

**CITY COLLEGE PLYMOUTH
CORPORATION MEETING**

**FINANCE COMMITTEE MINUTES OF THE MEETING
HELD ON MONDAY 8th JULY 2019 AT 3PM IN ROOM KS301**

MEMBERS PRESENT: Martyn Starnes Chair
 Jackie Grubb Principal
 Emma Tringham Governor

IN ATTENDANCE: Lorraine Hill Chief Finance Officer
 Sandra Wilson Head of Finance
 Liz Wiltshire-Meads Clerk

F/19/28 Apologies, Declarations of Interest & Quoracy
Apologies were received from Mike Jones, Governor. There were no unregistered interests declared and the meeting was quorate.

F/19/29 Minutes of the Last Meeting
RESOLVED that the minutes of the Meeting of the Finance & General Purposes Committee held on the 24th April 2019, which had been previously circulated, be approved and signed as a correct record.

F/19/30 Matters Arising
There were no matters arising not already covered by the agenda.

F/19/31 Confidential Business
RESOLVED that Agenda item 2.4 be dealt with In Commercial Confidence and that the relevant papers and Minutes be withheld from the published records for the prescribed period (unless some longer period is prescribed for certain items).

F/19/32 In Commercial Confidence - Goschen Update
The Chief Finance Officer updated the Committee since last reported to the Corporation on 3 June 2019. There was a question about the seriousness of the seconder buyer to complete in August. The original buyer had released a non-refundable sum of £5,000, held by solicitors, with a view to exchange by 16 August 2019.

After questions from Committee members and further discussion it was noted that:

- a) the delay in exchange was due to extra searches and ground investigations;
- b) unless there were exceptional circumstances, with evidence, if exchange did not take place by 16 August 2019, the property would be put back on the open market.

The Committee noted the verbal report.

F/19/33 Draft Budget for 2019/20 and Draft Financial Forecasts

The Chair congratulated the Chief Finance Officer and Head of Finance for the level and detail of information provided which was impressive.

The Chief Finance Officer (CFO) took the Committee through the draft Budget and noted that the operating Group surplus, ie before pension, was forecast at £683k, with cash at £2.23m, without the use of the overdraft.

The Chair requested to see comparisons against the forecast cashflow, variances and reasons for variances in the monitoring information for Committee next year.

Following a question from the Committee the CFO noted that the assumption for the sale of Goschen was in August with receipts in October/November, and the asset written down in 2018/19.

The CFO noted that the Financial Health Score forecast remained as “satisfactory”, which had been relabelled by the Education and Skills Funding Agency (ESFA) to “requires improvement”, but with a score 20-30 points higher than the current year.

The CFO outline the context of risks and that the College had a letter of comfort from the ESFA for in year funding for the increase in learners for numbers above 66 at a cap of 200. This amounted to potential in year funding of £278k-£815k, which would not be built into the budget until actual learner numbers were confirmed.

After further questions from Committee members and in depth discussion it was noted that:

- a) the budget showed optimistic caution which was prudent;
- b) the year one contribution of the new degrees with Marjon as £24k;
- c) the new South West Institute of Technology (IoT) course provided £120k extra income, with £70k costs, which meant £50k return;
- d) the biggest concern was around apprenticeships, which had a contribution of £4.4m, and the impact of the last 12 months that included a decline in reputation from employer feedback, and the loss of the Princess Yacht contract of £300k;
- e) the impact of the workforce reforms left a team not fit for purpose and was under review. Apprenticeship were a core part of the College’s provision;
- f) the operational plans for the budget strategy had not yet been detailed;
- g) the learner unit cost of £4,166 had not changed;
- h) non-levy income was invoiced through agreements with employers;

- i) there had been confirmation that the increase in Teachers Pension Scheme (TPS) contribution would be fully grant funded;
- j) the budget also built in an assumption of a 1% pay increase for all staff;
- k) the forecasts for 2020/21 include a 5% increase in 16-18 student numbers based on the lower end of standard trends, which demographics supported. There was also a built in assumption that there would be no grant funding for the increase in pension contribution which was forecast at a cost of £500k. A further 1% pay increase had also been assumed in the forecasts;
- l) it was important that staff were on board and that a pay increase should be paid if possible;
- m) the financial objective about staff should also include staff welfare and wellbeing, as staff were the College's greatest asset;
- n) any required new posts would be recruited when numbers were confirmed;
- o) the financial forecasts showed a financial health score of 190 which moved the rating to "good" in 2021;
- p) the ESFA in year funding would be paid in the Autumn once student numbers had been confirmed.

RESOLVED: to RECOMMEND the Draft Budget for 2019/2020 and the Draft Financial Forecast 2019-21 to the Board for Approval including a COMMENDATION to make the budgeted 1% pay award to all staff.

