

Minutes Part I

Finance and General Purposes Committee
Part I minutes

Meeting Time and Date	1430 on 26 June 2019
Meeting Location	Room H2, Enfield
Present	Doug Fussell (Chair) Roger McClure (Vice Chair) Heather Barrett-Mold OBE Peter Doble Malcolm Goodwin (Principal) Don Gratton Lady Milnes-Coates Christine Bianchin (Academic) Susanne Datta (HR) Damien Fallon (Finance) Steven Girling (Estates)
Minute Taker	Joanne Coffey (Clerk)
Apologies	Marilyn Hawkins
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	Action
<p>1. Apologies</p> <p>1.1. Apologies were received for Marilyn Hawkins.</p> <p>1.2. Peter Doble was welcomed to the Finance and General Purposes Committee.</p>	
<p>2. Declaration of Interests</p> <p>2.1. None</p>	
<p>3. Minutes (Decision)</p> <p>Resolved to</p> <p>3.1. Approve the minutes of the Finance and General Purposes Committee meeting held on 13 March 2019 as a correct record and authorise the Chair to sign them.</p>	
<p>4. Matters Arising</p> <p>4.1. No matters arising from the minutes were discussed.</p>	

<p>5. Nine Month Management Accounts 30 April 2019 (Decision)</p> <p>5.1. The College’s financial health has reduced from outstanding to good, due to the surplus not reaching £119k, expected at the outturn of 2019.</p> <p>5.2. The College’s strategy is to improve the balance of permanent staff versus agency staff as agency fees are more expensive per hour.</p> <p>5.3. Lower income has been offset by the expansion of the College’s High Needs funding of £124k and reduced expenditure of £17k; leaving a reduced surplus of £323k to budget.</p> <p>5.4. The Committee discussed the challenges of meeting recruitment targets which requires a vigorous approach by staff. There have been challenges through recent changes to Heads of Schools, which has placed some limits on marketing.</p> <p>5.5. The marketing department now manages the College’s social media networks and has recently reviewed websites to improve flexibility and quality. The team are seeking greater control, to more quickly respond to recruitment needs through immediate, targeted campaigns.</p> <p>5.6. Applications for 2019-20 have increased compared to the same time last year which suggests targets will be met. There has also been an appreciable rise in 16-18 applications.</p> <p>5.7. Governors requested that Tuition Fees in the Group Comprehensive Spending Schedule differentiates between the loan company fees and the direct fees.</p> <p>Resolved to</p> <p>5.8. Accept the group management accounts for the third calendar quarter to 30 April 2019 and recommend them to the Governing Body for approval.</p>	<p style="text-align: center;">Finance</p> <p style="text-align: center;">Governing Body (Appendix I)</p>
<p>6. Forecast Budget Outturn 2018-19 (Decision)</p> <p>6.1. Key performance indicators will be maintained, other than the staff cost ratio, which is expected to be 66% rather than the approved 65%.</p> <p>6.2. The EBITDA of 3.75% is expected to reduce to 3.15%, once the reduced provision for bad debts (£20k) and depreciation (£60k) are included. The latter being due to</p>	

<p>projected capital spend having been postponed due to planning time constraints.</p> <p>6.3. Savings have been made to administrative consultancy fees, by utilising in-house resources.</p> <p>Resolved to</p> <p>6.4. Approve the revised proposed revenue budget and capital budget for 2018-19 and the forecast cash flows for the next fifteen months and recommend them to the Governing Body for approval.</p>	<p>Governing Body (Appendix II)</p>
<p>7. Proposed budget 2019-20 (Decision)</p> <p>7.1. The projected operating surplus for the 2019-20 financial year is £361k.</p> <p>7.2. The College has been awarded an increase in adult funding by both the Education and Skills Funding Agency (ESFA) and the Greater London Authority (GLA), and an increase for its 16-18 provision by the ESFA.</p> <p>7.3. Allowance has been made for £180k of funding that the government agreed to give FE colleges to fund the increase in the Teachers' Pension Scheme employer contribution rate (up to 23.48% from 16.48%). This benefit will offset the higher salary costs of the same value.</p> <p>7.4. The budget for maintenance of premises has increased to ensure that all buildings are fit for purpose and that property is maintained.</p> <p>7.5. Governors requested that a 1% pay award is factored into the budget with the assumption that it will be reduced or upturned, as necessary.</p> <p>Resolved to</p> <p>7.6. Adopt the comprehensive spending budget, subject to inclusion of a 1% pay award assumption, for the financial year 2019-20 and recommend it to the Governing Body, which will form the baseline for the College Financial Plan 2019-21 to be considered by the Committee at a special meeting on 17 July 2019.</p>	<p>Finance</p> <p>Governing Body (Appendix III)</p>
<p>8. Planned Capital Expenditure 2018-19 and 2019-20 (Decision)</p> <p>8.1. The College's capital requirement for 2019-20 has reduced from £610k in 2018-19 to £499k.</p>	

