this matter had been dealt with previously and was dealt with in the report later in the meeting by the Director of Estates and Buildings.
- iii. this item was now considered complete.

5.3 Item 15 (noted iv) from the Finance and General Purposes Committee meeting of 10th July 2008 – Review of proposed Income and Expenditure Budget for 2008/09

NOTED that:

- i. SMT was of the view that income targets would be achieved subject to the planned recruitment of 16-18 year olds in January being achieved and other income generation (from visitors to the gardens etc) similar to last year.

5.4 Item 17 from Finance and General Purposes Committee meeting of 10th July 2008 – Refurbishment of the Greenhouse at Regent's Park

NOTED that:

- i. officers were seeking a meeting with Royal Parks staff to discuss this and other matters.

6 CONSIDERATION TO RESCIND RESOLUTIONS PASSED AT THE FINANCE AND GENERAL PURPOSES COMMITTEE MEETING OF 27TH NOVEMBER 2007

The relevant resolution was “to support proposal for officers to have the existing archway barrier over the entrance to Gunnersbury Park wall garden removed and (subject to successfully obtaining this planning consent) to invite officers to prepare costings to have the barrier removed and report these to the next meeting of F&GP”

NOTED that:

- i. officers no longer felt this was a priority;
- ii. it was acknowledged that this proposal may have caused tension with the local authority if it had been progressed.

RESOLVED to rescind the resolution detailed above and take no further action this matter.

7 ACTION TAKEN BY THE VICE CHAIRMAN & CHAIRMAN DESIGNATE OF THE GOVERNING BODY

RECEIVED paper 7, the Report of the Clerk of the Governors for decision.

7.1 College Banking Arrangements

NOTED that:

- i. following the rapid economic downturn and the loss of confidence in some banks, the Vice Chairman of the Governing Body, Chairman Designate of the Governing Body and Chairman of F&GP (same person), took Chairman's action (in the absence of their being a Chairman of the Governing Body), to empower officers to take the necessary actions to enable them to safeguard college assets.

RESOLVED to support the action taken by the Vice Chairman and Chairman Designate of the Corporation in respect of the college's banking arrangements which will be reported to the full Governing Body at their meeting of 10th December 2008.

7.2 Proposal for the college to offer a base and core administrative support For the Institute of Horticulture (IoH) in return for payment and benefits

NOTED that:

- i. Governors were aware that the college was involved in the competitive tendering exercise to try and secure the administrative base for the Institute of Horticulture at the college;
- ii. officers were seeking to achieve this on a "nil cost to the Corporation" basis, recognising the significant benefit to the Corporation of such an association;
- iii. the matter had been discussed at the previous Corporation Meeting and it had been hoped that the timing of the agreement between the Institute of Horticulture and Capel Manor College could have been phased so that the matter could be discussed at the December Corporation Meeting. However, matters had moved much more quickly than anticipated and therefore it had been necessary to seek Chairman's action to enable Heads of Terms to be negotiated and agreement reached to facilitate the initial transfer of the IoH administration with effect from the first week of December.
- iv. legal advice had been taken by the Director of Estates and Buildings and care was being taken to ensure that any arrangement fell outside the Landlord and Tenants Act;
- v. that the bid price quoted by the college of £40,000 (inclusive of VAT) was the college's best estimate of the cost to the college of providing this service;
- vi. officers had prepared such a competitive quote because it was felt advantageous to the college to create links with the Institute at this time;

- vii. that the Institute would be based in an office in Capel House on the top floor using facilities which had become available following the restructuring of the School of Horticulture.

RESOLVED to support the action taken by the Vice Chairman and Chairman Designate of the Corporation in respect of proposals for the college to offer a base and core administrative support for the Institute of Horticulture, in return for payments and benefits which will be reported to the full Governing Body at their meeting of 10th December 2008.

8 REPORT OF THE CHIEF EXECUTIVE

RECEIVED paper 8, The Report of the Chief Executive for decision.

8.1 Emerging Issues paper produced by Baker Tilly for circulation to Governors as part of their external audit process.

NOTED that:

- i. Baker Tilly produced an interesting document for consideration by Governors. It has been submitted to F&GP and Audit Committee as the issues raised within it fall within their Terms of Reference.

8.1.1 Changes in Machinery of Government

NOTED that:

- i. a discussion of the new Education Bill which is expected to be introduced to Parliament at its next sitting, which will dissolve the LSC with effect from 1st August 2010;
- ii. it appeared that there may be the possibility within the proposed legislation to allow for certain regional colleges to be able to deal with either the funding agency or the Regional Development Agency direct (as opposed with their local authority);
- iii. in the case of Capel Manor College, this would be advantageous and should be supported;
- iv. given the fact that most of Capel Manor College's activities are outside of the Enfield area, it was felt that the London Borough of Enfield would be unlikely to be upset by such an arrangement;
- v. it was important to continue to maintain and build on the strong links which exist between the Corporation and Enfield Council;
- vi. F&GP discussed the College's current relationship with the LDA;
- vii. the college continued to be successful in developing a strong regional relationship with the LSC, the LDA and the GLA;

- viii. F&GP considered the current designation of the college (as an agricultural/landbased college) and felt there was no need to review this at this time.

