



THE CORNWALL COLLEGE GROUP

Minutes of the Finance and Resources Committee meeting held on 23 June 2021 at 9am using a blended approach with some Governors at the St Austell campus and others joining via Microsoft Teams

Committee members present

Karen Burrows	KB	Committee chair
Martin Bailey	MB	Governor
Peter Child	PC	Governor
John Evans	JE	Principal and CE and Governor
Ian Tunbridge	IT	Chair of the Board
Geoff Warring	GW	Governor
Ellen Winser	EW	Governor

In Attendance

Wendy Randle	WR	Director of Governance
Adrian Ford	AF	Vice Principal Group Operations
Graeme Sinclair	GS	Director of Finance

		Action
1	WELCOME, APOLOGIES AND DECLARATIONS OF INTEREST The full Committee were in attendance. There were no further declarations of interest to those on the members' register of interests.	
2	MINUTES OF THE MEETING HELD ON 20 MAY 2021	
2.1	The minutes and confidential minutes of the meeting held on 20 May 2021 were agreed to be a true and accurate reflection of the meeting.	
2.2	MATTERS ARISING A matters arising report had been circulated prior to the meeting, there were no actions requiring further comment.	
3	FINANCE MATTERS Financial Update (including April and May Management Accounts, Cash flow, Debtors and Creditors, and Forecast) – Confidential It was reported that the May Management Accounts had recently been prepared and circulated to the Board. The following highlights were noted; <ul style="list-style-type: none">▪ As has been evident in recent months, the Debtors balance has continued to reduce. The Finance team have a strategy in place, with the new credit controller positively impacting and a meeting scheduled with a company to improve the way older debts are chased.	

	<ul style="list-style-type: none"> ▪ The Cornwall College Group (TCCG) have assumed a full clawback of underperformance below 90% which is currently at 76% of the Adult Education Budget. Although Bridgwater College were originally forecasted to deliver £100k of AEB provision for TCCG, this has not taken place. This has had minimal impact on the bottom line as 80% of the income delivered is passed onto the sub-contractor. The funding agency has recently announced that Colleges will be invited to present a business case to reduce the AEB clawback and it is anticipated that requirements of this business case will be known during September. ▪ TCCG’s cash flow remains positive and is helped by capital funds which have been received with expenditure planned for September. It is projected that the college will not require an overdraft for the foreseeable future, with an aim to maintain a minimum of £3m in the bank at any time. ▪ In response to a Committee member request for an update on Future Farms, it was reported that outstanding snagging work is progressing and expenditure is factored in to complete the landscaping of the area. ▪ Debtors at CCMS reflect a high percentage of their income, a briefing will be provided to the CCMS Board. The company is recovering from the impact of the pandemic, portraying an improved forecast. 	
<p>4</p>	<p>PROPERTY MATTERS Property and capital update A paper had been circulated prior to the meeting. Discussions are included in the confidential minutes.</p>	
<p>5 5.1 5.2 5.3 5.4</p>	<p>DELEGATED MATTERS FOR DECISION BY, OR INFORMATION OF, THE COMMITTEE Approval of orders over £25,000 ex VAT – and recommendation of over £100,000 to Board Detail of the orders requiring Finance and Resources Committee approval due to being over £25,000 had been circulated prior to the meeting. The Committee approved the orders. There were no approvals over £100k.</p> <p>Asset disposals There were no asset disposals over £10k to report for the period 12 May 2021 to 10 June 2021.</p> <p>Debtor write offs There were no College or CCMS Debtor write offs.</p> <p>Overseas expenses None to report.</p>	
<p>6</p>	<p>Budget 2021/22 to include the three year plan. The Vice Principal Group Operations (VP GO) presented TCCG Budget for 2021/22 and the three year plan.</p> <p>It was reported that retention had been improving rapidly, however the college has not received the full benefit due to the reduction in the allocation of approximately £650k for 2021/22, due to the new methodology linked to Covid 19 as previously reported. A business case was put forward to the Education, Skills and Funding Agency (ESFA), resulting in an additional £250k allocation. Had TCCG received the full allocation, a surplus budget would have been presented. It was also noted that the budget and three year plan reflected an improving financial position than previously reported to the funding agency reflecting progress within the organisation.</p> <p>In response to a Committee member question the assumptions on the land sales of Newquay, Camborne car park and a payment for Saltash, had been incorporated into the budget, but a prudent view had been taken with regards timings of these cash flow.</p>	

A Committee member expressed concern for the overall financial resilience of the organisation, requesting assurance that there would be sufficient resilience to respond to an unforeseen circumstance, which would prevent the building of reserves. The work completed on the budget has placed TCCG in a similar position to 90% of other colleges nationwide; with 30-50 cash days. The main focus for TCCG continues to be on increasing group sizes whilst continuing to focus on staffing efficiency. It was highlighted that until the new build is completed at the St Austell campus, the group will likely carry this campus (and comparatively high running costs) for three years, as student numbers are not increasing and may reduce when construction starts.

