

**Minutes of a meeting of the Finance and Resources Committee of City College Plymouth
Held on 25 November 2019, 1700**

Present: _____ Martyn Starnes, Chair
Jackie Grubb, Principal
Mike Jones, Staff Governor
Emma Tringham, Governor

In Attendance: _____ Lorraine Hill, Chief Finance Officer (CFO)
Sandra Wilson, Head of Finance
Liz Wiltshire-Meads

F/19/49 Apologies for Absence, Declarations of Interest & Quoracy
There were no apologies received, no unregistered interests and the meeting was quorate.

F/19/50 Minutes of the Meeting of the Finance Committee held on 7 Oct 2019
RESOLVED: that the minutes of the Meeting of the Committee held on 7 October 2019 be approved and signed as a correct record.

F/19/51 Action Annex
There were no matters arising.

F/19/52 Confidential Items
RESOLVED: That no agenda items were required to be dealt with In Commercial Confidence or treated as Part II.

F/19/53 Updated Committee Terms of Reference & Cycle of Business
The Clerk introduced the updates to the documents as discussed at the last Committee meeting.
RESOLVED: To recommend the new Terms of Reference and Cycle of Business to the Corporation for approval including the broader remit of for the Committee as the Finance & Resources Committee including HR, Health and Safety and Accommodation.

F/19/54 Corporate Performance Report and Management Accounts to September
The Chief Finance Officer (CFO) introduced the Management Accounts to September and tabled a report on the October Management Accounts. She noted that for the first two months there was a budget deficit but that would turn to an operating surplus for the Group of £683k. The budget had been reprofiled for the year which was a significant change to reflect income in line with the Further Education Commission (FEC) recommendation. Other costs were below budget due to staff vacancies.

The September Management accounts had two new appendices: FTE breakdown of staff at Appendix C; and contribution per department vs actual.

Staff costs were down due to 25 vacancies but with 10 agency staff, this did not effect income but put pressure on delivery. The Principal noted that staff would be put on the Risk Register and that five members of staff had left the College to work at Babcocks.

The CFO noted that cash was strong, and appeared higher than budget due to Institute of Technology spend not having gone out. The Financial Health Score for the

year was 180-190. In terms of financial resilience consideration was being given to stretch the cash days target from 22.

The October Management Accounts showed an operating deficit of £79k against a budget deficit of £142k which was a £63k favourable variance. Income was on track against budget with the student numbers return on 16-18 on track to hit target with one week to go. The cash position at the end of October was £4.3M against a target of £3.8M due to capital spend phasing. The College was looking to use Barclays cash on deposit on 30,60 and 90 day notice. One of those was a green deposit account which provided a positive sustainability and environmental aspect for the College.

The October Management Accounts contains two further new appendices: a cash graph with the budgeted cash position vs the actual; and budget profiling each month with actual vs forecast.

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

- a) the word vulnerable had been used to describe the financial position of the College due to the need to become more financially resilient and sustainable whilst investing in staff, teaching, learning and assessment, staff development and the estate;
- b) there was a need to invest to move the College forward and as such remained vulnerable;
- c) vulnerable was also a useful word for staff to understand and be mindful of the financial position, as cash was stable, the College was reinvesting, but cash did not grow;
- d) the word "vulnerable" would not affect staff morale but would emphasise that there was no room for complacency.

The Committee NOTED the report.

F/19/55 External Audit Report, Management Letter and Financial Statements to 31 July 2019

The CFO noted that these had been considered by the Audit Committee in the previous week, and took the Committee through the risks identified in the External Audit report and noted that the audit had gone smoothly.

The Committee thanked the Finance Team for their work in the smooth handling of the audit.

The Financial Statements and accounts reflected the Managements accounts to July 2019. The Head of Finance noted that the accounts reflected the Casterbridge model template. The College operational surplus was £755k. Gift aid from ATL was £337k which was the minimum the College could receive without generating tax liability. The end result with the pension adjustment and amortisation was a deficit of £1,035k.

The main statement of income and expenditure showed staff costs of £20M, 62.7% of income, which was below FEC average of 68.8%, and a reduction of 3.9% from the previous year. The balance sheet showed an increase in debtors, that assets had gone up and an improvement in the cash position of £1.1M. Creditors were down from £6M to £4.8M. The Financial Health score was 200.

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

- a) both covenants would be met in the current year;
- b) the College would keep £300k overdraft facility but would not be utilised for the first time in a number of years;

- c) the accounts would be submitted to the Education and Skills Funding Agency (ESFA) and published on the College website.

The CFO took the Committee through ATL external audit report and statutory accounts.

RESOLVED: to recommend to the Board for approval and signing the Financial Statements to 31 July 2019 and the Letter of Representation for both the College and ATL.

F/19/56 Risk Register - Committee Responsibilities Report

The CFO took the Committee through the report and noted that there had been changes to Risk 5 in relation to maternity and succession planning of the Finance Team. The whole register was under constant review and Risk 1 would be closed and a new risk added. The Committee NOTED the report.

F/19/57 Subcontract Arrangements - Contract Review Update

The CFO gave a verbal report that all subcontracts had been amended to ensure compliance with the latest ESFA rules. The following contracts had been reviewed as an action from the last meeting: Raiders; and CITB. Both contracts were not subcontract agreements but did come under the new rules and policy. Both contracts would be monitored as if they were subcontract. The following subcontracts would be declared: ATL Achievement Training; Create the Space (£96k); Babcock (£638k); and Plymouth Argyle (£133k).

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

- a) Raiders was not a subcontract as the contract provided only additional coaching, that was in addition to the qualification at the College;
- b) CITB received payment for sign ups and reviews but not qualifications.

ACTION: CFO to provide a crib sheet to the next meeting to set out all partnership and subcontracts to understand which contract fell where.

The Committee NOTED the report.

F/19/58 Date of Next Meeting

The next meeting of the Finance & Resources Committee was scheduled on Monday 24 February 2020 in Room KS301 commencing at 5.00pm.

There being no other business the meeting closed at 6.15pm.

SIGNED _____ **DATE** _____