

**CITY COLLEGE PLYMOUTH  
CORPORATION FINANCE COMMITTEE**

**MINUTES OF THE MEETING OF THE CORPORATION FINANCE COMMITTEE  
HELD ON MONDAY 12<sup>th</sup> FEBRUARY 2018 AT 4.30PM IN ROOM K024**

**MEMBERS PRESENT:**

Mrs Emma Tringham – Chair - ET  
Mr Phil Davies – Principal – PD  
Mr Mike Jones – MJ  
Mr Martyn Starnes – MS

**IN ATTENDANCE:**

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

**F18/01      Apologies**

Apologies were received from Liam Souter.

**F18/02      Item 1.2 - Minutes of the Last Meeting**

RESOLVED that the minutes of the Meeting of the Finance Committee held on the 21<sup>st</sup> November 2017, which had been previously circulated, be approved and signed as a correct record.

**F18/03      Matters Arising**

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

**F18/04      Item 1.3 - Confidential Business**

RESOLVED that no items on the agenda required to be treated as In Commercial Confidence.

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

**F18/05      Item 2.1 – Finance Committee Dashboard and Item 3.1 –  
Corporate Performance Report (CPR) for December and Predicted  
Outturn**

NC stated that she would cover the dashboard and the CPR with predicted outturn as one item. NC informed the Committee that the R06 return had been made which reported that 16-19 LNs were on track to meet the contracted target, but that the AEB was below target. A clawback of c£400k was expected in cash terms although this would be less in I&E because the full allocation had not been

recognised as part of budget setting. NC continued that the R06 mid-year estimate for AEB was £2.7m but this was not yet guaranteed as the actual earnings figure to December was £1.1m. Governors discussed the work being carried out to generate more starts and new funding and noted NC's statement that Community Learning & Support Services should generate a further £600k. The Chair asked whether the drop in AEB was in a specific area or across the board. NC responded it was across the board and also affected loan funded provision, which in the past had compensated for reductions in grant bearing provision and this was a concern for the College. NC continued that take up in ESOL, E&M and Hair and Beauty had, in particular, been lower than expected.

Moving to High Needs Students (HNS), NC commented that Element 2 was on plan as this is funded through the lag methodology. However, the number of students with EHCP's that do not trigger Element 3 thresholds has risen so the College was supporting these 16-18-year olds with no additional funding. Negotiations are continuing with PCC specifically for more funding to be allocated.

NC proceeded to apprenticeships where she commented that income was below profile as a result of the timing of payments but that this was expected to even out over the coming months. Referring to non-apprenticeship funding, NC informed the Committee that the funding allocation announced in December had not met expectations but the work completed since the management accounts had been issued demonstrated that the College could work within the parameters and that there were some opportunities for growth, albeit at risk. The Chair asked how recruitment was going in the WBL areas and NC responded that 16-18 numbers were steady and the 19+ numbers were more variable but were a key area of growth as the funding for 19+ had been increased under the new methodology.

NC reported that HE was on track and that overseas income outturn was slightly above profile as a result of higher numbers of Malaysian students than predicted.

NC concluded that the predicted outturn was on track in all areas apart from the adverse variance in the AEB which has been fully reported upon and reminded Governors that a clawback of £100k had been included within the outturn but that the major impact was on cashflow for 12 months' time.

**The Committee NOTED the Dashboard, the Corporate Performance Report for December and the Predicted Outturn.**

NC proceeded to introduce the annual review of the fee strategy asking members to note that no substantive changes had been made. Two minor updates have been added setting out additional payment mechanisms and further clarification over the administration process for HE and Advanced Learning Loans. Informal benchmarking with local and national colleges has verified that the College fee policy is in line. The Chair asked whether there was an industry standard fee policy or guidance. NC responded that the now defunct LSC had issued guidance in 2006 but there had been nothing since but that Colleges followed very similar templates.

**The Committee APPROVED the Tuition Fees for 2018/19.**

**F18/07      Item 5.1 – Cashflow/Capital Update**

NC introduced the Cashflow/Capital Update asking Governors to note that the College's cashflow position was particularly tight this year as a result of the non-disposal of the Goschen site as the expected c£1.6m had had to be funded from the College reserves. NC reminded the Committee that a cyclical overdraft was in place to cover the period December to May and that the routine capital programme had been stripped back to basics to mitigate the low cash holdings. NC added that the capital budget was currently over budget by £2k but no variation in spend was required. NC further commented that the capital underspend from 2016/17 would not be recycled reflecting the current circumstances.

**The Committee NOTED the Cashflow/Capital Update.**

**F18/08      Item 6.1 – Update on the College Insolvency Act**

NC briefed the Committee on the implications of the College Insolvency Act and the recent technical consultation carried out by the DfE. NC gave a brief background on why the Government had decided to review what would happen if a college ran out of money and the government did not stand behind it, giving examples of recent high-profile failures in the FE sector. The new rules are due to take effect at the end of 2018 before the Restructuring Facility (which had been put in place to aid colleges affected by the Area reviews) ends on 31 March 2019. NC detailed the lines of control already in place including governing bodies, ESFA, FE Commissioner and, finally Independent Business Reviews and stated that the college insolvency regime would only be triggered as a last resort.

NC emphasised that the introduction of such a regime was the government's way of making colleges more financially responsible. NC confirmed that Governors should be confident that the College adheres closely to the core financial principles and the governance was good and that risk analyses were robust. NC then referred to the recent letter from the ESFA which had been discussed at the

December Board meeting which laid out Board responsibilities and had given our Board the confidence that the College finances were well managed and information was robust and transparent.

NC then commented that the DfE would be publishing more guidance shortly and there might be a requirement for the Committee to undertake some additional training in this area.

Governors then discussed the impact of colleges failing in the sector and NC commented that the banks were concerned by the possibility that colleges would not have a Government safety net as in the past and that this was leading to tighter loan facilities and a potential reluctance to invest in the sector.

**The Committee NOTED the Update on the College Insolvency Act.**

**F18/09      Item 7.1 – Date of Next Meeting**

The next meeting of the Finance Committee will be held on Monday 18<sup>th</sup> June 2018 in room K021 commencing at 4.30pm.

There being no other business the meeting closed at 5.15pm.

SIGNED \_\_\_\_\_ DATE \_\_\_\_\_