



# TRURO AND PENWITH COLLEGE CORPORATION



## Finance and General Purposes Committee

**Minutes** of the Finance and General Purposes Committee held on Tuesday 24 January 2017 at Truro College.

Members: Mr P Callen, Dr J Lander (Chair), Mr D Walrond, Mrs E Winser and Mr A Young

Also Present: Mr M Arnold (Director of Quality), Ms J Cashmore (Director of Operations), Mrs S Dickinson (Director of Finance), Mr D Haughton (Finance Officer), Mrs C Mewton (Director of Studies), Mr A Stittle (SMT Development Post), Mr M Wardle (Director of Curriculum) and Mrs A Winter (Clerk to the Corporation)

Apologies: Mr M Tucker (Director of Penwith College)

| Item  | Decision   | Action |
|-------|--|--------|
| 17/01 | <p><b>Minutes</b></p> <p>The minutes of the meeting held on 22 November 2016 were approved and signed as a correct record.</p>   |        |
| 17/02 | <p><b>Matters Arising</b></p> <p><b>02.01 Truro and Penwith Academy Trust (Minute 16/66)</b></p> <p>Members noted that the financial statements for 2015/16 had been approved by the TPAT Board on 6 December 2016.</p> <p><b>02.02 Callywith College Trust (Minute 16/69)</b></p> <p>Members noted that the financial statements for 2015/16 had been approved by the Callywith College Trust Board on 30 November 2016.</p> <p><b>02.03 Callywith College – ICT Contract (Minute 16/71.03)</b></p> <p>Members noted that tenders had been assessed, a preferred contractor selected. Following final scrutiny by the Education Funding Agency the contract had been awarded to Circle IT.</p> <p><b>02.04 Pension Scheme (Minute 16/72)</b></p> <p>Although the new Brunel Pension Partnership was a very large pooled fund, it did not appear to offer significant cost savings. The development of the Brunel Project and potential benefits of pooled funds would continue to be monitored.</p> |        |

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|       | <p><b>02.05 Financial Statements (Minute 16/74)</b></p> <p>The Director of Finance confirmed that following amendments, the College's financial statements had been finalised and published. It was noted that other institutions had also opted to present the underlying operating surplus in the commentary rather than the final outcome after applying the new statement of recommended practice (SORP) and financial reporting standard (FRS102).</p>   |                    |
| 17/03 | <p><b>Management Accounts 1 August 2016 – 31 December 2016</b></p> <p>The Committee considered the management accounts for the first five months of the 2016/17 financial year and the proposed changes to the agreed budget.</p> <p>The Finance Officer highlighted expected variations from the original budget figures, which included:</p> <ul style="list-style-type: none"> <li>• an increase in the level of local authority 16-24 funding to support high needs students</li> <li>• a reduction in SFA 19+ funding as a result in a fall in adult activity linked to the introduction of loans for 19+ students</li> <li>• an increase in Apprenticeship income related to growth in 2015/16 and in 2016/17</li> <li>• a decline in tuition fee income due to a fall in HE and adult FE recruitment (eg. Access courses)</li> <li>• additional Learner Support Funds</li> <li>• increases in other grant funding including Teaching School and Maths Hub activities</li> <li>• higher interest and investment income related to the College's portfolio of managed investments.</li> </ul> <p>Members noted that although income would be higher in some areas, there was also expected to be an associated rise in costs (eg. additional staff to support students with high needs). Overall, the impact of the various adjustments (before the profit on the recent sale of the Newquay property) would result in very little change to the breakeven end of year position expected.</p> <p>The Committee discussed the current position and considered the proposed amendments to the budget. Governors recognised that some increases in income were one-off gains that would not be repeated in future. Also, the transfer of adult funding to the Local Enterprise Partnership (LEP) and new commissioning arrangements could have implications next year. The financial climate was likely to become more challenging in 2017/18.</p> <p>Following discussion, the Committee agreed to <b>RECOMMEND</b> to the Corporation the approval of the revised budget for 2016/17.</p> | AW for Corporation |

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| 17/04 | <p><b>Cashflow Projections</b></p> <p>The Committee considered the cashflow projections to June 2018 and noted the assumptions on which the figures were based. The figures had been adjusted to reflect recent changes including revised estimates for local authority funding for high needs students (and anticipated in-year clawback in respect of under delivery) as well as the up-to-date Callywith College capital funding received and payments made to the contractor.</p> <p>Overall, the cashflow position remained very secure for the next eighteen months.</p>  |  |
| 17/05 | <p><b>Review of Financial Performance Indicators and Objectives</b></p> <p>The Committee received an update on the financial objectives for the College and the SFA Financial Health scoring methodology. Members noted that based on the revised budget, the College was on course to achieve its financial objectives in 2016/17 and retain the 'outstanding' SFA grading.</p> <p>Following discussion, the Committee <b>AGREED</b> to amend the financial objectives by raising the annual cashflow surplus from 3% to 4% of turnover. Governors also requested information about financial health grading across the FE sector, in order to benchmark with other colleges.</p>  | DH to amend objectives and obtain benchmarking information |
| 17/06 | <p><b>19+ Tuition Fees 2017/18</b></p> <p>This confidential item is separately minuted.</p>   |  |
| 17/07 | <p><b>HE Tuition Fees 2018/19</b></p> <p>This confidential item is separately minuted.</p>  |  |
| 17/08 | <p><b>Catering Review Report</b></p> <p>The Director of Operations presented a report providing an overview of current provision and an explanation of the way the service had evolved. She also summarised the outcome of external reviews undertaken in 2013 and in June 2016 and the initiatives to reduce costs and improve efficiency.</p> <p>Although the 2013 review resulted in a number of improvements and a reduction in the operating deficit, further recommendations as a result of the 2016 review had been implemented and an improved end of year position in 2016/17 was expected.</p> <p>Following a detailed discussion of the various issues and factors, the Committee <b>AGREED</b> to accept the recommendation for the Truro Catering Service to remain in-house and allow the recent changes to bed-in before considering any further changes. The Committee would review the position in January 2018.</p> | JC to continue to monitor and report in Jan 2018           |