8.1.2 Framework for Excellence

NOTED that:

- i. the Governors reviewed how its reporting of the Corporation reflected performance indicators used under the Framework for Excellence;
- ii. there are three aspects under the Framework for Excellence, responsiveness, effectiveness and Finance;
- iii. the responsiveness and effectiveness dimensions are being addressed by the Quality Committee within the 2007-08 Self Assessment Report. There was already a close alignment between how these are reported to the Governors and the structure of the framework);
- iv. the financial performance indicators met most of the Framework for Excellence criteria.

RESOLVED that, on appointment, the new Finance Director is asked to review the reporting process and financial KPIs to ensure they align with the format included in the Framework for Excellence process.

8.1.3 Collaboration and Merger

NOTED that:

- i. the college is not planning a partnership, collaboration or merger and therefore use of the toolkit to help facilitate this would not be appropriate;
- ii. that Capel Manor College has a company (Capel Manor Limited) but it is currently dormant.

8.2 International Financial situation and its affect on London

NOTED:

- i. receipt of a summary paper from the Greater London Authority and a discussion on the potential impact of the financial downturn on the college.

8.3 Government Guidance regarding the role of further education in the Downturn

NOTED:

- i. receipt of a letter from the Secretary of State for Innovation, Universities and Skills;

- ii. that the Secretary of State indicated that colleges should seek to assist the financial situation by paying all suppliers as soon as possible and within 10 days;
- iii. that Governors felt this was very ambitious and maybe unnecessary in many circumstances (given that many/most companies have “payment within 30 days” terms);
- iv. that unfortunately, several suppliers to the college did not adhere to such ambitious timetables and paid much slower than this;
- v. that a discussion on the possible impact on the college’s cashflow and the costs of its financial administration if the college could meet the 10 day criteria;
- vi. that the college was already efficient in this area and should continue its current process.

8.4 Review of the Risk Review Schedule

NOTED that:

- i. officers had undertaken a review of the Risk Review Schedule and that no amendment was proposed at this time;
- ii. as the Application in Principle for capital funding progresses towards an Application in Detail, it will be necessary to undertake a fundamental review of the Risk Review Schedule to reflect the increase in loans and the very challenging growth targets associated with the AiP.

8.5 Olympic Developments in East London

NOTED that:

- i. a general discussion of the challenges facing the college as far as this aspect of its regional role is concerned;
- ii. there were other LARG colleges and training providers active or having ambitions to be active in East London;
- iii. the college was at a slight disadvantage in that it did not yet have a multi disciplinary well established centre in East London;
- iv. the floristry curriculum offered in East London is very strong, but the other areas had not yet been fully developed, due to a lack of resources;
- v. discussion of various possible sites where the college could, in the short term, provide LARG education and training in East London.

RECOMMENDED TO THE GOVERNING BODY that:

- i. a small “one-off” strategic focus group be created which would seek to engage Governors and other contacts at the college in identifying how the college could best articulate its ambitions in East London;**
- ii. Tony Leach be invited to constitute the Focus Group and that Mike Fitt, ex-Governor of the College, be invited to join the meeting;**
- iii. the outcomes of the discussions of that Group to be used to inform negotiations currently under way and to be reported back to F&GP as appropriate.**

8.6 Horticultural Trade Association/Haymarket developments of a National Gardening Centre

NOTED that:

- i. one of the job share Senior Gardeners in the NGC had instigated a series of meetings and discussions with the Horticultural Trade Association, Haymarket Publishing and the Institute of Horticulture which sought to engage them in supplying the further development of the National Gardening Centre;**
- ii. although discussions are at a very early stage they appear to be positive and encouraging;**
- iii. at this stage the financial implications of such an arrangement are not known and the college is working within existing budgets.**

8.7 The Mayor’s Food Advisory Committee

NOTED that:

- i. the Chief Executive has been invited to join the Mayor of London’s Food Committee and has accepted that invitation.**

8.8 The Resignation of the College’s Finance Manager and the appointment of a Finance Director

NOTED that:

- i. following a final round of interviews, the college had offered the post of Finance Director to one of the candidates who had subsequently withdrawn. SMT had one candidate to interview from the original “long list”, but were of the view that no suitable candidates had been interviewed to date and therefore it was highly likely that the college would re-advertise the post in January;**

- ii. the current Finance Manager had indicated her willingness to continue in the post on a part-time basis so as to provide continuity, possibly until a new Finance Director could be appointed;
- iii. the Finance Manager had also indicated that she would be prepared to continue when the Finance Director was in post (for a short period), to ensure a smooth handover;
- iv. the significant improvements in the regulation and reporting of the finances at the college, which have been introduced since Janet Hughes Hallett was appointed as Finance Manager.

