

**CITY COLLEGE PLYMOUTH
CORPORATION FINANCE COMMITTEE**

**MINUTES OF THE MEETING OF THE CORPORATION FINANCE COMMITTEE
HELD ON MONDAY 18th JUNE 2018 AT 4.30PM IN ROOM K024**

MEMBERS PRESENT:

Mrs Emma Tringham – Chair - ET
Mr Mike Jones – MJ
Mr Martyn Starnes – MS

IN ATTENDANCE:

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

F18/10 Apologies

Apologies were received from Phil Davies and Liam Souter.

F18/11 Item 1.2 - Minutes of the Last Meeting

RESOLVED that the minutes of the Meeting of the Finance Committee held on the 12th February 2018, which had been previously circulated, be approved and signed as a correct record.

F18/12 Matters Arising

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

F18/13 Item 1.3 - Confidential Business

RESOLVED that Agenda item 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).

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

F18/14 Item 2.1 – Finance Committee Dashboard

NC presented the Finance Dashboard informing the Committee that it was based on the April accounts. NC highlighted the fact that the AEB was still below plan although there had been a small increase in expected outturn following additional recruitment. NC indicated that WBL's slow start against profile was now reversing as expected and

was on track to meet the planned outturn. Income lines are now largely set and have consolidated and there is likely to be little movement over the last quarter. Governors noted that non-ESFA income was robust and that it compared favourably with the national sector average which had been updated. NC informed the Committee that the Finance Record for 2016/17 had just been published by the ESFA and that early analysis indicated that the College was performing to plan and was holding its own in the sector.

Governors then discussed staff costs and noted that, on first sight, they were above the frequently quoted national average of 62.8%. NC then explained that this performance measure included all college income, including franchise income, and as such did not measure direct staff costs against the level of income that they directly generate. Where franchising is significant, the reported staff costs percentage would appear low. NC added that the sector average staff cost percentage, excluding franchise income was 65.8%. Governors asked for clarification of this and NC explained that the College had little franchise income in comparison to the rest of the sector and as such comparison to the correct average made a notable difference. The variance is why the ESFA have introduced this indicator, as they did not previously capture data to enable such a like-for-like comparison. In order to measure staff costs accurately as a percentage of income, they should always be judged against the level of income that they directly generate, i.e. excluding franchise. In this case, the College costs are in line with national average. MS asked for an example of a College franchise and NC responded that ATL and the Plymouth Argyle Football in the Community Trust were currently the College's only franchises.

NC then referred to the increase in interest charges relating to the PCC loan for the STEM centre. Governors discussed the interest arrangements and commented that the rate was very good particularly as it was fixed for 15 years with no early repayment penalties.

The Committee NOTED the Dashboard.

F18/15 Item 3.1 – Chief Executive ESFA Letter re Financial Statements

NC introduced the ESFA Letter reminding Governors that it had been briefly considered at the June Corporation meeting but that it had been brought to Finance Committee for more in-depth scrutiny.

The Chair then commented that she felt the ESFA Dashboard indicated that the College's financial performance was falling behind the sector and asked whether there was an explanation for this. NC stated that she did not consider the Dashboard demonstrated that and

highlighted the fact that the ESFA data related to three years of published Financial Records and two years of Financial Forecasts, the former demonstrating actual performance and the latter projected performance. Comparison between planned and actual performance demonstrated that the College's forecasts have, traditionally, been accurate and that any differences have been minor and often to the College's benefit. NC commented that not all college forecasts are as realistic and their planned financial performance should be viewed accordingly. ESFA and legacy bodies previously published data which demonstrated some considerable variation between projections and final results across the sector. Governors agreed that colleges may choose to downplay any financial challenges in their forecasts. Referring to the Financial Health categorisations for the last two years from finance records, NC highlighted that the data showed that the proportion of inadequate colleges was increasing, those satisfactory was about the same, good was decreasing and outstanding was broadly the same. NC assured the Committee that the College was on track with its forecast and that it had the trust and confidence of its external stakeholders, in particular, the bank.

Governors discussed the level of Satisfactory in the latest forecast and noted that the forecast low level was as a result of the non-disposal of the Goschen site and that without this liability the College would be more secure in the Satisfactory grading. Governors noted the sensible approach to planning adopted by the College and agreed that cautious planning was essential for the long term stability of the College and its gradual financial health improvement.

The Committee NOTED the ESFA Letter re Financial Statements.

F18/16 Item 4.1 – Draft Budget for 2018/19 and Draft Financial Forecast 2019/20 – In Commercial Confidence

This agenda item was deemed in Commercial Confidence and is subject to a separate confidential Minute.

The Committee AGREED to RECOMMEND the Draft Budget for 2018/19 and the Draft Financial Forecast 2018-20 to the Board for Approval and NOTED their review of the completeness of narrative against the ESFA Commentary Checklist.

F18/17 Item 5.1 – Minor Capital Schedule – 2018/19

NC introduced the Minor Capital Schedule for 2018/19 and asked Governors to note that the Deli hospitality area works would only proceed if a 100% grant was received from the Savoy Trust and that this bid was currently at the second stage.

The Committee AGREED to RECOMMEND the Minor Capital Schedule for 2018/19 to the Board for Approval.

F18/18 Item 6.1 – Sub-contracting Arrangements 2018/19

NC introduced the Sub-Contracting Arrangements 2018/19 and asked Governors to note that the final rules for sub-contracting for AEB had just been published and that no significant changes had been made.

NC reminded the Committee 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 apart from ATL (subsidiary company) and Plymouth Argyle Football in the Community Trust which had been approved by Corporation in 2017. NC asked Governors to note that, in response to the under delivery of the AEB, the Principal Designate has introduced a new potential provider, Stonebridge Associated Colleges trading as DTS which is currently undergoing a Due Diligence process. Once approved, the Board will be asked to add DTS to the College portfolio of sub-contractors.

NC then referred to the Supply Chain Fees and Charges Policy 2018/19 informing Governors that the only change was to Section 8 which had been slightly re-worded.

The Committee AGREED to RECOMMEND the Sub-contracting Arrangements 2018/19 to the Board for Approval.

F18/19 Item 7.1 – Annual Report on Treasury Activities 2017/18

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, had been completed in the period.

The Committee APPROVED the Annual Report on Treasury Activities 2017/18.

F18/20 Item 8.1 – Annual Report on Procurement Activities 2017/18

NC presented the annual report on procurement activities for 2017/18 giving a summary of its procurement activities and highlighting the significant savings that had been made over the year.

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. NC emphasised that the savings realised were often used to purchase more equipment rather than taken as absolute savings. NC added that the paper did not

include the savings likely to be realised by two tenders currently being conducted in the Multifunctional Devices (MFD) refresh and the renewal of the College Cleaning tender.

Governors then discussed the importance of using local contractors where possible. NC agreed and informed Governors that 40% of its contracts had been awarded to suppliers with Head Office or key base within the PL postcode.

The Committee APPROVED the Annual Report on Procurement Activities 2017/18.

F18/21 Item 9.1 – Date of Next Meeting

The next meeting of the Finance Committee will be held in November on a date to be promulgated and will be held in room K021 commencing at 4.30pm.

The Chair then, on behalf of the Committee, thanked Nicola Cove for her significant contribution to the College as Deputy Principal and in particular for her professionalism and deep financial knowledge that has helped City College Plymouth to succeed as it has. The Chair wished Nicola every success in her new appointment and wished her well for the future.

There being no other business the meeting closed at 6pm.

SIGNED _____ DATE _____