<p>8.2. In terms of projected cash reserves, £3.5m is expected to be retained by 31 July 2019.</p> <p>8.3. As the Governing Body has agreed to operate at 30 days cash in hand, this would facilitate capital expenditure of up to £888k.</p> <p>Resolved to</p> <p>8.4. Approve the allocation of £499k for capital expenditure in 2019-20.</p>	
<p>9. Review of Annual Tuition Fees 2020-21 (Decision)</p> <p>9.1. Tuition Fees are reviewed two years in advance.</p> <p>9.2. A 5% increase was proposed which is in line with previous rises, and positions the College well in the market.</p> <p>Resolved to</p> <p>9.3. Approve the proposed tuition fees for 2020-21.</p>	
<p>10. Overview of Finance and General Purposes Risk (Decision)</p> <p>10.1. Failure to accurately and timely meet payroll, pension and tax payments (066) was moved from the responsibility of HR to Finance.</p> <p>10.2. An overall risk relating to Fundraising was devolved to the F&GP Committee.</p> <p>10.3. Several operational amendments to descriptions were agreed.</p> <p>10.4. The Risk Register is being restructured to emphasise Super Risks, as an umbrella of sub-risks, to provide a strategic perspective on committees' risk. The first draft will be presented to the Audit Committee in autumn 2019 for their review before sub-committees receive this update.</p> <p>Resolved to</p> <p>10.5. Enter any revisions or additions to the Risk Register.</p>	
<p>11. Report of the Director of Finance (Decision)</p> <p><u>Hadlow College</u></p> <p>11.1. The new insolvency regime legislation has already been applied in the case of Hadlow College where the Education Administrator (BDO) working alongside the FE Commissioner are seeking to ensure the education provision</p>	