RESOLVED:

- i. **to thank Janet Hughes Hallett for her help and assistance in this matter;**
- ii. **to record the thanks of F&GP to Janet Hughes Hallett for the excellent work she has undertaken at her time with the college and to wish her every success in the future.**

9. REPORT OF THE FINANCE MANAGER

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

9.1 Donations

NOTED that:

- i. the college made donations to:
 - the British Red Cross (£101.95)
 - Thrive (£868.10)
 - NGS (£192.02)
- ii. total donations made by the college during the year were £1,162.07.

9.2 Bad Debts written off during the year

NOTED that:

- i) the total bad debts written off during the year were £6,999;
- ii) that on a turnover of over £9m, this was an acceptable figure.

9.3 Capel Manor Limited Accounts

NOTED that:

- i) receipt of the draft accounts of Capel Manor Limited for the year ended 31st July 2008 and that the Company had remained dormant;

- ii) that the Directors of the Company will be meeting on 2nd December 2008 to consider the Accounts;

9.4 Amendment to the Financial Regulations

RESOLVED to amend the list of approved budget holders as detailed in Appendix III to the papers.

9.5 Internet Credit Card/Debit Card Payments

NOTED that:

- i. the college was seeking to maximise the efficient receipt of income without compromising its security;
- ii. that the Senior Management Team supported this move and that the use of credit cards by students to pay their fee was popular;
- iii. that the Merchant service provider being used was part of the “framework agreement” and offered very competitive rates.

RESOLVED:

- i. to approve the addition of on-line fee payments over the internet as an acceptable method of collecting fees;**
- ii. to agree the appointment of Streamline Merchant Services for the purposes of accepting fee payments by card over the internet and authorise the Chief Executive to sign the Agreement with Streamline Merchant Services on behalf of Capel Manor College.**

9.6 Protection of College Funds

NOTED that:

- i. as already discussed, the Vice Chairman of Governors (who is Chairman Designate of the Corporation and Chair of F&GP) had taken action to empower officers to progress with ensuring the security of the college funds;
- ii. at the end of the Financial Year 2007/08 the college had £1.78m on deposit with the Bank of Scotland;
- iii. the Chairman of F&GP and members of Senior Management Team had undertaken an appraisal of the liquidity of major banks and concluded that Barclays and HSBC appeared the most secure banks at the present time.
- iv. the Finance Manager had identified procedures which need to be followed to open new bank accounts and that progress had been made with Barclays Bank to achieve this;
- v. progress had been slower with HSBC in progressing this matter.

RESOLVED:

- i. the Finance Manager be authorised to open a deposit account with Barclays and place a third of the College's available funds with this bank;**
- ii. the Finance Manager to continue to explore the possibility of opening an account with HSBC;**
- iii. the existing designated signatures for the college's main bank account are also designated signatures for the new bank accounts;**
- iv. the Finance Manager be authorised to explore the purchase of gilts/Government bonds as an additional protection should she think this is appropriate, but only for a period (which is determined by the college's predicted cashflow) which will not disadvantage the college or its capital projects progress to AiP/AiD.**

10. UPDATE CURRICULUM PERFORMANCE AND FUNDING AGREEMENTS 08/09

To receive the report of the Head of College for information.

10.1 Curriculum Financial Performance 2007/08

NOTED that:

- i. subsequent to the papers being circulated, the college had now produced its final statement of accounts for the LSC for 2007/08 and that the position was even more favourable than that reported Governors;**
- ii. given that the college had over-achieved, there was no benefit from the fact that the over-achievement had been greater than first anticipated.**

10.2 Curriculum Financial Performance 2008/09

NOTED that:

- i. the college had accepted very ambitious targets (particularly for the growth in recruitment of 16-18 year olds) for 08/09 and at the present time had not recruited enough students to achieve this target;**
- ii. the college was planning courses starting in January which, if they recruited at least 20 students, should enable the college to achieve or exceed its targets;**
- iii. the decision by the college to run January 2008 start courses for 16-18 year olds has been exceptionally well received by the LSC (who are having trouble meeting the September entitlement target offered to 16-18 year olds in London);**

- iv. the overall position has been further complicated by the fact that the Government have moved from using FTEs (Full Time Equivalents) to SLNs (Standard Learner Numbers) to measure volume of provision and that the software enabling colleges to make the conversion (between FTEs and SLNs) and report their volume of provision in SLNs is not yet available;
- v. across the centres, Enfield has achieved its target and the shortfall is mostly because Gunnersbury Park did not achieve its target, due to the late advertising of the courses (caused by uncertainty as to whether resources would be available from September);
- vi. first impressions from staff are that the quality of students recruited this year is much higher than that of last year;
- vii. all the indications were that the recruitment of students 18+ would enable the college to achieve, if not exceed, its targets.