F/19/34

Corporation Performance to May 2019

The CFO introduced the management accounts and noted that there was a forecast surplus for the Group of £504k. There had been a balance sheet review and the only slight risk was in relation to variable hours which would be managed differently next year by being signed-off or accrued for in month.

The financial health score was 160, which included the write down of Goschen asset and grant adjustment in the current year. Cash was down due to the Goschen impact and international payments which would normally be paid in the Autumn but had started in June in order to help with next year's cash position. The ratio was 0.59, which had a score of 10. If the ratio fell to 0.5 or below the score would be 0. The CFO reassured the Committee that the ratio would be monitored and managed to ensure the ratio did not fall any further.

The Committee NOTED the report.

F/19/35 Risk Register

The CFO noted that there had been a lot of discussions around the risk register, which included the last Corporation meeting. An

internal audit of risk had been scheduled at the end of July. The Audit Committee, in line with the recommendation by the Corporation, had discussed the risk register at its last meeting. Audit Committee had determined that it should own the risk register, and that finance risks would be monitored and managed by the F&GP Committee. The Audit Committee would next determine a mechanism to report risk to the Corporation within a tolerance.

The CFO noted two updates to the register in relation to the decreased risk around over-achieving learner numbers now that funding had been confirmed, and positive action taken in relation to the workforce reform risk.

The Committee NOTED the report.

F/19/36 Financial Regulations and Scheme of Delegation

The CFO noted that the Financial Regulations had been highlighted by an internal audit to need review and updated which had been undertaken. There had been no significant change and delegated responsibilities contained within the Regulations had been pulled out into one documentation for clarity which would be distributed to all post holders with roles and responsibilities set out on the chart.

RESOLVED: to approve the Financial Regulations and Scheme of Delegation.

F/19/37 Annual Report on Treasury Activities 2018/19

The Head of Finance informed the Committee that the College had complied with the terms of the treasury management policies and practices. She noted that balances were put into the College's business premium account to maximise interest, and updated on the College's three loans and noted that there were no plans for further loans in the next year. Both the CFO and Head of Finance had experience in treasury management.

The Committee NOTED the Annual Report on Treasury Activities 2018/19.

F/19/38 Sub-contracting Arrangements 2019/20 & Supply Chain Fees & Charges Policy 2019/20

The Head of Finance introduced the report and noted that it was an annual requirement for Corporation to approve, on the recommendation of the Committee. There were three main subcontractors: ATL, subsidiary company; Plymouth Argyle Football in the Community Trust; and Create the Space. Create the space was new and a contract wholly for the delivery of Babcock management training.

The Head of Finance noted that the Supply Policy set out all matters relating to subcontracts and included how quality was monitored. However it was drawn to the Committee's attention that the ESFA had, only in the previous week, issued new subcontract requirements. There was assurance given to the Committee that on initial sight

requirements were met, but that a more detailed and thorough review was necessary.

Following questions from Committee members and further discussion it was noted that:

- a) the new Creative Spaces contract was worth £98k over two years;
- b) the management of the quality depended on the management of the contract;
- c) a full review was necessary given that the ESFA had published revised guidance in the last week.

RESOLVED: to RECOMMEND the Sub-contracting Arrangements 2019/20 to the Board for approval, on the basis of the previous ESFA guidelines.

ACTION: a review of the College's Subcontracting Arrangements to be undertaken in line with the new ESFA guidelines for consideration at the next Committee meeting.

F/19/39

Proposed Capital Schedule 2019/20

The Head of Finance noted that there was a base provision of £400k as agreed at the last Committee meeting in April 2019. Since that time further adjustments had been necessary due to a number of College developments: Interim Accommodation Strategy; HE programme growth; and the fully funded IoT of £1.7m.

Following questions from the Committee and further discussion it was noted that:

- a) 22 July 2019 was the deadline for all parties to sign for the IoT grant. If the College did not receive the grant, there would be no spend;
- b) a rolling programme would be reinstated, and was set out in a four year programme;
- c) the College had an Asset Disposal Policy which covered the disposal of all College equipment, and there was an associated Deprecation Policy, all of which was approved through the Head of Finance or the CFO. Schools, ATL and charities were offered first refusal of equipment;
- d) as well as the agreed £400k assumed spend on capital, an additional £259k had been included for year one. Cashflow would dictate when the spend would be built in.

RESOLVED: to approve the capital programme for 2019/20.

F/19/40

Date of Next Meeting

The next meeting of the Finance Committee was scheduled on Monday 7 October 2019 at 5pm in Room KS301.

There being no other business the meeting closed at 4.15pm.

SIGNED _____ DATE _____