










Minutes Part I

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Finance and Resources Committee
Part I minutes

Meeting Time and Date	1700 on 24 November 2020
Meeting Location	Room H2/Zoom Online
Members	Peter Doble (Chair)  Roger McClure  Heather Barrett-Mold OBE  Malcolm Goodwin (Principal) Lady Milnes Coates 
Observers	Christine Bianchin (Academic)  Susanne Datta (HR) Damien Fallon (Finance) 
Minute Taker	Joanne Coffey (Clerk) 
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	Action
<p>1. Apologies</p> <p>1.1. No apologies were given.</p>	
<p>2. Declaration of Interests</p> <p>2.1. None.</p>	
<p>3. Election of Vice Chair of Finance and Resources Committee (Decision)</p> <p>Resolved to</p> <p>3.1. Postpone the election of the Vice Chair of the Committee until there was a larger membership to find a suitable candidate.</p>	
<p>4. Minutes (Decision).</p> <p>Resolved to</p> <p>4.1. Approve the minutes of the Finance and Resources Committee meeting held on 17 June 2020 as a correct record and authorise the Chair to sign them.</p>	
<p>5. Matters Arising</p> <p>5.1. The management accounts will be delivered monthly from December 2020 onwards.</p> <p>5.2. The annual staff appraisals and probationary reviews system was now in process at the College.</p>	
<p>6. Review of Terms of Reference (Decision)</p>	

<p>6.1. The following change was recommended to the Committee to clarify that the Committee Chair’s term of office should align with their membership term of office:</p> <p><i>‘The Governing Body will elect a Chair to the end of the Governor’s current term of office.’</i></p> <p>6.2. Governors requested that all Terms of Reference provided the overarching aspirations of the Committee, from which the process statements would flow.</p> <p>6.3. The Clerk and SLT to consider a new structure of the Terms of Reference, and present to Governors at the spring 2021 round of meetings.</p> <p>6.4. Decision on annual inflationary increases in staff pay to be reworded to reflect that the Committee made a recommendation to the Governing Body.</p> <p>6.5. Control of capital budget was confirmed as remaining with the Committee.</p> <p>Resolved to</p> <p>6.6. Accept their amended Terms of Reference and recommend them to the Governing Body for adoption.</p>	<p>Governing Body (Appendix I)</p>
<p>7. Report of the Finance Director (Decision)</p> <p><u>Mottingham transfer from Hadlow College</u></p> <p>7.1. The transfer of the freehold title to the Mottingham land had been completed on 5 May 2020.</p> <p>7.2. Consent was granted for the College to be admitted to the Kent Local Government Pension fund (LGPS) scheme on 24 July 2020.</p> <p>7.3. The College had completed the enrolment process with Kent LGPS and remitted all the employer and employee contributions deducted in respect of the Mottingham staff group.</p> <p>7.4. The process of negotiating for the Kent LGPS staff to be transferred to the Enfield LGPS scheme would now commence, which could take up to a year to complete and will be managed principally by negotiation between the two schemes.</p> <p><u>Contingent liability - Enfield</u></p> <p>7.5. The College continued to ensure that mainly 16-18 students (a minimum of 95%) were trained in the Princess Royal College of Animal Management and Saddlery, London to prevent the contingent VAT liability from crystallising should 19+ students be taught in this building.</p> <p>7.6. The current usage was 95.7% based on all parameters which the Finance Director would continue to closely monitor.</p> <p><u>Registered office address</u></p>	