Further highlights were noted;

- A discussion took place on the financial grading of TCCG and the need to maintain credibility with the ESFA; although the proposed budget would result in a RI financial health grading, it does represent an improving position and demonstrates a Good health grading within the life of the three year planning period.
- The budget includes £4m for the Adult Education Budget (AEB) rather than £5m, as the full £5m offer has not previously been achieved. This is seen as an opportunity to improve on the budgeted position with the management team strengthening staffing in this area.
- There are no plans for College wide redundancies. Individual curriculum departmental staffing numbers will flex (up and down) based on actual recruitment in September.
- The three year CCMS plan was prepared, CCMS will present their three year plan to their Board on 28/06/2021.
- The small income from CCES was noted.
- Although not budgeted in 2021/22, TCCG plan to be able to implement a staff pay award if self-financing. Pay awards have been included for the following years of the plan noting that an increase of group size would support this.
- Governor noted the increase in the Teachers' Pension Scheme (TPS); TCCG have assumed that the TPS grant received in recent years will cease in 2022/23. If the grant continues, cash and EBITDA will increase by approximately £1m in 2022/23.
- Savings will be made on the £1.4m capital budget if cashflow levels require it.

A Committee member requested an update on the Duchy environmental work. TCCG plan to spend £500k on the old farm to rectify existing issues and are currently applying for grants to support this work. After seeking clarity on the works required, the Committee reflected that one of the reasons for Future Farms was to mitigate some of this work. It was understood that these costs would have been greater had Future Farms not been delivered.

Ian Tunbridge left the meeting, the meeting remained quorate.

The Income and Expenditure assumptions for 2022/23 and 2023/24 were shared, a Committee member noted the need to monitor the impact of other potential costs linked to Brexit and Covid for example.

In terms of the 4% increase in income for the 16-19 year old students, the Committee were keen to learn about the demographic rises expressing the need for the College to gain a share of this growth area. The conservative 4% growth of market share at Camborne cannot be achieved for all sites due to niche delivery; this will be added to the Balance Scorecard. A Committee member stated the need to understand the profitability of each campus.

A Committee member was keen to understand if the College had been impacted by the recent housing and workforce changes in Cornwall landscape. It was noted that the College have just lost two potential members of staff due to them not being able to find suitable accommodation – it was hoped this will ease by September.

In summary;

- As mentioned at the previous Committee meeting (20/05/2021), the core business remains at deficit, yet is improving.

	<ul style="list-style-type: none"> ▪ Strong cash management implemented has resulted in the college not requiring an overdraft over the life of the 3 year plan. ▪ The impact of the new build at St Austell, for example on heating and premises costs, would provide approximately £600k running cost improvements. ▪ Due to strong student recruitment across the group, it is predicted that the college will be delivering at a higher level than allocated for a number of years. <p>The Committee recommended the budget for approval at Board acknowledging that there might be some minor amendments.</p>	
7	<p>HIGH LEVEL FINANCIAL RISKS FROM RISK REGISTER</p> <p>The Finance and IT risks had been circulated prior to the meeting. It was reported that the Risk Register is due for review by the Executive Leadership Team; the revised Risk Register will be presented to the Audit and Risk Committee on 05/07/2021.</p> <p>In response to a Committee member question the risk linked to ‘phishing emails’ would be updated to ensure the College are looking more widely at the impact and robustness of College IT systems, rather than just the phishing emails. It was reported that cyber security forms part of the internal audit plan for next year.</p> <p>A Committee member reflected on whether risks were quantified in terms of impact, for example if a data breach occurs the College would incur of fine of £x. It was agreed that this information be included going forward.</p> <p>After a discussion on risk it was understood that a risk appetite session was scheduled for Board on 07/07/2021 and that the College hold the annual OLT away days in November which include a session on risk. Going forward there would be increased impact to coincide future Board discussions on risk with these sessions.</p>	<p>AF</p> <p>AF</p> <p>WR/ JE</p>
8	<p>PROJECT PLAN AND TIMETABLE FOR REVIEW OF PROJECT AND FINANCIAL AUTHORITIES</p> <p>A discussion took place on the financial delegations for decision making noting that the review of delegations needed to be wider than financial matters and include major strategic decisions, such as strategic curriculum decisions, and how decisions to apply resource (people and financial) on areas of new business are made. It was proposed and agreed that Geoff Warring would organise a task and finish group to progress this work. Patrick Newberry as Chair of Audit and Risk, will be invited to join, along with some newer Governors. Committee members were invited to express an interest.</p> <p>The following timeline was agreed;</p> <ul style="list-style-type: none"> ▪ 1st September - VP GO provide a paper on the proposed delegations to GW. ▪ Middle September - the task and finish group consider the paper. ▪ End of September - Financial Regulations amended to reflect the proposals and reviewed by an extra F&R Committee meeting. ▪ October - Financial Regulations presented to Board approval. 	GW
9	<p>COMMITTEE UPDATE</p>	
9.1	<p>Membership for 2021/22</p> <p>Peter Child’s term of office ends in March 2022. Search and Governance Committee have identified the need for the Board to appoint someone with skills and experience in finance, project management, business development skills and links with industry in the private/ commercial world.</p>	
9.2	<p>Committee Chair appointment</p> <p>A succession plan was in place for the role of Chair of Committee due to Karen Burrows stepping down from the role. Geoff Warring (GW) left the meeting. The Committee agreed to recommend</p>	

	the appointment of GW to the role of F&R Committee Chair to start at the end of the academic year.	
10 10.1 10.2	DATES OF NEXT MEETINGS 2021/22 dates The dates for the next academic year had been circulated to Committee. Virtual/ Face to Face It was agreed that all meetings would take place face to face with the option to join virtually if needed to encourage attendance. Karen Burrows was thanked for her contribution to the Committee; Karen would step down from the role of Chair yet remain on the Committee.	