

CAPEL MANOR COLLEGE
FINANCE AND GENERAL PURPOSES COMMITTEE
PART I
MINUTES OF THE MEETING HELD ON
WEDNESDAY 16 NOVEMBER 2016

Members: Douglas Fussell (Chair)
Lady Milnes Coates
Donald Gratton
Joy Hillyer
Roger McClure
Lady Salisbury
Sir William Stubbs (Chair of Governors)
Dr Steve Dowbiggin, OBE (Principal)

In attendance: Malcolm Goodwin, Deputy Principal
Joanne Coffey, Clerk to the Governing Body
Damien Fallon, Director of Finance
Simon O'Hear, Director of Human Resources
Richard Prowse, Assistant Principal Facilities, Health and Safety

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF INTEREST

There were no additional declarations of interest relating to this meeting.

3. MINUTES OF THE FINANCE AND GENERAL PURPOSES COMMITTEE MEETING HELD ON 30 JUNE AND 20 JULY 2016

RECEIVED paper 3 - Minutes of the Finance and General Purposes Committee meeting held on 30 June and 20 July 2016 for decision.

RESOLVED to:

- i. approve the minutes of the meeting of the Committee held on 30 June and 20 July 2016 as a correct record and authorise the Chair to sign them.**

4. MATTERS ARISING FROM THE MINUTES OF THE FINANCE AND GENERAL PURPOSES COMMITTEE MEETING HELD ON 30 JUNE 2016

RECEIVED: Paper 4 – Matters arising from the minutes of the meeting of 30 June 2016.

NOTED:

- i. The ability to purchase flowers is now more effective with significant savings from both a staffing and purchase point of view
- ii. The College's presence at Nine Elms has been suspended due to a lack of suitable accommodation during the redevelopment of their site
- iii. The Chair took action on the College's sale of 17 acres to Tottenham Hotspur Football Club (as reported to Governors by post).

AGREED to endorse the actions taken by the Chair.

5. REVIEW OF FINANCE AND GENERAL PURPOSES COMMITTEE TERMS OF REFERENCE

RECEIVED: Paper 5 – Report of the Clerk for decision.

NOTED:

- i. The Clerk sought guidance from the committee on whether they wished to raise the delegated limit by £5k to keep pace with inflation and the growth of the College.

Recommended to the Governing Body that:

- i. they increase the level of delegation to F and G to act independently from £75k to £80k; and**
- ii. they adopt the Finance and General Purposes Terms of Reference (with this amendment)-(attached to these minutes for information).**

6. REPORT OF THE PRINCIPAL

RECEIVED: Paper 6 – Report of the Principal for information.

NOTED:

- i. The 2015-16 year has proved successful, both financially and academically with all targets being met, resulting in the College remaining in good financial health
- ii. For 2016-17, recruitment of 16-18 year olds has met its target at +1.5% and the College is designing more courses (beginning in January and Easter) for the 19+ learner cohort to ensure that the college can draw down its full allocation for 19+ students
- iii. Apprenticeship recruitment is also on target and the College's loans drawdown is significantly higher than in 2015-16
- iv. The College has recruited 19 Higher Education students which should raise income of £114k (gross) against a £96k budget
- v. The Area Reviews are continuing with the College being proposed as an independent regional provider

- vi. A discussion of the relative merits (flexibility) of staff on fixed term contracts compared with having a more permanent staffing structure. The officers tended to encourage permanent staffing in areas which were core and relatively secure as it was felt this attracted higher calibre staff and the College gets a high level of commitment from them. However in higher risk areas (such as learning support) the college did employ staff more flexibly.

7. REPORT OF THE DIRECTOR OF HUMAN RESOURCES

RECEIVED: Paper 7 – Report of the Director of Human Resources for decision.

NOTED:

- i. Minor amendments to the period of the plans to give clarity
- ii. The Annual plan is the new proposed plan for 2017 which is flexed in terms of policy development
- iii. Good progress in terms of the online recruitment software 'Vacancy Filler' where efficiency and user satisfaction had increased
- iv. Employment law changes are minimal as the Government was seeking stability in this area
- v. The College is currently analysing the impact and operational implications of the Government's Apprenticeship Levy to ensure the college optimises its position in benefitting from this initiative
- vi. The College's flu jab programme has been a success with good take-up by staff.

