



# TRURO AND PENWITH COLLEGE CORPORATION



## Finance and General Purposes Committee

**Minutes** of the Finance and General Purposes Committee held on Tuesday 15 October 2019 at Truro College.

Members: Mr P Callen (in the Chair), Mr D Collins, Sir Robert Owen, Mr R Townsend and Mr D Walrond,

Also Present: Mrs L Bradley (Director of Quality), Ms J Cashmore (Director of Operations), Mr S Cryer (Director of Finance), Mr D Haughton (Finance Officer), Mr M Tucker (Director of Penwith College) and Mrs A Winter (Clerk to the Corporation)

Apologies: Mrs C Mewton (Director of Studies) and Mr A Stittle (Director of Partnerships)

Item	Decision	Action
19/52	<p><b>Minutes</b></p> <p>The minutes of the meeting held on 1 July 2019 were <b>APPROVED</b> and signed as a correct record.</p>	
19/53	<p><b>Matters Arising</b></p> <p><b>53.01 Stadium (Minute 19/43.01)</b></p> <p>Governors noted that the land transfer had not yet been finalised. It was hoped that the transfer would be completed before the Council Cabinet meeting on 13 November 2019. Any changes to arrangements, implications and potential risks for the College were continuing to be assessed by legal advisers.</p> <p><b>53.02 Investment Panel Update (Minute 19/43.03)</b></p> <p>The Finance Officer reported that the Quilter Cheviot Charity Authorised Investment Fund (CAIF) would now be launched in January 2020. In recognition of the delay, a reduction in fees had been agreed by the investment manager.</p> <p><b>53.03 Land at Callywith (Minute 19/43.04)</b></p> <p>Governors noted ongoing discussions with the developer and Council concerning potential housing on land adjoining the College. Solicitors had been instructed to act for the College in negotiations about access to the housing site via College land.</p>	

	<p><b>53.04 Catering Update (Minute 19/47)</b></p> <p>The Director of Operations reported that the catering service this term had been effective and fortnightly meetings with Caterlink representatives had been useful, providing an opportunity for students to share feedback. The food offer, opening times and staffing arrangements had been reviewed and adjustments made as appropriate. A full assessment of catering provision and options for the 2020/21 contract would be provided later in the year.</p>	<p>JC to report to Committee</p>
<p><b>19/54</b></p>	<p><b>Management Accounts 1 August 2018 – 31 July 2019</b></p> <p>Draft accounts for the 2018/19 financial year were presented to the Committee. The accounts remained 'draft' as invoices and payments relating to recent transactions were still being received and processed. The auditors were in the process of preparing the end of year financial statements for the next meeting.</p> <p>Governors were pleased to note that as a result of various changes, the projected outturn had been improved significantly. In particular, a new contract to deliver Nursing qualifications in partnership with the Royal Cornwall Hospitals Trust had been secured towards the end of 2018/19 and other grant income earned by the Maths Hub, Teaching School and other projects had been increased. Reductions in expenditure had also been achieved in relation to central services, minor equipment, curriculum and redundancy costs.</p> <p>In response to questions the Finance Officer explained that the increase in premises maintenance costs was due to the timing of invoices meaning that two programmes of summer work had been paid for during one financial year. It was also noted that the considerable increase in pension liabilities related to an interim valuation of the Local Government Pension Scheme. The outcome of the formal 3yr actuarial review in March 2019 was awaited.</p> <p>The Committee discussed the pay position with no increase since 2010, other than a small rise of 1.5% in September 2017, and hoped that the pay levels could be reviewed in the near future. Governors noted that details of the increase in core funding for 2020/21 had not yet been published and there had been no commitment to maintain the funding levels for more than one year.</p>	
<p><b>19/55</b></p>	<p><b>Cashflow Projections</b></p> <p>The Committee considered the cashflow projections to July 2021 and noted the assumptions on which the figures were based. The projections had been revised to include the Stadium and Institute of Technology capital projects but figures had not been adjusted to take account of the Chancellor's funding announcement on 5 September 2019 as the details were still awaited. At this stage it was expected that a withdrawal from the managed investments would be necessary early in 2021 to support the cashflow.</p>	