10.3 Funding Agreements 2008-09

NOTED:

- Schedule 1a - Summary of Employer Responsive
- Annex B - Specific Regional Requirements
- Schedule 1b - 16-18 Learner Responsive
- Schedule 1c - Adult Responsive

Learner Support Programme (Discretionary) Funding

10.4 Contractual arrangements with Birkbeck University of London

NOTED that:

- i. these matters were reaching conclusion;
- ii. that the terms negotiated were in line with those reported to the Governing Body.

RESOLVED that:

- i) to authorise the Chief Executive Officer to sign the formal agreement on behalf of the Governing Body.**

10.5 Learner Support and Hardship Funds

NOTED that:

- i. the college had not had to drawdown its full allocation to support childcare costs (£13,436) but was overspent in other areas of the Learning Support and Hardship Fund;

- ii. the college had sought permission from the LSC to transfer the funds between these “heads”;
- iii. it appeared that the LSC had accepted this transfer;
- iv. due to underspend on Learner Support and Hardship Funds at other colleges, colleges such as Capel Manor (that have over-achieved) are being offered an extra payment (£2,500);
- v.. the college has a total allocation of £264,634 for Learner Support and Hardship funds in 2008/09 and details of this were reported to F&GP;
- vi.. that there had been significant problems with the Educational Maintenance Allowance payments to 16-18 year old students following the transfer of the responsibility for this process from Capita to Liberata;
- vii.. that the Government has served notice on Liberata for non-performance of their contract and that from 1st December the responsibility for EMA payments has been transferred back to Capita;
- viii. this has caused significant problems for students at the college and that Capel Manor College had identified 7 students who were suffering special hardship as a result of the non-availability of their EMA funds;
- x. that the LSC had given verbal assurances that colleges will be protected from losses if they made exceptional payments to students in such circumstances;
- xi. that the college has made special payments to the students and that this has put approximately £2,000 of the college’s funding at risk.

**11 MANAGEMENT ACCOUNTS FOR THE YEAR TO 31.07.08
(ANALYSIS OF GROUP OUTTURN FOR 2007/08)**

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

11.1 Overview

NOTED that:

- i) a detailed analysis of the differences between the actual outturn and that forecast in the revised budget and the original budget was discussed.

RESOLVED:

- i) **to approve the Management Accounts and commentary for circulation to Governors.**

12 LETTER OF REPRESENTATION FOR THE YEAR ENDED 31ST JULY 2008

NOTED that:

- i) there are two letters of representation which the Governing Body need to be aware of. The first covers disclosure of items in the financial statements and is for consideration by F&GP.

The second relates to the regularity audit which is submitted to F&FP for information because it is the responsibility of the Audit Committee to consider whether to recommend this letter for adoption by the Full Governing Body.

RECOMMENDED TO THE GOVERNING BODY that:

- i) **that the Chairman of Governors and the Chief Executive be empowered to sign the Letter of Representation for the Financial Statements Audit on behalf of the Corporation.**

13 DRAFT REPORT AND FINANCIAL STATEMENTS FOR THE ENDED 31ST JULY 2008

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

NOTED that:

- i) receipt of the draft report and financial statements for the year ended 31st July 2008;
- ii) minor typographical errors for correction in the text (not affecting the figures) report that these corrections were noted;
- iii) the Statement of Recommended Practice (SORP) accounting for further and Higher Education requires the college to adopt accounting policies that are judged to be the most appropriate for giving a true and fair view and keep such policies under review. The accounting policies, which have been adopted, are stated on pages 26-29 of the financial statements.
- iv) The financial statements conformed to guidance issued by the Learning and Skills Council (LSC) in the accounts direction handbook for 2007-08.

RECOMMENDED TO THE GOVERNING BODY that:

- i) **adoption of the accounting policies and the draft report and financial statements for the year ended 31st July 2008;**
- ii) **the draft report of financial statements for the year ended 31st July 2008 be approved.**

14 KEY ACCOUNTING RATIOS AND PERFORMANCE INDICATORS FOR 2007/2008 AND 2008/2009

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

NOTED that:

- i) the key accounting ratios 2007/2008 and the LSC Definition of Financial Health grade 'Good' for the College;
- ii) that the college has achieved these targets in 2007/08;
- iii) that the cashflow forecast 2008/2009 (considered by F&GP in July 2008) indicated that the number of cash days in hand for 2008-2009 is not forecast to fall below 40;
- iv) the possibility that the key accounting ratios may need to be revisited should the college gain approval for the AiP.

RESOLVED:

- i) **to report to the Governing Body that for the period October 2007 to July 2008 the College has operated within the key accounting ratios approved in November 2007.**

RECOMMENDED TO THE GOVERNING BODY that:

- i) **the Governing Body approved the key accounting ratios 2008-2009 as:**
 - i) **current ratio 1.5:1;**
 - ii) **cash days in hand > 40;**
 - iii) **operating surplus > 0**

15 MANAGEMENT ACCOUNTS FOR THE PERIOD UP TO 31ST OCTOBER 2008

RECEIVED paper 15, the report of the Finance Manager for decision.