<p>7.7. The College continued to act as the registered office address for the London Parks and Green Spaces Forum, the Worshipful Company of Gardeners' Charity Fund and the Young Gardeners' scheme.</p> <p><u>Enfield Local Government Pension Scheme (LGPS)</u></p> <p>7.8. The FRS102 pension accounting standard significantly influenced the results for 2019-20. It increased the LGPS deficit by £5,008k (from £4,942k to £9,950k), resulting in an operating deficit and a net asset liability position on the balance sheet. This was a 101% increase in this deficit in a single year.</p> <p>7.9. The Group generated a loss before other gains and losses in the year of £544k (2018-19: loss £987k), with total comprehensive income of £16,009k (2018-19: £14,060k). The underlying trading position of the College was a surplus of £101k.</p> <p>7.10. The factors driving this increase in the pension liability were common to all FE colleges and not specific to Capel Manor College.</p> <p><u>Mottingham new build</u></p> <p>7.11. The College had successfully negotiated in September 2020 for the GLA to have its approved grant funding for the Crystal Palace Park (CPP) development transferred to the Mottingham project.</p> <p>7.12. Paperwork was currently being prepared to apply for Mottingham planning permission in January 2021. The budget for this year had allowed £100k for this process; the College having spent £572k on the CPP over a three-year period.</p> <p>7.13. The cost of the Mottingham application has been projected to be £411k. The College has applied for £424k grant funding for this project from the GLA.</p> <p>7.14. Congratulations was given to SLT in applying for this funding.</p> <p>Resolved to</p> <p>7.15. Accept the additional costs of £411k for the Mottingham planning application and recommend this to the Governing Body.</p> <p><u>Key Accounting Ratios 2020-21</u></p> <p>7.16. The adjusted current ratio was raised from $\geq 1.6:1$ to the Education and Skills Funding Agency (ESFA)'s expected rate of $\geq 2.5:1$, as the College had consistently met this parameter.</p> <p>7.17. EBITDA was raised from 4% to 6% to reflect the ESFA's measure that 6% equated to Good.</p> <p>7.18. Staff costs were capped at 70%, from the previous 65% due to this not being met in the previous year from the impact of the significant rise in pension contributions.</p> <p>7.19. Governors queried the necessity for them to approve the list of budget holder names. This process had been inherited and was</p>	<p style="text-align: center;">Governing Body (Appendix II)</p>
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<p>not included in the Terms of Reference of the Committee. The Finance Director to check that this is not a requirement by the College's auditors and report back at the next meeting.</p> <p>Resolved to</p> <p>7.20. Approve the list of budget post holders for 2020-21 and authorise the College Financial Regulations to be updated therefor and approve the revised key financial ratios for 2020-21.</p>	<p>Finance</p>
<p>8. Group Management Accounts 31 July 2020 (Decision)</p> <p>8.1. As the LGPS actuarial pension valuation was a value that management could not influence, it was excluded from College budgeting and management accounts reporting until the end of the year.</p> <p>8.2. The College was in Outstanding financial health, despite the impact of Covid completely shutting down its commercial operations. Funding, grants, rates relief and furlough had substituted for this loss.</p> <p>8.3. Salary costs had increased for varying but essential reasons, including agency fees for additional Learner Support staff over the Covid period.</p> <p>8.4. Future salaries were now aligned with industry benchmarks.</p> <p>8.5. A cost review was being undertaken by SLT to ensure that staff costs were being kept under control and that growth areas were realising their worth through higher income.</p> <p>8.6. The Committee discussed the consequences to capping new roles versus the benefit of new posts. As there had been a significant turnover of staff, and some posts had yet to be filled, it was agreed not to initiate any caps at this point.</p> <p>Resolved to</p> <p>8.7. Accept the group management accounts for the year ended 31 July 2020 and recommend them to the Governing Body for approval.</p>	<p>Governing Body (Appendix III)</p>
<p>9. External Auditors' Letters of Representation 31 July 2020 (Decision)</p> <p>9.1. The Letters of Representation for Capel Manor College, Capel Manor Limited (CML) and Forty Hall Community Vineyard Limited (FHCVL) confirms to the financial statements auditor (Buzzacott), the representations received from management in completing their audit of the accounting records that they rely on in forming their opinion on the financial statements.</p> <p>9.2. The Finance and Resources Committee had responsibility for the content of all the letters other than the sections on Fraud and Regularity assurance within the College letter, which remain the responsibility of the Audit Committee.</p>	

<p>9.3. The letters had additional references to Covid and confirmed that the College, CML and FHCVL remained going concerns in response to Covid.</p> <p>9.4. It was noted that the College had done incredibly well in mitigating the Covid impact by comparison with many other colleges.</p> <p>Resolved to</p> <p>9.5. Approve all the letters of representation (other than sections 4 and 15 of the College letter of representation) for the year ended 31 July 2020.</p> <p>9.6. Recommend to the Governing Body that the Chair of Governors and the Principal be authorised to sign the Letter of Representation in respect of the College.</p> <p>9.7. Recommend to the Governing Body that the Principal be authorised to sign the Letters of Representation in respect of Capel Manor Limited and Forty Hall Community Vineyard Limited in his capacity as director of those companies</p>	<p>Governing Body (Appendix IV)</p>
<p>10. Report and Financial Statements 31 July 2020 (Decision)</p> <p>10.1. The Audit Committee had approved the regulatory information at their meeting on 16 November 2020.</p> <p>10.2. The Finance and Resources Committee had responsibility for the Strategic Report (Pages 3-7) and the financial pages with accompanying notes (Pages 36-61) of the College accounts and for the full content of the Capel Manor Limited and Forty Hall Community Vineyard Limited (FHCV) accounts.</p> <p>10.3. The Committee were satisfied with these areas of review and noted that cash reserves had been maintained.</p> <p>10.4. The Committee had a full discussion on Forty Hall Community Vineyard's relationship with the College which was operated by volunteers. FHCVL provides horticultural therapy to the residents of Enfield via grant funds and commercial sales.</p> <p>10.5. Capel donated the use of the land at Forty Hall Farm as it was not in the financial interests of the Vineyard to rent the land. As additional use of the land by the College could expand the curriculum to offer new courses, such as viticulture, a collaboration may be sought in the future to work alongside the volunteers for mutual benefit.</p> <p>10.6. At the FHCV Directors' Annual Board Meeting on 18 November 2020, following the auditors' recommendation, it was agreed that at each annual 3rd quarter, a decision would be made on paying a contribution to the College.</p> <p>10.7. The liabilities of £108k in the FHCVL accounts includes £86k of grant funding given in previous years that had not yet been released.</p> <p>Resolved to</p>	

