

CITY COLLEGE PLYMOUTH
CORPORATION FINANCE COMMITTEE

MINUTES OF THE MEETING OF THE CORPORATION FINANCE COMMITTEE
HELD ON TUESDAY 28th JUNE 2016 AT 4.30PM IN ROOM K021

MEMBERS PRESENT:

Mrs Emma Tringham – ET - Chair
Mr Phil Davies – Principal – PD
Mr Mike Jones – MJ
Mr James Venning – JV

IN ATTENDANCE:

Ms Nicola Cove – Deputy Principal - NC
Mrs Julia Tindall-Jones - Clerk

F16/09 Apologies

Apologies were received from Iain Perring. Martyn Starnes did not attend.

F16/10 Item 1.2 - Minutes of the Last Meeting

RESOLVED that the minutes of the Meeting of the Finance Committee held on the 24th February 2016, which had been previously circulated, be approved and signed as a correct record.

F16/11 Matters Arising

There were no matters arising not already covered by the agenda.

F16/12 Item 1.3 - Confidential Business

RESOLVED that agenda item 4.1 required to be treated as In Commercial Confidence.

NOTED that no declarations of interest were made at the meeting.

F16/13 Item 2.1 – Finance Committee Dashboard

NC introduced the new Finance Committee dashboard and explained that its creation was as a direct result of the recent Strategic Planning Day where Governors had indicated that it would be useful. NC explained that she had populated the dashboard with the key income and influenceable expenditure lines for the College entity with three year trend data. Income diversification and staff costs as a percentage of income, which could be benchmarked against college Finance

Record data, had also been included along with useful explanatory comments. Data had also been represented in graphical format and the governors commented that these were particularly useful. NC reminded members that the sector averages as extracted from the college Finance Record data were always a year behind. Governors then discussed the format of the dashboard and agreed that its presentation at each Finance Committee would allow them to quickly monitor the key financial areas affecting the College.

The Committee NOTED the Dashboard.

F16/14 Item 3.1 – Accounting Policies – FRS 102

NC proceeded to introduce the new accounting policies which accompanied the introduction of FRS 102 and the related FE/HE SORP. NC informed the Committee that the College is required to apply the new standard for the year 2015/16 and to do this successfully, the accounts for 2013/14 and 2014/15 have to be re-stated in line with FRS 102. NC commented that the key changes to accounting policies had been discussed with Francis Clark, the College's external auditors, and that no issues had been identified as of concern.

NC proceeded to identify the differences between the old and the new accounting methodology and explained that the College, along with the great majority of other FE colleges, had opted to continue with the accruals model for the accounting of government grants, whereas HE institutions had, in the main, opted for the performance model. The Chair asked for clarification on this issue and an example of how the accruals model works in practice. NC responded that the College's STEM capital project was a good example as funding related to the building and, although there were various conditions which attached to the grants provided, none of them were performance related.

Governors then discussed the impact of the changes on how the balance sheet/ new Statement of Comprehensive Income (SOI) would look and noted, in particular, the way that the LGPS liability would be shown. NC commented that it was important that the College liaised closely with the Banks to ensure they were cognisant of the changes and understood that identifying the EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) was key to their understanding of the College's true financial position.

NC informed members that the College had decided to carry out a selective one off re-valuation of the land it owns because following the 1998 revaluation, the land element could not be separately identified from buildings and had been depreciated together, when of course, land should not be depreciated. Governors then discussed land valuation generally and recognised that taking this opportunity to re-

value the land and revise the depreciation charges would probably benefit the College.

Governors discussed and noted the other key accounting changes including: holiday pay accrual, investment property and remuneration disclosures for key management personnel.

The Committee recognised the amount of work that had been carried out by NC and her team to prepare for the introduction of FRS102 and agreed that the paper to identify the changes made to the accounting policies had been well-written and concise.

The Committee APPROVED the Adoption of the Accounting Policies related to FRS102.

F16/15 Item 4.1 – In Commercial Confidence

F16/16 Item 5.1 - Minor Capital Schedule – 2016/17

NC introduced the Minor Capital Schedule for 2016/17 and asked Governors to note that the budget was split between minor works and STEM enabling works and would be funded from the College's own cash reserves. NC added that this minor capital budget had been embedded in full in the draft Budget and Forecast previously considered. The Chair commented that the schedule was less than in previous years and asked whether any areas of the College had been refused any significant requests. NC responded that requests from faculties had been reasonable and no major spends had been asked for or refused and that the routine element was actually in line with actual spend on the current years capital plan.

The Committee AGREED to RECOMMEND the Minor Capital Schedule 2016-17 to Corporation for APPROVAL.

F16/17 Item 6.1 - Sub-contracting Arrangements – 2016/17

NC introduced the Sub-Contracting Arrangements 2016/17 and asked Governors to note that the underlying policy was unchanged but that it was a requirement for Corporation to approve the arrangements in place annually. Governors discussed the arrangements and noted that the College did not undertake much sub-contracting activity, but in addition to ATL (existing sub-contractor and subsidiary company), it is planned to add Plymouth Argyle Football in the Community Trust, subject to Corporation agreement and acceptance onto the Register of Training Organisations (RTO).

The Committee AGREED to RECOMMEND the Sub-Contracting Arrangements 2016-17 to Corporation for APPROVAL.

F16/18 Item 7.1 - Annual Report on Treasury Activities 2015/16

NC informed the committee that the College had complied with the terms of the treasury management policies and practices and confirmed that no treasury transactions, as defined under the policy, have been completed in the period. When asked, NC confirmed that this meant any transactions other than 'overnight sweep' into the College's deposit account from the current account. NC then referred to the debt financing arrangements and confirmed that the £3m loan for the engineering refurbishment was being repaid in accordance with the arrangement made with the College's bank.

The Committee APPROVED the Annual Report on Treasury Activities 2015/16

F16/19 Item 8.1 - Annual Report on Procurement Activities 2015/16

NC presented the first annual report on procurement activities since the College centralised procurement and appointed a dedicated procurement officer and team in 2013/14.

Governors discussed the rationale for the creation of a centralised team, particularly but not exclusively, the Public Contracts Regulations 2015 which came into force in England, Wales and Northern Ireland on 26 February 2015. These provisions introduced rules that must be followed by public bodies when awarding 'below threshold contracts' but contracts that are still above minimum thresholds of £10,000 (central Government) or £25,000 (sub-central Government authorities or NHS Trusts).

Governors noted that the team had met and exceeded its targets and that the College, including its student body, had benefited significantly from having a centralised procurement team.

The Committee APPROVED the Annual Report on Procurement Activities 2015/16

F16/20 Item 9.1 - Date of the Next Meeting

The next meeting of the Finance Committee will be held on Wednesday 23rd November 2016 in room K021 commencing at 4.30pm.

There being no other business the meeting closed at 6.50pm.

SIGNED _____ DATE _____