RESOLVED:

- i. to receive the update on progress on the 2016 HR annual plan; and**
- ii. to adopt the 2017 HR plan.**

8. POLICIES AND PROCEDURES

RECEIVED: Paper 8 – Report of the Director of Human Resources for decision.

NOTED:

8.1 EMPLOYMENT CONTRACTS AMENDMENTS FOR NEW STAFF

- i. Employment contracts have been reviewed and due to a statutory change staff will be advised in writing that they will no longer be recorded as contracted out of the second state pension, (due to its termination).

RESOLVED that:

- i. to amend the pension clause in model contracts for new employees from 17 November 2016; and**
- ii. to notify all staff of the change in their contracts.**

8.2 SOCIAL NETWORKING POLICY

- i. The Social Networking Policy was amended to make it clear that staff should not use social networking sites, like Facebook, for work purposes (unless it is a College account). College systems are now sufficient to meet the needs of staff communication with students and can also be monitored.

RESOLVED:

- i. to adopt the revised Social Networking Policy;**
- ii. to circulate the revised Social Networking Policy to all staff for consultation for 2 weeks. (Staff will be advised that the policy will be live during the consultation period, the email will highlight difference and allow staff two weeks to take action i.e. close down accounts if required); and**
- iii. to report to the next F+GP Committee any material changes arising following the consultation with staff and verification of equality analysis.**

8.3 DISCIPLINARY PROCEDURE

- i. The Disciplinary Procedure was amended to further clarify the clause relating to social or sexual relationships between staff and students.

RESOLVED:

- i. to adopt the revised Disciplinary Procedure;**
- ii. to circulate the revised Disciplinary Procedure to all staff for consultation for 2 weeks. (Staff will be advised that the policy will be live during the consultation period); and**
- iii. to report any material changes arising following the consultation with staff and verification of equality analysis to the next F+GP Committee.**

8.4 WHISTLEBLOWING POLICY AND PROCEDURE

- i. The Whistleblowing Policy to be amended to state that a child is defined as a person under 18 years of age.

RESOLVED:

- i. to adopt the revised Whistleblowing Policy and Procedure;**
- ii. to circulate the revised Whistleblowing Procedure to all staff for consultation for 2 weeks. (Staff will be advised that the policy will be live during the consultation period); and**
- iii. to report any material changes arising following the consultation with staff and verification of equality analysis to the next F+GP Committee.**

8.5 HARASSMENT AND BULLYING POLICY AND PROCEDURE

- i. The Harassment and Bullying Policy was amended to further clarify what constitutes bullying
- ii. Following debate about how the policy might be perceived by staff, the policy was clear in determining what is deemed to be reasonable constructive criticism in a management situation and that normal evidence based criticism of work performance was not bullying.

RESOLVED:

- i. to adopt the revised Harassment and Bullying Policy and Procedure;**
- ii. to circulate to all staff for consultation for 2 weeks. (Staff will be advised that the policy will be live during the consultation period); and**
- iii. to report any material changes arising following the consultation with staff and verification of equality analysis to the next F+GP Committee.**

8.5 STAFF CODE OF CONDUCT

- i. Clarification has been given to the clear boundaries that staff must follow in terms of professional relationships
- ii. Close personal relationships between members of staff within the College should be declared in order to provide transparency and to ensure any conflicts of interest are managed
- iii. Declaration of close personal relationships with someone on the Sexual Offenders Register is required as in such circumstances it is reasonable for the college to want to perform a risk assessment to ensure appropriate safeguarding action is taken
- iv. The prohibited use of hand held mobile phones whilst driving refers now to both work and personal phones
- v. The need to decline allegations of 'impropriety or misconduct' outside of the College has now been added. This can be from any secondary employment, a voluntary role or holding a public appointment.

RESOLVED:

- i. to adopt the revised Staff Code of Conduct;**
- ii. to circulate the revised Staff Code of Conduct to all staff for consultation for 2 weeks. (Staff will be advised that the policy will be live during the consultation period); and**
- iii. to report any material changes arising following the consultation with staff and verification of equality analysis to the next F+GP Committee.**

9. STAFF DEVELOPMENT (ANNUAL REPORT 2015-2016 academic and financial year)

RECEIVED: Paper 9 – Report of the Director of Human Resources for information.

NOTED:

- i. The College undertook development of staff to support initiatives to expand HE provision but agreed that this was not sufficiently highlighted in the report given the activities undertaken
- ii. Staff were provided with four CPD days which included a diverse and rich list of activities
- iii. The College has continued to develop staff across a range of areas and further requests for training from support staff have been encouraged, but to ensure training is targeting the needs of the College, an effective appraisal system supports the process, which includes a personal development plan which staff initiate to establish group needs, generating both individual and department layers of input
- iv. Strong staff satisfaction for both internal and external programmes
- v. A development plan is in process which underpins the Quality Improvement Plan to ensure that the impact of developing staff is being assessed and recorded. This demonstrates good management of the process and would be of particular interest to OFSTED if they reviewed this area
- vi. A section on how these measures have progressed will be included in the report on progress in 2016-17.

10. REPORT OF THE ASSISTANT PRINCIPAL FACILITIES, HEALTH AND SAFETY

RECEIVED Paper 10, Report of the Assistant Principal Facilities, Health and Safety for information.

NOTED:

- i. The Enfield campus has had an increase in vehicle thefts from vans parked in the grounds and has, therefore, been working with the Police to review and improve security
- ii. Action has been taken by providing increased CCTV coverage and reducing tree coverage to improve security
- iii. The Police had informed the College that there was a problem within the Enfield area and evidence provided by the College has assisted them in moving forwards with their enquiries
- iv. Staff and students have been asked to be more vigilant and report anything suspicious
- v. A longer term review of security across the site is in progress which will include a review of the security of the general perimeter at Enfield and will address external lighting improvements and any additional actions necessary
- vi. other sites will conduct a similar review
- vii. There have been three instances of minor property damage by vehicle collision at the Enfield campus which are being pursued with the College Insurers
- viii. NFU Mutual insurance has been renegotiated and instructed to cover all sites, vehicles, equipment and Public Liability. This will be reviewed again in June 2017

- ix. Negotiation of leases is ongoing:
 - a. The College has served notice of its intent to extend the Lease of the Crystal Palace Farm and is in discussions with the GLA over the Lease of the Stadium space
 - b. The College has agreed Heads of Terms for the Lease renewal of Gunnersbury Park and is seeking a suitable agent to assist in the negotiation of rent,
 - c. The Garden Which? Lease is now being finalised.
 - d. The Royal Parks (for the Regents Park Lease) have failed to increase the College's tenure beyond September 2017. For future planning, other site options will be sought and considered to secure a longer term lease

- x. A review has identified the need for better systems and documentation about the college's holdings to ensure the College can be pro active in managing its facilities.

11. REPORT OF THE DIRECTOR OF FINANCE

RECEIVED Paper 11, the Report of the Director of Finance for decision.

NOTED:

- i. As agency staff occasionally need to operate tills in the refectory the college was seeking authority to alter the financial regulations to enable a manager to authorise an agency member of staff to operate tills in exceptional situations, (with the understanding that they would be supervised and that the College's sophisticated item specific tills and identity recording system would prevent any misuse). Agency staff would not be authorised to cash up at the end of the day
- ii. The London Parks and Spaces Forum, the Worshipful Company of Gardeners Charity Fund and the Young Gardeners scheme will continue to use Capel Manor College as their registered office address
- iii. Going forward, external companies previously approved to use Capel Manor College as their registered office address should no longer need to renew this contract on a yearly basis.

RESOLVED:

- i. to adopt the list of budget post holders for 2016/17 and attach this to the Financial Regulations;**
- ii. to authorise the College Financial Regulations to be amended to allow for agency staff to operate tills in situations of extremis (where management judge it to be expedient and the agency worker has been vetted to be a reliable person by local management to be given this level of responsibility); and**
- iii. To approve the College acting as the registered office address for the London Parks and Spaces Forum, the Worshipful Company of Gardeners Charity and the Young Gardeners scheme until notice is given by either party.**

RECOMMENDED TO THE GOVERNING BODY that:

- i. they approve an additional £353k of capital expenditure in 2016/17 (as part of the arrangements arising from the sale of 17 acres).**

12. MANAGEMENT ACCOUNTS FOR THE YEAR ENDED 31 JULY 2016 (Analysis of Outturn for 2015/16)

RECEIVED Paper 12, Report of the Director of Finance for decision.

NOTED:

- i. The college's financial performance is assessed as Outstanding despite a projection in the accounts and plans for this period suggesting performance would be Good, (due to the capital investment in the animal management building which temporarily lowered the College from Outstanding to Good Schedule 1)
- ii. Total operating surplus of £146k is prior to the following items:
 - the pylon compensation
 - pension valuation adjustments
 - actuary loss on valuation, (which have collectively given the College an unusually exceptional year with a deficit of £1.3m (Schedule 2)
- iii. This is a disappointing and misleading outcome as in fact the college did exceptionally well and made a management account surplus even though its SFA contract was reduced by £1m pounds in year. The College managed to reposition itself so that turnover actually went up and this demonstrates an amazing effort by the staff who were flexible and totally 'on board' with what needed to be done
- iv. Points were raised about the level of investment in infrastructure and it was agreed that the lower level of investment in property and garden maintenance was short term and was necessary to support investment in the construction of the new teaching buildings. Funds have been re-instated in this area
- v. Following comment, the need for a review of the front of house was accepted (and has already been initiated) to ensure the college capitalises on its recent developments. This will be incorporated into discussions preparing for the re-opening of the gardens in March 2017 (Note 16)
- vi. Since the management of the College's property and estates have been separated from the College's gardens, a more targeted focus can be given to the buildings/facilities which should lead to a more cost effective use of investment.

RECOMMENDED TO THE GOVERNING BODY that:

- i. **they approve the management accounts and commentary for the year ended 31 July 2016.**

13. LETTERS OF REPRESENTATION FOR THE YEAR ENDED 31 JULY 2016

RECEIVED Paper 12, the Report of the Director of Finance for decision.

NOTED:

- i. Buzzacott produced the letters of representation which accurately reflect conversations that took place through the audit process which have not changed year on year
- ii. The letters will be signed at the same time as the accounts are approved for the audit report.

RECOMMENDED TO THE GOVERNING BODY that:

- i. they authorise the Chair of the Governing Body and the Principal to sign the Letter of Representation for the financial statements audit of the College for the year ended 31 July 2016 on behalf of the Corporation as part of approving the financial statements for 2015/16;**
- ii. they authorise the Principal, in his capacity as a director of Capel Manor Limited, to sign the Letter of Representation for the financial statements audit of the Capel Manor Limited for the year ended 31 July 2016 on behalf of the Corporation as part of approving the financial statements for 2015/16; and**
- iii. they authorise the Principal, in his capacity as a director of Forty Hall Community Vineyard Limited, to sign the Letter of Representation for the financial statements audit of the Forty Hall Community Vineyard Limited for the year ended 31 July 2016 on behalf of the Corporation as part of approving the financial statements for 2015/16.**

14. DRAFT GROUP REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016 – relating to the College, the Vineyard and Capel Manor Limited

RECEIVED Papers 14a, 14b and 14c, report of the Director of Finance for decision.

NOTED:

14.1 Capel Manor College

- i. There are significant changes to the way in which the accounts have to be presented/disclosed, they are now reflected in a Consolidated Statement of Comprehensive Income (Page 25)
- ii. The deficit of £1,391m is due to an actuarial loss in respect of the LGPS (the LGPS Pension Scheme was re-valued with a £2m deficit year on year)
- iii. As with other colleges with similar schemes, challenging the main assumptions has proved to be difficult
- iv. The Balance Sheets reflects this deficit and over £2m in deferred grants are now included under Creditors (Page 27)
- v. The College is in a strong position compared to other colleges as Capel Manor shows positive figures for 2015-16 despite the level of deficit that appears in this presentation of the accounts (due to this unusual situation)
- vi. that any interest rate rises would have a positive impact and that the discount rate has already reduced significantly.