<p>of their students in 2018-19 and the future security of this College.</p> <p><u>Management Accounts</u></p> <p>11.2. Following new Governor, Peter Doble’s, suggestion, it was agreed to:</p> <ul style="list-style-type: none"> a) Combine the management accounts and revised budget paper to simplify production and improve context, from autumn 2019. b) Email all Governors a monthly set of management accounts (from September 2019), which is considered best practice. c) Include a commentary with the management accounts that advises Governors of significant changes or issues. d) Ensure the accounts continue to be monitored periodically by F&GP and to forward any queries to the Principal and Finance Director and to copy the Chair of F&GP. <p><u>Other</u></p> <p>11.3. A review of the College curriculum for the 2018-19 academic year within the animal care building confirms it was used appropriately by 16-18 year old students to protect the VAT exemption the College received when financing the construction of this building.</p> <p>11.4. Cyber security infrastructure will be tested by October 2019, and systems and audits will be reported to the Committee and the Audit Committee.</p> <p>11.5. As the College has an established and strong management information systems (MIS) team, tried and tested checking processes for the individualised learner record (ILR) and an improved IT infrastructure, the Committee confirmed advice from the Audit Committee to reduce the internal audits carried out for Learner Records from annually to bi-annually, with an option to return to annually if required.</p> <p>Resolved to</p> <p>11.6. Agree the proposal to amalgamate financial profiles into one document.</p> <p>11.7. Agree for all Governors to receive monthly management accounts for the 10 months September to June each year, that include a projected year-end balance sheet, projected</p>	<p style="text-align: center;">Finance</p> <p style="text-align: center;">"</p> <p style="text-align: center;">"</p> <p style="text-align: center;">"</p>
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<p>year-end financial health score and a monthly cash flow for at least one year.</p>	
<p>12. Report of the Principal</p> <p><u>Crystal Palace Park</u></p> <p>12.1. The College’s project has been recognised and included in the outline planning application for the whole of Crystal Palace Park. This is being submitted by the Regeneration Team in the London Borough of Bromley.</p> <p>12.2. Governors felt this was a very encouraging development and that, combined with the structured consultation to provide collaborative feedback, is likely to push the project through to the next stage. They congratulated SLT on this achievement.</p> <p><u>The Augar Review</u></p> <p>12.3. The recently published ‘Independent Review of Post 18 Education and Funding’, led by Dr Philip Augar, is the first since the 1960s to consider the higher and further education together, as a single system. The report makes over 50 recommendations, many of which will be helpful if adopted.</p> <p>12.4. Overall, the report concludes that the post-18 education and funding system urgently needs to be more balanced, and that the improved status, stability and sustainability of further education colleges should become a national policy priority.</p> <p>12.5. Capel Manor College is (currently) one of 139 further education colleges to support the report and is a signatory to an open letter to the Secretary of State to implement its main findings.</p> <p>12.6. The College’s fees for Higher Education (HE) are currently at £6k p.a. which is below the suggested cap of £7.5k p.a. (Rec. 2).</p> <p>12.7. The report questions the viability of some provision (in terms of registrations) (Rec. 7). This may affect courses such as Saddlery.</p> <p>12.8. The focus on apprenticeships (Recs. 35-42), would be supportive for the College to grow its potential in this entrepreneurial area, if adopted.</p>	<p style="text-align: center;">Governing Body (Appendix IV)</p>

<p>13. Report of the Estates Director</p> <p>13.1. The College is progressing well with obtaining and extending its leases and licences.</p> <p>13.2. The Crystal Palace lease was confirmed, as being extended to October 2020.</p> <p>13.3. The College met with the Community Interest Company (CIC) for Gunnersbury Park to discuss a new fixed price lease for its premises, also adding the apple orchard to the existing lease.</p> <p>13.4. Governors suggested that:</p> <p style="padding-left: 40px;">a) As part of the negotiations, the CIC are asked to consider the benefits of adopting a strategy to provide long-term leases, as this would offer long-term maintenance, spread depreciation and offer lease-holders justification to invest in infrastructure.</p> <p style="padding-left: 40px;">b) The current lease is checked to ensure there is no right to a further lease under the Landlord and Tenant Act, and that any future lease has a long enough eviction notice period.</p> <p style="padding-left: 40px;">c) As the CRC have 23 years remaining on the lease, it could be suggested to sub-let from their lease for this period.</p> <p>13.5. The leases for Brooks Farm and Regent’s Park centres are due to be signed imminently. This will be reported back at the autumn 2019 meeting.</p> <p>13.6. The Director of Estates was thanked for the comprehensive report which reflected its operation in many areas.</p>	<p style="text-align: center;">Estates</p> <p style="text-align: center;">“</p> <p style="text-align: center;">“</p>
<p>14. Report of the Human Resources Director</p> <p>14.1. iTrent Midlands HR (MHR) was selected from a tender process to upgrade the HR and Payroll system with iTrent’s e-Recruitment module.</p> <p>14.2. Building and fully utilising iTrent’s e-Recruitment module will provide a cost-effective and streamlined recruitment process.</p> <p>14.3. Human Resources are reviewing their recruitment strategy for teaching staff to require a minimum qualification of level 2 in maths and English. HR will research this further by establishing targets and KPIs and present this to the Committee in autumn 2019.</p>	