<p>10.8. Approve the accounting policies and the Financial Statements of Capel Manor College, Capel Manor Limited and Forty Hall Community Vineyard Limited for the year ended 31 July 2020 and recommend them to the Governing Body for approval.</p>	<p>Governing Body (Appendix V)</p>
<p>11. Three Month Management Accounts 30 October 2020 and year end projection (Decision)</p> <p>11.1. The operating surplus for the period was £205k below the phased budget due to an income shortfall of £38k and increased costs of £167k.</p> <p>11.2. The net asset position on the balance sheet had increased by the surplus for the period, £760k.</p> <p>11.3. The revised budget reflected significant investments made in resources (such as laptops and additional communications equipment for high needs learners) to enhance the educational offer and to maintain the fabric of the estate.</p> <p>11.4. The College was projected to be in Good financial health at the end of the year.</p> <p>11.5. The sales ledger debt analysis was queried in respect of negative values. This reflects the value of credit notes exceeding the value of sales in those time periods. This reflects the renegotiation of contract values with local authorities.</p> <p>11.6. Covid had delayed the invoicing and payment of HE fees. This had not been an issue in previous years.</p> <p>11.7. It was agreed that an updated 2-year projection would be presented at the next appropriate meeting, to reflect:</p> <ul style="list-style-type: none"> a) revised 16-18 funding b) the impact of the Mottingham scheme c) risks to Apprenticeships funding <p>11.8. It was agreed that the ESFA 12-month cash flow return would be circulated to the Chair of Governors and the Chair of the Finance and Resources Committee, before its submission.</p> <p>Resolved to</p> <p>11.9. Accept the group management accounts for the first calendar quarter to 31 October 2020 and recommend them to the Governing Body for approval.</p> <p>11.10. Approve the revised revenue budget for the year ended 31 July 2021 and recommend it to the Governing Body for approval.</p> <p>11.11. Circulate the ESFA 12 month cash flow return to the Chair of Governors and the Chair of the Finance and Resources Committee, prior to submission by 27 November 2020 and subsequently, the year-end finance record which is due by 31 January 2021.</p>	<p>Governing Body (Appendix VI)</p>

12. Report of Human Resources (Decision)

Performance Review and Development Policy and Procedure

12.1. Governors were impressed by the new Performance Review and Development Policy, to which the working group for the new staff appraisal's system had contributed.

Resolved to

12.2. **Approve the Performance Review and Development Policy and Procedure and recommend it to the Governing Body for adoption.**

12.3. The workforce had grown by 14%, principally due to the newly acquired Mottingham staff.

12.4. Staff turnover had continued to fall for a third year. This had been due to new initiatives that had now been established, such as exit interviews to assess measures needed to improve staff satisfaction.

12.5. The Human Resources internal audit had resulted in a Significant assurance (the highest). The audit had focused on recruitment, staff sickness, absence and succession planning.

12.6. The College showed an overall sickness absence rate of 6.7 days, per employee, which demonstrated a 5% reduction on staff absence from the previous year at 7.1 per employee.

12.7. Although the College's overall absence rate remained above the FE sector average of 5.5 days per employee (as at 2017-18), 60% of lost days were related to long-term absences. These were related to mental health, cancer, maternity, operations, COPD and Achilles Tendon Injuries.

12.8. A rigorous, formal process was in place when long term sickness was extended, involving occupational health support and a staged return back to work.

12.9. The College currently had five Covid cases and a further six staff were self-isolating based on Government advice.

12.10. Working from home had been managed well, and the lack of staff sickness had demonstrated no significant impact on staff mental health.

Human Resources Equality and Diversity Report 2019-20

12.11. It remained a continued challenge to improve the recruitment levels and promotional opportunities for BAME staff who were under-represented at the College (16%), compared to the population of London (42%).

12.12. It was recognised that some under representation in these groups may be sector-related with potential BAME applicants not being attracted to a land-based institution.