NOTED that:

- i) the method of payment by the LSC for some areas of activity had changed and that this was affecting the profile of income received from them (which in turn was having an effect on the cash position of the college);
- ii) a discussion of some of the variances detailed in the report and that these were identified as "timing issues";

- iii) a discussion on the robustness of the predictions of income and expenditure and that SMT were of the view that the College was performing to target at the present time.

RESOLVED:

- i) **to approve the management accounts for the period up to 31st October 2008 and the commentary for circulation to Governors.**

16 PROPOSED REVISIONS TO THE 2008/09 INCOME AND EXPENDITURE ACCOUNT

RECEIVED paper 16 of the Finance Manager for decision.

NOTED that:

- i) at its meeting of 24th July 2008, the Governing Body agreed an income and expenditure budget for 2008-09. As a result of a review of old creditor balances, SMT felt there was a possibility that some provisions that have been made in previous years (against subsequent demands for payments relating to that year), may be released into the accounts once they have been investigated.
- ii) at the present time, SMT were not in the position to make firm recommendations as far as the release of these provisions were concerned because insufficient research had yet taken place but, given the tightness of the current budget and the need for the college to seek to invest its resources to strengthen the College's position and encourage expansion, SMT had decided to approach F&GP to seek guidance on the priorities which should be adopted in allocating any funds/resources that may become available;
- iii) there was a discussion as to whether the existing budget should be confirmed or whether a "outline revised budget" could be approved, subject to these funds becoming available and on condition that expenditure does not progress until:
 - i) SMT has gained the approval of the Chairman of Governors;
 - ii) the priorities for the allocation of funding are in line with that agreed by F&GP and recommended to the Governing Body;
- iv) Governors were of the view that it was appropriate for them to give a strategic overview of priorities to be addressed if resources became available;
- v) that increasing the marketing budget by £20k would allow similar expenditure profile to last year even though the exceptional expenditure on Skills London had been accredited;

- vi) Members of Academic Board and Curriculum and Quality Committee supported the appointment of a Development Officer to co-ordinate activity in East London;

Given the above, F&GP RESOLVED:

- i) **an increased budget of £20,000 as approved and the grant funded income total increase by £10,000, giving a net effect of £10,000 on condition that approval is given to the recommendation of the Director of Estates and Buildings in paper 19 (regarding the refurbishment of Stepping Stones Farm);**
- ii) **£30,000 be allocated for the purchase of a payroll/HR system;**
- iii) **staffing budgets be increased by £25,000, inclusive of on-costs to enable the appointment of a Development Manager for East London;**
- iv) **the marketing budget has increased by £20k to meet the costs of:**
 - **Skills London;**
 - **Participating in GROW (your careers initiative)**

RECOMMENDED TO THE GOVERNING BODY that:

- i) **Governors delegate authority to the Chairman of Governors and the Chief Executive Officer to authorise the release of funds, once investigation into this matter is complete (likely to be January) and that the level of funds released are reported to the next meeting of the F&GP;**
- ii) **subject to the level of funds becoming available, the priority funding should be:**

a)	Skills London/Grow Initiative	£20,000
b)	Stepping Stones Farm Development	£10,000
c)	East London Coordinator post	£25,000
d)	HR/Payroll system	£30,000

and that the revised budget be adjusted accordingly to reflect those funds released.

- iii) **the outcome of the investigations and the action taken by the Chairman of Governors and the Chief Executive Officer are reported to F&GP in March.**

(these revised budgets are included in the budget attached as Appendix I to the report).

17 VARIATIONS TO FINANCIAL MEMORANDUM AND FINANCIAL MEMORANDUM 2008/09 (PART II)

RECEIVED paper 17 report of Clerk to Governors for decision.

17.1 Financial Memorandum 2008/09 – Part II (Appendix I)

NOTED that:

- i) this records the agreement between the LSC and Capel Manor College regarding the amount of funding to be paid by the LSC to the College for the period commencing 1st August 2008 to 31st July 2009;
- ii) the Chief Executive Officer had signed two copies of the document on 4th November 2008 and returned these to the LSC.

RESOLVED:

- i) **to note receipt of the Financial Memorandum 2008/09 Part II Appendix I for reporting to the Governing Body through the Minutes.**

17.2 Variations to the Financial Memorandum dated 1st August 2007 Reference Number: GL12007006 (C) – Learner Support Funding

NOTED that:

- i) the LSC have varied the Financial Memorandum Part 2 dated 1st August 2007 to increase the Learner Support Funding allocation by from £233,756 to £258,976 for 2007/2008;
- i) a copy signed on behalf of the College was forwarded to the LSC on 4th August 2008 and the LSC had returned a signed copy dated 14th August 2008.