**17/09 Premises Matters**

**09.01 Proposed Summer Works**

Members considered the programme of essential replacement and refurbishment work proposed for summer 2017. Particular emphasis was being given to student access areas and public facilities including the Tresillian Learning Resource Centre and Kenwyn Conference/Lecture Suite.

In response to questions, the Director of Operations confirmed that although the proposed list had been pared back to the essential items, nothing had been removed from the list that it might be more expensive to maintain if it was not addressed this year. Members noted that there would be no significant impact on budgets by commencing work at an earlier stage than usual to enable the Premises Team to assist with final preparation for the opening of Callywith College. Overall the estimated costs of the proposed summer works amounted to less than the depreciation charges.

Clarification was provided about the provision of support to Callywith College and the Committee noted that as the sponsor, Truro and Penwith College was responsible for the building programme and would be assisting with the initial set up and establishment of the new College. The Callywith College Trust would be re-charged for various services provided by Truro and Penwith College (such as HR, MIS etc.).

The proposed summer works were **APPROVED** by the Committee.

**09.02 Review of Rolling 5 year Maintenance Plan**

The Committee received and **NOTED** the schedule of major maintenance projects and costs until 2020.

**09.03 Other Premises Matters**

**(a) Callywith College**

The Principal Designate for Callywith College reported that the building work was slightly behind schedule (due to adverse weather conditions) but the contractors were working hard to make up for lost time. Student applications had exceeded 300 and were expected to rise further as this was an early point in the applications cycle. A pre-opening progress meeting with the DfE on 20 January 2017 had been positive with a range of actions being taken forward.

**(b) Growth Fund Bid**

Members noted that the LEP's allocation was far short of the total Cornwall bid and information about how the funds would be dispersed for specific projects was still awaited. The College's bid for matched funding towards a STEM centre at the Callywith Campus was looking very uncertain at this stage.

|                          |  |                                       |                       |                          |                     |                         |                     |             |
|--------------------------|--|---------------------------------------|-----------------------|--------------------------|---------------------|-------------------------|---------------------|-------------|
|                          | <p>The construction of the centre would need to commence in spring 2017 to enable completion by the beginning of the 2018/19 academic year. The building schedule would need to avoid any adverse impact on the College opening in September 2017.</p> <p>It was agreed that the costs, timetable and options should be considered at the next meeting when it was hoped that clarification would be available about the Growth Fund bid.</p> <p><b>(c) Truro Leisure Centre</b></p> <p>Members noted that the operation of the Leisure Centre would transfer from Tempus to GLL in April 2017 and preliminary discussions with the new operator about potential improvements to facilities had been taking place.</p> | MW to produce information and options |                       |                          |                     |                         |                     |             |
| <b>17/10</b>             | <p><b>Dates of Meeting in 2017/18</b></p> <p>The dates of Committee meetings in 2017/18 were confirmed as follows:</p> <table style="margin-left: 40px;"> <tr> <td>Monday 2 October 2017</td> <td>Tuesday 20 March 2018</td> </tr> <tr> <td>Tuesday 21 November 2017</td> <td>Tuesday 15 May 2018</td> </tr> <tr> <td>Tuesday 23 January 2018</td> <td>Tuesday 3 July 2018</td> </tr> </table>   | Monday 2 October 2017                 | Tuesday 20 March 2018 | Tuesday 21 November 2017 | Tuesday 15 May 2018 | Tuesday 23 January 2018 | Tuesday 3 July 2018 | ALL to note |
| Monday 2 October 2017    | Tuesday 20 March 2018  |                                       |                       |                          |                     |                         |                     |             |
| Tuesday 21 November 2017 | Tuesday 15 May 2018  |                                       |                       |                          |                     |                         |                     |             |
| Tuesday 23 January 2018  | Tuesday 3 July 2018  |                                       |                       |                          |                     |                         |                     |             |
| <b>17/11</b>             | <p><b>Any Other Business</b></p> <p><b>11.01 Financial Limits on Investments</b></p> <p>In order to increase flexibility, on the advice of the College broker, the Committee APPROVED an amendment to the Financial Regulations to increase maximum investment limits with the Newcastle Building Society, the Principality Building Society and Nottingham Building Society to £2.25M.</p> <p><b>11.02 Area Review</b></p> <p>This confidential item is separately minuted.</p>   | DH to note                            |                       |                          |                     |                         |                     |             |
| <b>17/12</b>             | <p><b>Date of Next Meeting</b></p> <p>The Committee would next meet at 5.00pm on Tuesday 14 March 2017 at Truro College.</p>   | ALL to note                           |                       |                          |                     |                         |                     |             |