12.13. Positive action had been discussed at the Academic Committee on 23 November 2020 in terms of increasing the low BAME

Governing Body: Info (Appendix VII)

<p>student population. In terms of achievement, analysis had shown that BAME students had a 1% higher achievement rate than White British students. The former was also more likely to study to PhD level.</p> <p>12.14. The HR Director now chaired the College’s Equality and Diversity Group, whose aims and objectives were to incorporate the equality and diversity calendar throughout the College. This involved not only curriculum, but also marketing, the restaurant etc., and to identify any inequalities amongst the equality strands.</p> <p>12.15. Pay analysis from a race and ethnic perspective had given no concerns, where a higher percentage of BAME staff were at Grade 3 or higher, and it was confirmed that pay was based only on the role.</p> <p>12.16. The overall staff gender ratio was 70.66% Female (224 staff) to Male 29.34% (93 staff). The College has a higher representation of female staff than the FE sector wide figure of 61% Female and 39% Male.</p>	
<p>13. Review of Risk Management (Decision)</p> <p>Resolved to</p> <p>13.1. Confirm that the principal risks represent the main internal and external risks facing the College and remain fit for purpose.</p>	
<p>14. Report of the Principal (Information)</p> <p><u>Academic Performance</u></p> <p>14.1. Overall achievement in 2019-20 was 87.9%, 1% up year-on-year continuing a 3-year positive trend and 2.8% above the previous national average. Student retention out-turned at 94.5% and 89.6% of the students went on to ‘positive destinations’.</p> <p>14.2. Governors voiced that this was a very good outcome, representing a very strong performance.</p> <p>14.3. The College recruitment fell below the 16-18 ESFA contract value for 2020-21. This will reduce the allocation for 2021-22. Recruitment targets were being planned to provide in excess of 15% growth on the number of 16-18 year-old students in 2021-22, which might ameliorate / recover funding in that year and which would definitely do so in 2022-23.</p> <p>14.4. The College were engaging a consultant to analyse the student recruitment process used in 2020-21 and recommend improvements. Governors noted the importance of ensuring that the offer is attractive to students and meets market needs.</p> <p>14.5. Recruitment will be de-centralised and front and back of house operations will be separated. This will differentiate the personalised customer service strategy from the formal operational needs, by sharpening communication with potential students.</p>	

<p>14.6. Online enrolment for students had already proved significantly more effective than the slower manual system that had been in place for many years.</p> <p>14.7. Core systems, which support the new online enrolments, also provide clear data for analysis.</p> <p><u>KPIs</u></p> <p>14.8. A principal set of KPIs, potentially presented as a pyramid, was being created to allow Governors to consider KPIs from a high level perspective.</p> <p>14.9. This would be presented at Committee level for feedback, prior to them being recommended to the Full Governing Body.</p>	
<p>15. Marketing and Fundraising (Information)</p> <p>15.1. The new website (capel.ac.uk) had been live for six months and had continued to develop. New capabilities such as online course search, application portal and digital payment process were working well with 5,405 prospects enquiring/registering interest and 1,690 applying online since its launch.</p> <p>15.2. The College has completed interviews for a permanent fundraiser and a successful candidate was expected to begin their role in January 2021. They will be located in the executive office in Enfield, reporting directly to the Principal.</p> <p>15.3. The College had been notified about a generous legacy gift of £20k from Joyce Dorothy Hall, deceased, who was a former horticulture student of the College.</p>	
<p>16. Report of the Vice Principal (Information)</p> <p>16.1. In 2019-20 the College had 1010 16-18 year old students, 1.0% above the ESFA minimum headcount target of 1000.</p> <p>16.2. The final amount of funding generated by these students for 2019-20 stood at £8,357,511, which was 1.9% (£152,479) over the 16-18 Funding Allocation.</p> <p>16.3. The final 2019-20 ESFA funding for adult students stood at £356,623 which represented 74.8% of the ESFA Adult Allocation.</p> <p>16.4. As a result of the Covid-19 pandemic the ESFA had guaranteed the full contract value of £477,076 for 2019-20.</p> <p>16.5. The impact of Covid-19 on curriculum delivery in 2019-20 resulted in a large number of RHS students (10 classes out of 40) continuing with their studies in September 2020 beyond their original planned end date. This therefore limited the number of RHS places available to new students at the start of the academic year (September 2020) with £74,531.68 funding carried over from the previous year.</p>	
<p>17. AOB</p> <p>17.1. None.</p>	

APPROVED MINUTES	
CHAIR:	Peter Doble
DATE:	9 March 2020
APPROVAL:	Remote confirmation: CONFIRMED
	Or signed: