

CAPEL MANOR COLLEGE

MINUTES OF THE FINANCE AND GENERAL PURPOSES COMMITTEE TUESDAY 27 JUNE, 2017 AT 4.45pm

Members: Douglas Fussell (Chair)
Lady Milnes Coates
Don Gratton
Joy Hillyer
Roger McClure (Vice Chair & Chair of Governors)
Lady Salisbury
Stephen 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

None.

2. DECLARATION OF INTERESTS

None.

3. MINUTES OF THE FINANCE & GENERAL PURPOSES MEETING HELD ON 20 FEBRUARY 2017

RECEIVED: Paper 3 - Minutes of the Finance & General Purposes meeting held on 20 February 2017, for decision.

RESOLVED to:

- i. **approve the minutes of the Finance & General Purposes Committee meeting held on 20 February 2017 as a correct record and authorise the Chair to sign them.**

4. MATTERS ARISING FROM THE MINUTES OF THE MEETING OF 20 FEBRUARY 2017

RECEIVED: Paper 4 - Matters arising from the minutes of the meeting held on 20 February 2017, for information.

NOTED:

- i. The Gardening Which? Lease is currently ongoing but will be completed imminently

- ii. Negotiations for the lease in the Crystal Palace stand are also ongoing but have been delayed by GLA officers' availability. An update meeting is urgently being sought.

5. REPORT OF THE PRINCIPAL

RECEIVED: Paper 5 - To receive the report of the Principal, for information.

NOTED:

- i. The bid to run Apprenticeships for The Royal Parks was successful, which is excellent news for the College
- ii. Contrary to the Barrister's strong opinion, the outcome of the Court Case to defend the College's decision not to pay commission on the non-compensation element of the consideration received from UKPN was not found in the College's favour. It was decided not to appeal the decision and for the Chief Executive to execute the settlement
- iii. As this was the retiring Principal's last F&GP Committee meeting, he took a moment to thank the Chair of the Committee for all his support and hard work over the years.

6. ESTATES UPDATE

RECEIVED: Paper 6 - Report of the Principal and Assistant Principal Facilities, Health & Safety, for information.

NOTED:

- i. The College's application to the GLA for support to redevelop the Farm and create a new campus at Crystal Palace has been made
- ii. Negotiations for the Gunnersbury Park lease have been delayed, due to logistical issues, with a decision expected by 31 July 2017
- iii. The College has completed on the purchase of 12.2 acres of land to replace the hay making capacity lost from the sale of 17 acres
- iv. Café Cook at Brooks Farm has now opened and has been a welcome addition to the Farm
- v. The annual College's insurance renewal will focus on:
 - a. insuring the wine from the Forty Hall Vineyard
 - b. reviewing policy to include potential cyber and terrorism threat
- vi. The College to seek external guidance (from Landex and the AoC) on revising insurance to cover cyber and terrorism risk (due to the current climate)
- vii. Governors discussed the benefits of mutual insurance groups with other colleges, to spread the risk, and suggested other organisations be approached to see if they had an appetite for such matters.

7. REPORT OF THE DIRECTOR OF HUMAN RESOURCES

RECEIVED: Paper 7 - Report of the Director of Human Resources, for information.

7.1 Sickness monitoring

NOTED:

- i. Sickness absence continues to be well-managed
- ii. Overall average sickness for Full-Time Employees (FTE) in 2016/17 was 5.7 days which is below both the Sector and the London region averages (not comparable with AoC's current benchmarks as they now average against total headcount)
- iii. Future comparison tables will include lost time within departments to enable like for like comparison
- iv. Long term sickness has significantly reduced in 2016/7 and this trend is expected to continue following a change to the policy, whereby staff under formal disciplinary or probationary procedures are no longer automatically entitled to claim sick pay
- v. Proposals to amend sick pay arrangements are being prepared to improve the cost effectiveness of the system and the fairness to longer serving staff.

7.1 Staff Satisfaction Survey

NOTED:

- i. The survey has been very positive, particularly by comparison to other colleges, and demonstrates how Capel Manor College has continued to maintain and build on its relationship with its Staff over the year
- ii. Only two areas were deemed as requiring further focus and possible action:
 - a. Academic Staff's perception of Moodle (the College's Virtual Learning Environment) as a helpful tool was below expectation at 73%. Suggestions on improvement to be sought from Heads of Schools
 - b. The College being a 'safe environment' was also below benchmark. Strong investment in student behaviour strategies are now ceding positive results and the trajectory is expected to rise
- iii. There was a strong increase in 'staff engagement and positivity towards their employer' in terms of external benchmark comparisons and distance travelled
- iv. Improvements to iTrent (HR/Payroll system) have increased ease of use and help the College establish a paperless environment (with further enhancements to focus on Payroll efficiency)
- v. The Director of HR was thanked for the very solid and reassuring work undertaken.

8. REVIEW OF RISK REVIEW SCHEDULE AND THE RELEVANT RISK MANAGEMENT ACTION PLAN ITEMS 2017/18

RECEIVED: Paper 8 - Report of the Principal, for decision.

NOTED:

- i. As the Audit Committee have been reviewing risk strategy, and how it is reported to sub-committees, this is potentially the last year when risk management will be reported in the current format
- ii. The internal audit review of apprenticeships showed two low risk recommendations that had not apparently been fully implemented (since the report). Therefore, the risk rating in the this area would be increased
- iii. Debt collection, and any resulting reputational risk, is now well managed for the long-term
- iv. The increase in short-term debt reflected the impact of an increase in the use of the student loan company and not any unsecured exposure to debt
- v. Amendments to the Estates and Management Risk Schedule:

- a. to add 'leases under negotiation', as they remain a high risk prior to resolution (as EF7)
- b. 'GLA' to replace 'Corporation of London' (EF4).

RECOMMENDED TO THE GOVERNING BODY that:

- i. the Schedules and Annexes with the agreed amendments be adopted and included in the College's main Risk Schedule and Risk Management Action Plan for 2017/18 (see Paper 8) (to be reported to the Governing Body in July 2017).**

9. REPORT OF THE DIRECTOR OF FINANCE

RECEIVED: Paper 9 - To receive the report of the Director of Finance, for decision.

NOTED:

- i. Staff employment costs remain a significant area of focus for SMT
- ii. The College's underlying financial health grade is Outstanding
- iii. The College recommends the use of FRS102 for its accounting standard to ensure better alignment with the subsidiary company accounts
- iv. The Memorandum of Understanding between the College and Capel Manor Limited is available on request.

RECOMMENDED TO THE GOVERNING BODY that:

- i. they agree and adopt the refreshed version of the Memorandum of Understanding between the College and Capel Manor Limited**
- ii. the College adopts FRS102 to report the financial results of the College and its subsidiary companies for the year ended 31 July 2017 and thereafter.**

10. PROJECTS AND PARTNERSHIPS

RECEIVED: Paper 10 - Report of the Deputy Principal, for information.

NOTED:

- i. The College is predicting 49 Higher Education (HE) Students next year
- ii. Renewal of future funding of the Historic and Botanic Garden Bursary Scheme is awaiting approval following previous meetings, where strong proposals for consideration had been made
- iii. The collaboration involves Students (employed by the Partner Gardens) receiving three large blocks of study on and offsite to learn 'on-the-job' and are equally supported by the Gardens and the College
- iv. The College is endeavouring to secure a similar working relationship with the National Trust
- v. The working relationship with Tottenham Hotspur Football Club Ltd continues to evolve and strengthen.

11. TUITION COURSE FEES 2017/18 and 2018/19

RECEIVED: Paper 11 - Report of the Deputy Principal, for decision.

NOTED:

- i. The proposed Tuition Fees for 2017-18 include increases of between 2% and 5% and are projected against:
 - a. the Curriculum Plan
 - b. predicted uptake of courses against recruitment targets
 - c. relevant funding methodologies
 - d. benchmarks against other land-based colleges and private providers
- ii. A general Overseas Tuition Fee (outside of the costlier Saddlery courses) of £7.5k has been introduced to remain competitive with other providers
- iii. The Access to Higher Education (HE) Level 3 course has been set at the lower end of competitor benchmarks, at £3k, to encourage interest
- iv. The Royal Horticultural Society (RHS) partnership courses have realised strong demand.

RECOMMENDED TO THE GOVERNING BODY that:

- i. **Tuition Fees as detailed in Appendix I (including the introduction of a general Overseas Fee of £7,500) are confirmed for 2017-18.**

12. MANAGEMENT ACCOUNTS FOR THE NINE MONTHS TO 30 APRIL 2017

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

NOTED:

- i. The College is in a strong financial position with income very close to target and costs well controlled giving a surplus of £493k overall at 9 months (Schedule II)
- ii. Key Performance Indicators (KPI) verify an Outstanding score under the Framework for Excellence criteria
- iii. Reduction and realisation of College debt is progressing well through internal and external processes, with future projection of debt being the main driver (an omitted Appendix I to Schedule III was circulated to Governors on the management of debt)
- iv. A typo to be corrected from 'earlier' to 'later' (Page 4), item 16, Premises
- v. The Recommendation to be amended for the accounts to be 'circulated' to the Governing Body, rather than 'approved'.

RECOMMENDED TO THE GOVERNING BODY that:

- i. **the Committee receive the management accounts for the third quarter of 2016/17 and recommend them for circulation to the Governing Body (see Paper 11a).**

13. FORECAST BUDGET OUTTURN FOR 2016/17

RECEIVED: Paper 13 - Report of the Director of Finance, for decision.