RESOLVED:

- i) **to note the variation of the Memorandum Part II in respect of Learning Support funds for reporting to the Governing Body through the Minutes.**

17.3 Variation to the Financial Memorandum dated 1st August 2007 Reference Number GL12007006 (B) – Work Based Learning

NOTED that:

- i) the LSC have varied the Financial Memorandum Part II dated 1st August 2007:
 - to decrease the Work Based Learning allocation by £20,930, thereby decreasing the contract value from £230,668 to £209,738 for 2007/2008.

- Capel Manor College will now work, deliver, monitor and report against the new profiles attached to the variation.
- ii) a copy signed on behalf of the College was forwarded to the LSC on 12th August 2008 and returned signed copy by the LSC dated 20th August 2008.

RESOLVED:

- i) **to note the variation to the Financial Memorandum Part II in respect of Work Based Learning for reporting to the Governing Body through the Minutes.**

18 UPDATE ON APPLICATION IN PRINCIPLE FOR CAPITAL FUNDING

RECEIVED paper 18, the report of the Chief Executive for decision.

18.1 Background and Overview

NOTED that:

- i) this report constituted the culmination of a significant amount of work by the College and F&GP over the last 2 years and therefore the Chairman intended to allocate significant time to its discussion by the Committee, even though this would prolong the meeting;
- ii) F&GP should be clear over the next phases in this process and that they are:
 - i. the formal submission of the Application in Principle to the LSC (and that this process was currently under way);
 - ii. the need for the current proposal to be endorsed by the Governing Body and a formal minute to this effect to be agreed at the Corporation meeting of the 10th December 2008 confirming their support;
 - iii. the resolution of issues arising from discussions with the LSC as Governors consider the submission;
 - iv. the agreement of the proposal by the LSC (at which point the funding for the project and the contribution to be made to that funding by Capel Manor College and the LSC is agreed and earmarked);
 - v. the College would have one year from the approval of the Application in Principle to complete and submit an Application in Detail.

18.2 Consultation on, and Approval of, the AiP by Governors

NOTED that:

- i) once the Application in Detail had been approved by the LSC the College would be empowered to progress with the scheme;
- ii) that a detailed debate of the project will take place as part of the Governor training session prior to the Governing Body meeting on 10th December and that Governors will be asked to consider a resolution approving the project (which meets the specification given by the LSC);
- iii) given the volume of business that needs to be undertaken at the Corporation Meeting, it is important that F&GP takes the time to consider the component parts of the scheme so that they can give informed but clear recommendations to the Governing Body.

In this way, members who have not been fully involved in the formulation of the Application in Principle (in the same way as F&GP members) will be able to reflect and come to an informed decision on the proposal, based on detailed work done by F&GP;

- iv) SMT supported the AiP.

18.3 Role of F&GP in the Approval Process

NOTED that:

- i) F&GP need to consider the component parts of the Application in Principle and make recommendations to the Governing Body.

18.3.1 Support for the educational strategic case underlying the AiP

NOTED that:

- i) consideration of the Appendix II which gives an overview of the level of activity required to support the strategic plan;
- ii) further work is required to break down this overall analysis so as to indicate the levels of activity at each centre;
- iii) the targets reflected growth that would only be possible if the AiP was progressed.

RECOMMENDED TO THE GOVERNING BODY that:

- i) **the quantified version of the Education Strategy is adopted for submission to the LSC and the AiP and should the AiP be accepted by the LSC, that this amendment to the College's currently agreed strategy is adopted by the Governing Body.**

18.3.2 Capital Investment Appraisal

NOTED that:

- i) this was discussed by F&GP who identified the risks associated with not achieving the levels of growth (which are necessary to service the short term debts which the college would incur during the build process);
- ii) at the end of the process, the college would have a residual debt of £4.8m but that the LSC would have invested approximately £13m on the college's capital developments;
- iii) much of the college's current £1.8m cash reserve would probably need to be utilised in:
 - a. servicing the debt the college will incur during the project;
 - b. meeting the costs of capital investment included in the college's programme (which are not part of the Application in Principle);
- iv) if the whole scheme progresses to timescale, then for a short period of time the college's borrowings may amount to £12m (due to a mismatch between the actual expenditure on the project and the timing differences of receipt of capital support from the LSC) and that this was accommodated in the financial plan.