19/56	<p><b>Draft Operating and Financial Review</b></p> <p>The Committee reviewed the first draft of the Operating and Financial Review sections of the annual Financial Statements for 2018/19. Members were invited to forward any corrections and comments to the Finance Director.</p> <p>The Financial Statements for 2018/19 would be finalised by the Committee in November, before being scrutinised by the Audit Committee and presented to the Corporation for approval.</p>	Governors to forward corrections & comments to SC
19/57	<p><b>Review of College Insurance for 2019/20</b></p> <p>The Committee received a summary of the current insurance cover negotiated with Hettle Andrews using the Crescent Purchasing Consortium framework for FE. The new 3year agreement was due to end in July 2021, with the option to extend for a further two years.</p> <p>Although no major changes to cover were proposed there were some adjustments due to changing circumstances (such as the addition of a new synthetic turf rugby pitch) which had resulted in a small rise in the premium. A low claim rebate would be applied.</p> <p>The Committee considered the proposed cover and <b>AGREED</b> that no changes to the policy were needed at this time..</p>	
19/58	<p><b>Cost Centre Report for College Nursery</b></p> <p>The Committee noted that the final outcome for 2018/19 was a deficit of £9.7k, in line with the budget forecast. The reasons for the deficit were explained and primarily related to a higher proportion of babies and toddlers which required a higher staffing ratio as well as an increase in pay costs due to new National Minimum Wage rates.</p> <p>The Committee noted that the nursery was run flexibly as a service to students and staff and the outturn included a nominal rental charge of £10,000.</p> <p>In response to questions, Governors noted that fee increases would help improve the financial position next year.</p>	
19/59	<p><b>Green Energy Update</b></p> <p>The Committee received the annual assessment of the benefits and performance of the College's three major renewable energy projects: wind turbine at Penwith; biomass central heating system at Tregye; photo-voltaic roof panels at Truro and Penwith.</p> <p>The Committee noted that as well as enabling the College to produce its own energy and reduce carbon emissions, each of the systems had achieved considerable efficiency savings due to favourable feed-in tariffs at the time of installation, and a reduction in the energy purchased.</p>	

	<p>Overall the capital investment of £1.1m made between 2011 and 2014 had very nearly been paid back already and would continue to produce a very favourable return, taking account of maintenance and replacement costs.</p> <p>In response to questions the Committee noted that other Green energy developments included replacement LED lighting, ground source heating within new buildings at Penwith and other measures such as efficiency closures of buildings during evenings. Alternative technologies were being considered during all College maintenance and building projects.</p> <p>The Committee was pleased to <b>NOTE</b> the efficiencies achieved.</p>	
<b>19/60</b>	<p><b>Annual Review of College Banking and Legal Services</b></p> <p><b>60.01 Banking</b></p> <p>The Finance Officer reported that HSBC continued to provide a good service and most transactions incurred no charges.</p> <p>Members <b>AGREED</b> that as fees were low and a good service was provided that College banking should remain with HSBC.</p> <p><b>60.02 Legal Services</b></p> <p>In relation to legal services, the College did not have a standing arrangement with one law firm but used an appropriate specialist as needed. Stephens Scown Solicitors were generally used for property matters, an independent specialist provided employment advice, and Michelmores had advised on academy issues.</p> <p>The Committee <b>AGREED</b> that it was effective and economical to engage specialists according to the particular issue, and agreed there was no reason to change this approach.</p>	
<b>19/61</b>	<p><b>Premises Matters</b></p> <p><b>61.01 Institute of Technology</b></p> <p>Governors noted that MIDAS had been appointed as contractors for the new IoT building, to be named Valency. The work would begin in February 2020 with completion by the end of the year, to enable the DfE funding to be utilised by the February 2021 deadline. The total project costs were estimated at £7m of which £2m would be funded by the DfE.</p> <p><b>61.02 Tregye Campus</b></p> <p>The Committee noted that a question had been raised by a adjoining landowner concerning the boundary of the College's site at Tregye. Land registry records were being checked.</p>	
<b>19/62</b>	<p><b>Date of Next Meeting</b></p> <p>The Committee would meet at 5.00pm on Tuesday 12 November 2019 at Truro College at 5.00pm. The Investment Panel would meet beforehand at 2.30pm.</p>	ALL to note