

**CITY COLLEGE PLYMOUTH**  
**CORPORATION FINANCE COMMITTEE**

**MINUTES OF THE MEETING OF THE CORPORATION FINANCE COMMITTEE**  
**HELD ON WEDNESDAY 22<sup>nd</sup> FEBRUARY 2017 AT 4.30PM IN ROOM K021**

**MEMBERS PRESENT:**

Mrs Emma Tringham – ET  
Mr Iain Perring - IP  
Mr Phil Davies – Principal – PD  
Mr Mike Jones - MJ

**IN ATTENDANCE:**

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

**F17/01      Apologies**

Apologies were received from Martyn Starnes and James Venning.

**F17/02      Item 1.2 - Minutes of the Last Meeting**

RESOLVED that the minutes of the Meeting of the Finance Committee held on the 23<sup>rd</sup> November 2016, which had been previously circulated, be approved and signed as a correct record.

**F17/03      Matters Arising**

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

**F17/04      Item 1.3 - Confidential Business**

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

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

**F17/05      Item 2.1 – Finance Committee Dashboard and Item 3.1 –  
Corporate Performance Report and Predicted Outturn for January  
2017.**

NC introduced the Financial Dashboard linking it in with Item 3.1, the Corporate Performance Report for January and the predicted outturn. NC reported a £3m operating surplus for the period, a £582k positive variance against budget but reminded governors that the timing of spend and budget profiles often led to inflated or deflated positions being reported. That said, NC confirmed that the full year predicted

outturn was now forecast to be £38k ahead of budget primarily from savings around non-pay costs.

Governors discussed current learner numbers and the impact on the College of not reaching its funded numbers particularly for 16-18 learners where the current shortfall would affect future funding using the lagged methodology. NC then updated the Committee on the College's HNS funding position with there still being an element of risk that a small number of HNS students would not have a formal Education and Health Care Plan (EHCP) in place by the end of the required timeframe. Governors noted the close liaison with the Devon Colleges Group to provide a joint position to Devon County Council over this issue.

NC proceeded to highlight the positive variance in pay cumulatively to January but commented that overall, pay was predicted to outturn on budget because of the continuing TMR agency costs which were reducing but nevertheless still a factor. NC continued that the non-pay positive variance reported cumulatively to January would likely reverse somewhat over the next few months but that overall a positive variance of £35k was still predicted at year end. When asked, NC confirmed that the majority of variances within non-pay were individually small and could not be guaranteed at this point, but that she hoped that some savings would harden over the remainder of the year.

Referring to the dashboard, NC highlighted the positive position regarding the percentage of non SFA/EFA income where the College was achieving 34% against a sector average of 27%.

Governors discussed the balance sheet and noted that the forecast cash balance at year end was encouraging and that the covenants required by Barclays bank for the Engineering Refurbishment loan had been met.

IP then asked what effect the Apprenticeship Levy would have on the College's cash flow. NC responded that the Board would be discussing the Apprenticeship Levy at the upcoming Strategic Planning Day in April. NC continued that assumptions had been built in to the modelling algorithms for cash flow allowing for a 2 month lag in payments. IP asked the scale of the possible impact and NC responded that the total income for apprenticeships was currently c£3.7m, but that in year one of the Levy, a significant proportion of this would be funded under the old grant mechanism as 'carry-over' for those learners on programme before May 17. Although the current payment profiles were not straight-line, for illustration purposes, under the full Levy system, monthly cash remittances could be in the order of £300k per month. ET asked whether the College was consulting closely with the big employers in the area such as Babcock. The Principal confirmed that they worked very well with the local entity but

that there was some uncertainty going forward as to how much the big employers might choose to centralise their apprenticeship provision initially, devolving it slowly over the next few years. Governors then discussed the possible impact of the Levy on the College and smaller companies.

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

**F17/06 Item 4.1 – Tuition Fees Policy 2017/18**

NC proceeded to introduce the annual review of the fee strategy asking members to note that no substantive changes had been made. A minor amendment to update funding eligibilities has been included to reflect SFA clarification on policy. Informal benchmarking with local and national colleges has verified that the College fee policy is in line.

**The Committee APPROVED the Tuition Fees Policy for 2017/18.**

**F17/08 Item 5.1 – Cash and Capital Update**

NC reported that the Cashflow at the end of January reflected a healthy cash balance and that the normal cyclical dip had not occurred this year as the loan from PCC for the STEM Centre was being paid on profile (at their request) in advance of spend. NC continued that the usual overdraft arranged with Barclays had not been required as a result of this.

Moving to the capital programme, NC informed the Committee that a small negative variance of £6k was predicted for year-end but this was based on all other projects completing to cost and that the College would manage other projects so as the overall minor capital plan was on budget. As a result no variation in spend was required at this time.

**The Committee NOTED the Cash and Capital Update.**

**F17/09 Item 6.1 – Banking Structural Reform**

NC gave a short brief on the Bank Structural Reform informing members that following the financial crisis, certain large banks were required to ring-fence their operations into retail and other business activities by January 2019. NC informed the Committee that the College would continue to bank with Barclays through its commercial and international arm, and as such our contracted bank remains Barclays Bank PLC, which means there is no need to resign mandates etc. The whole sector will take the next 2 years to complete the transition. The main impact for the College is that clients in each of the separated banks cannot have the same sort codes, so we will have

our sort code changed during the second half of 2017. Banks will introduce a number of fail-safes to ensure that payments do reach their intended destinations but clearly the biggest single risk relates to the potential for fraud and scams given the volume of changes to bank account details.

**The Committee NOTED the brief on Banking Structural Reform.**

**F17/10      Item 7.1 – Biennial Review of Finance Committee Standing Orders/Terms of Reference**

The Clerk introduced the biennial review of the Committee's standing orders/ terms of reference asking Governors to note that two minor amendments had been made to reflect the removal of FRS18 as a distinct accounting policy (now covered under FRS 102) and the additional delegation to approve the Annual Report on Procurement Activities.

**The Committee AGREED to RECOMMEND the Biennial Review of its Standing Orders/Terms of Reference to Corporation for approval.**

**F16/31      Item 8.1 – Date of Next Meeting**

The next meeting of the Finance Committee will be held on Tuesday 20<sup>th</sup> June 2017 in room K021 commencing at 4.30pm.

There being no other business the meeting closed at 5.55pm.

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