



# TRURO AND PENWITH COLLEGE CORPORATION



## Finance and General Purposes Committee

**Minutes** of the Finance & General Purposes Committee  
held on 8 June 2022 via Teams

Members: Mr J Burnett, Mr P Callen, Mr D Collins, Mr M Cooper, Ms K Prosser, Mr M Tucker (Principal), and Mr A Young (Chair)

Also Present: Mrs A Bull (Director of Curriculum Development), Ms J Cashmore (Director of Operations), Mr S Cryer (Director of Finance), Mrs L Langdon (Head of Finance), Mrs H McKinstry (Director of Partnerships and Apprenticeships), Ms L Maggs (Director of Operations, Penwith College) and Mrs A Winter (Clerk to the Corporation)

Apologies: Sir Robert Owen

Item	Discussion/Decision	Action
22/31	<p><b>Minutes</b></p> <p>The Minutes of the meeting held on 22 March 2022 were <b>APPROVED</b> as a correct record.</p>	
22/32	<p><b>Matters Arising</b></p> <p>There were no matters arising to be addressed.</p>	
22/33	<p><b>Management Accounts 2021/22</b></p> <p>The Head of Finance presented the management accounts (1 Aug 2021 – 30 April 2022) and explained the alterations to income and expenditure. Variations were mainly related to a better than anticipated post-Covid recovery and higher levels of activity.</p> <p>An improvement in projected income included additional revenue grants (eg. Skills Accelerator Development, Computer/Maths Hub, Bootcamps, Higher Technical funding, Teaching School and other smaller grants), increased ESF project activity, capital grants and Local Authority high needs funding.</p> <p>Home to College transport income was lower than anticipated and increased expenditure included costs for central services (eg. marketing, staff development, administration, professional services etc), staffing and premises costs.</p> <p>An overall deterioration in the projected outturn was largely due to depreciation costs whilst the EBITDA (earnings before interest, taxes, depreciation, and amortization) was showing a slight increase at 4%. An end of year deficit of £362k was forecast at this stage. An ESFA financial health grading of ‘Outstanding’ was still achievable.</p> <p>Governors <b>NOTED the</b> decline in the end of year forecast and key reasons for the expected deficit.</p>	

<b>22/34</b>	<p><b>Cashflow</b></p> <p>The Committee considered the confidential cashflow projections to July 2024 incorporating the proposed budget for 2022/23. The expected low points were highlighted and underlying assumptions explained.</p> <p>The additional costs and revised payment milestones for the Ottery building had been incorporated into the cashflow. The possibility of support from the LEP towards the extra costs had been explored but additional funding was not currently available.</p> <p>The Committee noted that the planned withdrawal of around £4m from the managed investments in late July 2022 to boost the end of year cash position and ESFA financial health score was included in projections, which had been delegated to the Investment Panel to implement.</p> <p>Governors <b>NOTED</b> that the Cashflow position remained positive throughout the next two years.</p>	
<b>22/35</b>	<p><b>Support Area Benchmarking</b></p> <p>The Director of Finance presented the outcome of a benchmarking process to review costings for various support functions. Although national data were not published (due to wide variations in the way that activities were structured and delivered), informal benchmarking with a small group of colleges had been completed to provide an indication of the relative efficiency for three of the College's main support areas.</p> <p>Overall, the analysis demonstrated that the College spent significantly less on IT, HR and Payroll and Finance, largely due to fewer staff and lower pay. However, high service levels were being maintained as judged by internal audits. Management had already identified potential benefits from increasing capacity/expertise, particularly in IT and HR and would be considering potential changes.</p> <p>Governors agreed the benchmarking demonstrated that support areas were reassuringly efficient and lean. The exercise provided a useful sense check of relative costs which it would be useful to repeat on a three-year cycle.</p>	SC to repeat review in 2025
<b>22/36</b>	<p><b>Proposed Budget for 2022/23</b></p> <p>This confidential item is separately minuted</p>	
<b>22/37</b>	<p><b>College Financial Forecast Return (CFFR) for 2021-2024</b></p> <p>This confidential item is separately minuted</p>	
<b>22/38</b>	<p><b>ESFA College Financial Benchmarking Results 2021/22</b></p> <p>The Committee considered the financial benchmarking information based on 164 general FE and tertiary colleges. The various measures and comparisons were explained, noting that the College was atypical due to a high proportion of income derived from 16-19 learners and fewer adults and apprentices.</p> <p>The College was continuing to maintain a strong financial position with no debt (unusual in the FE sector), despite considerable investment in major developments in recent years.</p>	

22/39	<p><b>ESFA Financial Health Grading and Finance Dashboard</b></p> <p>The Committee considered the current scoring methodology, the proposed changes and implications for the College’s financial health grading.</p> <p>The ESFA had confirmed a grading of ‘Good’ for 2020/21 which was expected to continue for 2021/22 on the basis of the forecast outturn. A grade of ‘Outstanding’ in the ESFA forecasts was expected for 2022/23 and 2023/24 on the basis that a current ratio of more than 2 was maintained with an EBITDA greater than 4%.</p>	
22/40	<p><b>Managed Investments</b></p> <p><b>40.01 Review of Investment Policy</b></p> <p>The Committee reviewed the Investment Policy and confirmed that it remained appropriate and aligned to the College’s risk appetite. No changes were needed at this stage but the Policy would be updated regarding environmental and ethical investing once the College’s sustainability strategy had been confirmed.</p> <p><b>40.02 Investment Panel Update</b></p> <p>This confidential item is separately minuted</p>	
22/41	<p><b>Capital Equipment Budget Update</b></p> <p>The Finance Director presented a summary of the capital equipment expenditure to the end of April 2022 and the proposed budget to December 2023.</p> <p>The Committee noted that as well as the allocation from College funds, additional grants had been received from the Office for Students (OfS) and to support T Levels, Higher Technical courses (Nursing) and Skills Accelerator green technologies and electric vehicle provision.</p> <p>The actual expenditure to date was noted and it was proposed that the budget was extended to £2.8m to cover equipment needs to the end of December 2023. This would include a rolling replacement cycle for IT equipment, improvements to IT infrastructure as well as curriculum team capital bids.</p> <p>Following consideration, the Committee <b>APPROVED</b> the capital equipment budget of £2.8m to December 2023.</p>	
22/42	<p><b>Premises Matters</b></p> <p>The Principal provided an update and Governors <b>NOTED</b>:</p> <ul style="list-style-type: none"> <li>• <u>Ottery</u> (Bodmin) – a tender process was underway for completion of the core of Ottery. Tenders would be assessed by Capita prior to interviews with each contractor. It was hoped that the appointed contractor would commence work as soon as possible with completion due by Easter 2023. The overall costs of the project were expected to increase significantly.</li> <li>• <u>Summer Works</u> – the agreed programme of work had already started with modifications and maintenance underway at Tregye, Truro and Penwith.</li> </ul>	

	<ul style="list-style-type: none"> <li>• <u>Stadium for Cornwall</u> – due to the changes to the government funding, the project had been unable to gain the necessary support for a Culture Recovery Funding bid and as no other funding avenues were available the project was unable to progress.</li> <li>• <u>Haven House</u> – the potential use of Haven House for temporary staff accommodation was being explored.</li> </ul>	
<b>22/43</b>	<b>Date of Next Meeting</b> The Committee would meet at 5pm on Tuesday 11 <sup>th</sup> October 2022	ALL to note