NOTED:

- i. Strong control of expenditure has resulted in an improved position at April 2017

- ii. The College is now projecting an operating surplus of £230k and an exceptional item of £679k, giving a retained surplus of £920k for the year
- iii. The reduced turnover from the outsourcing of weddings to be recaptured through reduced costs, staff savings and an increase in other income streams
- iv. Appendix I was replaced with an updated spreadsheet (due to a small typing error).

RECOMMENDED TO THE GOVERNING BODY that:

- i. the outturn budget for 2016/17 as detailed in Appendix I, Column B, be approved (see Paper 11b)**
- ii. The revised cash flow forecast for the remainder of 2016/17 detailed in Appendix III, be approved (see Paper 11b).**

14. 2017/18 INCOME FROM ESFA

RECEIVED: Paper 14 - Report of the Principal Designate, for information.

NOTED:

- i. Paper 14 to be corrected to for 'Information'
- ii. The total predicted income from the EFSA is £9.8m
- iii. Allowance for non-levy apprentices post-December has been estimated at a risk of £200k
- iv. Resources can be flexed if Apprenticeship income is not realised
- v. The report reflects ESFA guidance that Governors should receive clear reports on income to enable them to assess any risks.

15. PARAMETERS FOR THE FINANCIAL PLAN 2017 TO 2019

RECEIVED: Paper 15 - Report of the Director of Finance, for decision.

NOTED:

- i. There are no significant changes to the three year financial plans
- ii. Budget Holders are working hard to negate the effects of inflation (which currently stands at 2.9% but is expected to decrease to approximately 2.4%)
- iii. Governors expressed concern that some ambitious targets had not been met and reflected on whether targets were being set at a realistic level
- iv. Governors discussed the need for adjustments when working to a bullish financial plan, however, as the focus is on long-term future growth rather than short-term budgeting, it was deemed appropriate to be aspirational and flexible at times
- v. Governors were also assured that the financial plans were delivered following a logical process. Targets are only missed when circumstances significantly change
- vi. The need to balance aspiration with pragmatism to set ambitious, but achievable, targets.

RESOLVED to:

- i. endorse the assumptions**
- ii. instruct officers to prepare a three year financial forecast based upon these assumptions for consideration at a Special Meeting of F&GP on 12th July 2017.**

16. PROPOSED BUDGET FOR 2017/18

RECEIVED: Paper 16 - Report of the Director of Finance, for decision.

NOTED:

- i. The proposed budget is based on the assumptions from the first year of the financial plan (as discussed in Minute 15)
- ii. The catering income forecast for 2017/18 has risen to £241k (benchmarked against 2015/16)
- iii. The costs associated with this target have been stripped of agency costs as staffing is to be funded normally by recruitment of permanent staff
- iv. A total income forecast of £12.7m is higher than the current year's forecast outturn but is considered to be achievable
- v. The Total Operating Surplus is achievable within the KPIs set by the Governing Body.

RESOLVED that:

- i. the Revenue (Comprehensive Spending) budget for 2017/18 be adopted**
- ii. the Revenue (Comprehensive Spending) budget for 2017/18 be used as the baseline for the College Financial Plans 2017 to 2019 to be submitted to a special meeting of the F&GP on 12 July 2017.**

RECOMMENDED TO THE GOVERNING BODY that:

- i. the Revenue (Comprehensive Spending) budget for 2017/18 (see Paper 11c) be adopted and become the baseline for the College Financial Plans 2017 to 2019 to be approved by a meeting of the F&GP on 12 July 2017 and submitted to the SFA by 31 July 2016.**

NB: There will be a special meeting of the F&GP on 12 July 2017 to consider the College Financial Plans 2017 to 2019 (based on this budget) with a view to recommending this to the Governing Body for adoption.

17. PLANNED CAPITAL EXPENDITURE (UPDATE 2016/17 AND PLAN FOR 2017/18)

RECEIVED: Paper 17 - Report of the Director of Finance, for decision.

NOTED:

- i. The College is in a good financial position and this paper outlines various options to calculate the funding available for investment
- ii. The proposed allocations amount to £249k which is well within the total available funding
- iii. The second-hand mini buses are purchased within budget on a rolling basis and are thought to offer good value for money.

RECOMMENDED TO THE GOVERNING BODY that:

- i. that the allocation of £250k for new capital expenditure in 2017/18 be approved (see Paper 11d)**
- ii. that this investment strategy be reconfirmed when they consider the Financial Plans of the College for the accounting years 2017 to 2019 at their meeting on 12 July 2017.**

DATE OF NEXT MEETING: Wednesday 22 November, 2017 at 4.45pm.