<p><u>Staff Survey</u></p> <p>14.4. The College’s Staff Survey for 2019 received positive feedback on its areas for improvement and forums have been formed to ensure consistency with staff opinion.</p> <p>14.5. Strategies are being developed to deal with key issues.</p> <p>14.6. Governors requested to receive a summary of the survey to assess its content for context.</p> <p><u>Gender Pay Gap</u></p> <p>14.7. The College’s Gender Pay Gap is 12% at 31 March 2019, compared to 11.6% in the previous year.</p> <p>14.8. This is a reflection of a higher percentage of part-time casual positions which tend to attract women and, as salaries are higher at senior level, small changes within this relatively small cohort has a large affect.</p> <p>14.9. This highlights the challenges of presenting a true reflection of gender pay disparity.</p>	<p>HR</p>
<p>15. Projects and Partnerships</p> <p>15.1. Graduating RAU students studying at Capel will now be able to attend either the College’s awards day on 9 July 2019 or the RAU’s graduation ceremony on 25 July 2019.</p>	
<p>16. AOB</p> <p>16.1. None.</p>	
<p>17. Date of next meeting</p> <p>17.1. The next Finance and General Purposes Committee meeting will take place on 12 November 2019 at 1700.</p>	

Minutes

Part I

Special Finance and General Purposes Committee
Part I minutes

Meeting Time and Date	1700 on 17 July 2019
Meeting Location	Forty Hall Farm, Enfield
Members	Doug Fussell (Chair) Roger McClure (Vice Chair) Heather Barrett-Mold OBE Peter Doble Malcolm Goodwin (Principal) Don Gratton Marilyn Hawkins Lady Milnes-Coates
Senior Leadership Team	Christine Bianchin (Academic) Susanne Datta (HR) Damien Fallon (Finance) Steven Girling (Estates)
Minute Taker	Joanne Coffey (Clerk)
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	Action
<p>1. Apologies</p> <p>1.1. Apologies were received by Marilyn Hawkins and Susanne Datta.</p>	
<p>2. Declaration of Interests</p> <p>2.1. None.</p>	
<p>3. Financial Plan 2019-21 (Decision)</p> <p>3.1. The College’s financial plan budgets for 2019-21 now include 24 month cash flow projections as a new requirement by the Education and Skills Funding Agency (ESFA).</p> <p>3.2. Governors requested for future occasions, the assumptions behind the figures be summarised alongside the schedules rather than on a separate sheet to enable governor review of the financials.</p> <p>3.3. The estimated net operating surplus for 2019, of £342k, which includes a 1% pay award, does not make provision for any significant unexpected costs or loss of income. Should this arise,</p>	Finance

<p>recognised the challenges in allocating costs against unquantifiable benefits.</p> <p>3.11. Governors suggested that costs be analysed to ensure that, for example, teaching costs include all relevant resources, such as animal care costs, to make this requirement clear to the ESFA. The Finance Director will perform the analysis, along with testable assumptions and impact on other areas, and report back in autumn 2019 for the Committee’s evaluation.</p> <p>3.12. Recommendations were accepted by the Committee to amend the commentary to the proposed financial plan, following best practice advice:</p> <p>a) Detailed assumptions to include commentary on:</p> <ul style="list-style-type: none"> • The impact of efficiencies and cost reductions on estates, curriculum and operations • The college having a sound, costed curriculum plan. <p>b) Cash flow and financial planning templates materially reconcile and key differences explained.</p> <p>3.13. Governors requested clarification on ‘Other creditors’ on the balance sheet. This pertains to funding that may or may not be applied in year, such as bursary funds and employer grants. The final returns submitted for 2018-19 will clarify the matter and identify if funding needs to be returned to the ESFA.</p> <p>Resolved to</p> <p>3.14. Accept the College financial plan for the period 2019-21, as supported by the commentary with checklist, and the two-year cash flow, and recommend their approval to the Governing Body.</p> <p>3.15. Confirm the assessment of the College’s financial health as Good, Outstanding and Good for the years 2018-19, 2019-20 and 2020-21 respectively.</p> <p>3.16. Approve that the College financial plan be signed by the Principal and be submitted (with the cash flow) to the ESFA ahead of the 31 July 2019 filing deadline.</p> <p>3.17. Expand the commentary to include new recommendations for best practice.</p>	<p>Finance Nov 2019</p>
<p>4. AOB</p> <p>4.1. None.</p>	

<p>5. Date of next meeting</p> <p>5.1. The next Finance and General Purposes Committee meeting will take place on 12 November, 2018 at 1700.</p>	
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