RECOMMENDED TO THE GOVERNING BODY that:

- i. they adopt the accounting policies in the draft Group Report and Financial Statements for the year ended 31 July 2016; and**
- ii. they approve the draft Group Report and Financial Statements for the year ended 31 July 2016.**

14.2 Forty Hall Community Vineyard Limited

- i. Income year on year has not changed but £20k of income was due to wine sales in comparison to the previous year where all income was in grants, hence, the Vineyard is now beginning to support itself as a going concern
- ii. The tax entry includes deferred tax from capital allowances claimed in previous years.

RECOMMENDED TO THE GOVERNING BODY that:

- i. they adopt the accounting policies in the draft Report and Accounts of Forty Hall Community Vineyard Limited for the year ended 31 July 2016; and**
- ii. they approve the draft Report and Accounts of Forty Hall Community Vineyard Limited for the year ended 31 July 2016.**

14.3 Capel Manor Limited

- i. Capel Manor Limited has been included in the Group Report and Financial Statements for the first time
- ii. The surplus of £1k will be gift aided to the College so no corporation tax liability will arise.

RECOMMENDED TO THE GOVERNING BODY that:

- i. they adopt the accounting policies in the draft Report and Accounts of Capel Manor Limited for the period ended 31 July 2016; and**
- ii. they approve the draft Report and Accounts of Capel Manor Limited for the period ended 31 July 2016.**

15. KEY ACCOUNTING RATIOS AND PERFORMANCE CRITERIA FOR 2015/16 AND 2016/7

RECEIVED Paper 15, report of the Director of Finance for decision.

NOTED:

- i. Proposed ratios for this year are now being measured as Earnings before interest, tax, depreciation or amortisation (EBITDA) as adopted by the area review process. Between 2-3% is an indication of financial stability, with higher figures reflecting increased confidence (Page 2)
- ii. The KPI for Staff costs was increased to \leq 65% to reflect the increased NI and pension costs and allow the college to maintain a degree of stability in the staffing structure.

RECOMMENDED TO THE GOVERNING BODY that:

- i. They approve the following key accounting ratios for the 2016/17 financial year:**
 - a. Adjusted Current Ratio = / > 1.6:1**
 - b. Cash days in hand = / > 30 (30 days agreed on 9 July 2014 and confirmed on 20 July 2016)**
 - c. EBITDA = / > 3% (as determined by the area review process)**
 - d. Borrowing costs = / < 4%**
 - e. Staff costs = / < 65%**

- ii. They minute that for the 2015/16 financial year the College operated within the key accounting ratios approved by the Governing Body for that year.**

16. MANAGEMENT ACCOUNTS 2016/17

RECEIVED Paper 16, report of the Director of Finance for decision.

NOTED:

- i. In terms of key performance indicators, the College is in line with benchmarks, apart from payroll, which is due to a structural feature in the College (Schedule 1)
- ii. The proceeds of the sale of 17 acres to Tottenham Hotspur Football Club has been excluded from this Comprehensive Spending report (Schedule 2) and this is currently reflected within the £1.8m of the 'Payments on account' in the Balance Sheet (Schedule 3), so as to not distort the trading results in year
- iii. The College is in a very strong financial position

RESOLVED:

- i. To receive the management accounts for the first quarter of 2016/17 and circulate these to the Governing body:**

17. REVISED BUDGET 2016/17

RECEIVED Paper 17, report of the Director of Finance for decision.

NOTED:

- i. The officers have reviewed the original budget in light of last year's out turn and the first 3 months (Appendix I)
- ii. The College's income is expected to rise due to the expansion of Higher Needs provision
- iii. The College also needs to make provision to fund the LGPS deficit
- iv. The projected surplus is reduced by £43k. As an educational institution this will be reinvested to meet current needs.

RECOMMENDED TO THE GOVERNING BODY that:

- i. they approve the revised budget for 2016/17 as detailed in Appendix I, Column C.**

18.DATE OF NEXT MEETING: Wednesday 1 March at 5.00pm.