RECOMMENDED TO THE GOVERNING BODY that:

- i) **they adopt the LSC capital investment appraisal as attached at Appendix III to the report and note that this is the financial framework to the AiP document.**

18.3.3 The financial implications of progressing to AiD and the recommended way forward in the short term before the AiP is adopted

NOTED that:

- i) the college's priority is to develop resources for the main Capel site (where the college has a freehold). Forty Hall Farm (where the college has an agricultural tenancy and an 84 year peppercorn lease) and at Gunnersbury Park where the college has a lease until 2015;
- ii) there may be a delay of 3-4 months while the LSC considers the AiP and that if no action is taken until the end of this time, it would be unlikely that improved facilities could be made available at the Enfield campus site and at Gunnersbury Park for the September 2011 intake;
- iii) Governors had allocated £200,000 for the preparation of the AiP and that of this £152,000 has been spent (with £48,000 being held in

contingency) so that should the Regent's Park and/or Crystal Palace projects reach planning certainty in the near future, there are funds available to allow them to be progressed to AiD stage as a matter of urgency;

- iv) the design and consultancy costs of progressing to full AiD status are estimated at £700,000. Once the LSC have adopted the AiP, the college would be supported in this expenditure at the same rate as the LSC is prepared to support the overall fund (suggested at 75.9% which would mean that the college's liability would be £168,700);
- v) if the college progressed with preparing some parts of the project to Application in Detail, and the LSC did not approve the AiP project, the college would be liable for the full cost of the expenditure which they have made;
- vi) the development at Enfield site, Forty Hall and Gunnersbury Park need to be progressed, regardless of whether the LSC adopted the AiP and therefore any investment in their development would not be wasted;
- vii) if the AiP was not successful, the capital developments planned would be much slower, but that it was the view of SMT that the plans adopted within the AiP were appropriate to meet the college's longer term needs, regardless of the AiP process.

RECOMMENDED TO THE GOVERNING BODY that:

- i) college officers be instructed to progress preparations from AiP to AiD for the Enfield site, Forty Hall site and Gunnersbury Park site, up to a maximum of £150,000 (including VAT).**
- ii) the financial implications of this decision, both in terms of cash flow, cash days in hand, depreciation and impact on the budget are calculated and reported to the next meeting of F&GP;**
- iii) that the AiP to AiD phase for Castle Green is not progressed until the AiP has been approved by the LSC.**

18.3.4 -18.3.5 Responses to Questions 6 and 7 in Appendix I AND (How will the capital project be managed should it progress)

NOTED that:

- i) in the AiP to AiD phase, it would be advantageous if a specific group could be created to manage this process and give regular strategic guidance to SMT so that the project could proceed without relying on full Governing Body meetings;
- ii) Governors felt this could best be achieved by creating a Committee which reported to the Governing Body, but which included the Chairman of F&GP (so as to ensure there was not confusion between the work of F&GP, the Committee and Governors);

- iii) there was discussion about the size and membership of the Committee and the tension between engaging all interested parties and ensuring the Committee was small enough to be effective;
- iv) that the Chairman of Health and Safety should be a full member but other interests could be represented by careful selection of approved Governors (2) on to the Committee;
- v) the terms of reference stated must ensure that the Committee remained strategic and did not get drawn into operational decisions.

RECOMMENDED TO THE GOVERNING BODY that:

- i) **a special Governing Body sub-Committee be constituted and empowered as detailed in the proposed amended Terms of Reference. (Attached as Appendix A to the Minutes).**

CONCLUSION AND OVERVIEW

NOTED that:

- i) F&GP was comfortable with recommending the AiP to Governors for their approval;
- ii) this is an exciting development which could draw in significant investment and move the College forward towards achieving its long term goals very quickly.

OVERALL RECOMMENDATIONS TO THE GOVERNING BODY that:

- i) **the Governing Body adopts the AiP document, endorses it and agrees a total project cost of £17,968,000.**
- ii) **they approve the principle of the educational case;**
- iii) **they agree the outturn criteria for the project which will result in the Corporation servicing a loan of £4.8m at the completion of the project and that they would have received £13,168,000 grant aid from the LSC if the LSC Committee agrees to support the project at the rate of 75.9% as is proposed.**

RESOLVED that:

- i) **F&GP expect the LSC to impose the following terms before agreeing the AiP:**
 - a) **letter of support obtained from town planners for Castle Green;**
 - b) **the indicative offer letter from banking/lending institutions indicate that the loan is realistic and serviceable;**
 - c) **that a site by site breakdown in FTE/SLNs is produced.**

19 REPORT OF THE DIRECTOR OF ESTATES AND BUILDINGS

RECEIVED paper 19, the report of the Director of Estates and Buildings for decision.

19.1 Review of the Planned Maintenance Programme

NOTED that:

- i) McBains Cooper have been appointed to undertake a 5 year review of the planned maintenance programme and that this will be fully reported to Governors at the March 2009 F&FP meeting.

19.2 Improvements at Gunnersbury Park and Brent Park Lodge

NOTED that:

- i) details of the work undertaken and that both these projects currently remain within allocated budget and were achieved on time;
- ii) the college were seeking to finalise negotiations of the arrangements at Brent Park Lodge;
- iii) the need to clarify the security of tenure of the college to ensure that the one year notice period does not allow the London Borough of Ealing to serve notice on the college.

RECOMMENDED TO THE GOVERNING BODY that:

- i) **heads of terms set out in Appendix I be approved (once the situation as far as the notice period is resolved) and officers be empowered to formalise these arrangements with the London Borough of Ealing;**
- ii) **officers be asked to report back to F&GP when the lease has been completed.**

19.3 Horsenden Farm, Ealing

NOTED that:

- i) the success of developments at Horsenden Farm and the potential to increase the recruitment of 16-18 year old students on countryside and arboricultural courses;
- ii) the current accommodation was now fully utilised and that further accommodation is needed to facilitate continued development on site;
- iii) there was a large "L" shape single story barn adjacent to the college's current facilities which, with compartmentalisation, could create classrooms;

- iv) the college is keen to establish these facilities for September 2009 enrolments and therefore estimates will be prepared for consideration at the next F&GP meeting;
- v) the college had informally enquired of Ealing about the availability of a lease for this room and received an encouraging response.

RECOMMENDED TO THE GOVERNING BODY that:

- i) **officers be empowered to negotiate with the London Borough of Ealing to increase the use accommodation at Horsenden Farm with a view to increasing the recruitment of 16-18 year old students at the site from September 2009;**
- ii) **an update on negotiations and the budget implications of such an arrangement be prepared for the next meeting of F&GP.**

19.4 Lease Review

NOTED that:

- i) the college's solicitors Michael Harrison, have recently completed a comprehensive review of the College's leases and general legal agreements.

19.5 Regent's Park Developments

NOTED that:

- i) the College served notice to the Royal Parks of Capel Manor College's wish to extend their lease of the site beyond 2009;
- ii) Governors had approved £16,500 to refurbish existing toilets adjacent to the new teaching facilities at Queen Mary's Yard for use by students and that the Royal Parks has given approval to allowing these facilities to be used on a rent free basis. As a result, the College consultants, McBains Cooper have tendered for this work and are recommending the appointment of Blair Cramer to undertake the refurbishments within the existing budget.

19.6 Lease for use of facilities at Stepping Stones Farm, Hackney

NOTED that:

- i) the college plans to utilise facilities at Stepping Stones Farm to enable it to deliver the 14-19 environment and land diplomas, as part of a consortium of schools and local authorities in the area;
- ii) to facilitate this, the College needs to refurbish a room at Stepping Stones Farm;

- iii) as noted previously in the meeting, Sir John Cass School had withdrawn from this consortium but the College had identified resources at the Haylebury Youth Service Centre which could be used;

RESOLVED that:

- i) **officers are authorised to negotiate the use of facilities at Stepping Stones Farm;**
- ii) **funding will be available from the Consortium to contribute to (and possibly to meet) the costs of these developments;**
- iii) **details of the lease negotiated are reported at a future meeting of F&GP.**

20 ADEQUACY OF COLLEGE INSURANCES 2008/09

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

NOTED:

- i) assurance given by the Director of Estates and Buildings of the review undertaken jointly with NFU Mutual;
- ii) that the specific enquiry by Governors as to whether the current level of insurance was adequate (for both officers and Governors) and any implications of the Corporate Homicide and Corporate Manslaughter Acts 2007;
- iii) that as a result of these enquiries, a written response from NFU underwriters was received and they have stated that in their view “our standard cover and indemnity limit are believed to be adequate”;
- iv) the cost of insurance has increased over the last 3 years:
 - 2006 - £63,280;
 - 2007 - £67,549;
 - 2008 - £68,068;
- v) given the expansion of the college and the increase in the range of facilities, this increase is felt to be moderate.

21 FRANCHISING ACTIVITY AND PARTNERSHIPS

RECEIVED paper 21, the report of the Head of College for information.

NOTED that:

- i) the associate college agreement with Middlesex University expired in March 2008 and that the college had no intention to renew it;

- ii) a number of partnerships which are developing in East London, North London, South London and West London to facilitate the delivery of the 14-19 Diplomas;
- iii) the longstanding arrangements for college provision to secondary schools, for students with Special Learning Difficulties and Disabilities and that a full list of current contacts across London is available for information if required.

22 UPDATE ON PROJECTS

RECEIVED paper 21, the Report of the Head of College, for information.

NOTED:

- i) the wide range of activities;
- ii) the significant number of activities completed in 2007/08 and that the volume of new projects currently identified for 2008/09 does not replace this;
- iii) there are several projects where decisions are awaited;
- iv) that the college had been unsuccessful in its application for Beacon funding for its Team Capel initiative.

23 ANY OTHER BUSINESS

NOTED that:

- i) following the Government reduction of VAT, SMT had discussed how to respond to this;
- ii) it is proposed that the College reduces garden admission fees by 10% until January 2010;
- iii) the SMT had decided not to reduce prices in the Hessayon Centre shop and restaurant. The extra revenue generated from maintaining existing prices would be used to create a special students fund which is 'ringfenced' for special projects for the benefit of students for one year.

24 Date of the next meeting Thursday 19th March 2009 at 5.15pm.