



THE CORNWALL COLLEGE GROUP

**Minutes of the Finance and Resources Committee meeting
held on 24 June 2024 at 9.30am at St Austell and on Microsoft Teams**

<u>Committee members present</u>		Mark Rands	MR Items 7.3 - 12	
Will Charnley	WC	Items 8-12	Geoff Warring	GW
John Evans	JE	Items 1-8		
Patrick Newberry	PN			

<u>In Attendance</u>		
Tian Bersey	TB	Clerk to Governors
Mathew Davies	MD	Financial Controller
Adrian Ford	AF	Group Deputy Principal, Group Operations
Jayne Nines	JN	Director of People & Culture

Number	Item	Action
1	<p>APOLOGIES AND DECLARATIONS OF INTEREST</p> <p>Apologies received and accepted from Ellen Winser. Will Charnley had indicated prior to the meeting that he was only able to join the meeting at 11am.</p> <p>There were no further declarations of interest to those contained on the register.</p>	
2	<p>MINUTES AND MATTERS ARISING</p> <p>2.1 The minutes and confidential minutes of the meeting on 15 May were approved.</p> <p>2.2 MATTERS ARISING</p> <p>The Committee noted the update on previous actions.</p> <p>2.2.1 St Austell Education Foundation</p> <p>The Financial Controller reported on the reconciliation of funds for the St Austell Education Foundation. The Committee discussed the future of the funds and considered reinvigorating the process to distribute the funds to St Austell Primary Schools and winding up the Foundation. It was agreed that legal advice would be sought on closing the Foundation and on a fair distribution of the funds.</p>	MD
3	<p>OPERATING STATEMENT – F&R strategic aims Main changes</p> <p>The Group Deputy Principal reported that the Operating Statement was currently being updated for the July Board meeting and briefed the Committee on the following areas:</p> <p>2.1.2 Pay – noted in the confidential minutes.</p> <p>4.1 Cash position – The need to carefully manage cash flow due to funding being awarded in arrears is coming to an end. Improvements have also been made in cash generation. More progress needs to be made in the commercial booking system. The Head of Business Development will pick this up.</p> <p>4.1.3 Staff workload – Teachermatic has been launched to good effect.</p> <p>5.1.2 Selling buildings and land – Land sales are complete with the exception of Wheal Eliza which continues to be explored. The sale of Penhaligon is due for completion.</p>	

	<p>5.1.4 Accommodation – Progress has been made in securing accommodation for HE students at Newquay. The College is working with Landlords and small hotels to secure whole properties and enable students to book accommodation alongside the first year of their course in 2025. A governor sought reassurance that the College did not risk being left to pay for vacant rooms which was confirmed.</p>	
<p>4</p>	<p>PEOPLE MATTERS</p> <p>The Director of People and Culture reported on:</p> <ul style="list-style-type: none"> ▪ Working towards the proposed pay award for staff ▪ A change in the government’s requirements for teacher training, staff now have to hold GCSE English and Maths before starting. Competencies have been flipped in order to keep an uplift in the first two years. Training in English and Maths will help both staff and learners overall. ▪ A review of the TLA strategy in order to update it next year. ▪ The staff survey has been included in RAID (Review and Improvement Day) in order for staff to look at the survey results together and create a shared responsibility going forward. ▪ Following a review and improved cyber security in the apps available, the staff benefits scheme will move to Vivup. The money saved will be reinvested in staff engagement and initiatives including a ‘Go the extra mile award’. Online and telephone counselling and an online GP will be accessible through the app. <p>The Director of People and Culture also reported that KPIs remain on target with the exception on turnover which is 0.2% over target. Reasons for leaving remain for personal and career reasons, the latter particularly in professional services due to the flat structure.</p> <p>The Committee discussed the need to clearly explain any pay award, details of the discussion are noted in the confidential minutes.</p>	
<p>5</p>	<p>PROPERTY MATTERS</p> <p>The Group Deputy Principal Group Operations updated on the following items from his written report:</p> <ul style="list-style-type: none"> ▪ The St Austell new build is planned to start on July 8 2024. The cost of the project is significant. A governor asked if a contract had been signed with the DfE which it has not to date but the College has sought legal advice on the proposed contract. ▪ The Camborne redevelopment continues to progress well. Discussions continue with Hydrock and Fox Construction to recover the cost of the design error and subsequent delay. Tamar Tower will be finished at the end of November, it is planned to move staff over the Christmas break and then demolition will begin with a May 2025 finish. DfE funds must be used before the end of March 2025. ▪ A delay in the report on the dry rot at Bicton until August 2024 but the report will not just focus on the dry rot but the wider needs of the listed building. Improved ventilation has made a positive impact on the dry rot. <p>A governor suggested that the report will provide an appropriate platform to review the College’s use of the house, improve utilisation or consider other options. Options are limited due to the house sitting right in the centre of the learning environment.</p> <ul style="list-style-type: none"> ▪ Options for Wheal Eliza continue to be explored. The sale of Penhaligon is due to complete in August 2024. Details on the sale are noted in the confidential minutes. 	
<p>6</p>	<p>5 YEAR INVESTMENT STRATEGY FOR IT</p> <p>The Vice Principal Data, Funding & Compliance and the Head of IT Services joined the meeting. The Vice Principal briefed the committee on the development of an IT strategy which is in progress but can be decoupled from the investment strategy as some investment is needed irrespective of strategy.</p> <p>The Head of IT Services presented the proposed 5 year investment strategy for IT highlighting:</p>	

	<ul style="list-style-type: none"> ▪ Previous investment in planned replacement until 2014, core services in 2018 and laptops in 2020 due to Covid. ▪ 96% of costs are fixed cost and 4% for maintenance. ▪ The life cycle of core infrastructure, the age profile of the computer fleet, the end of support for Windows 10 in November 2025 and ensuring a modern working and learning space all evidence that action is now needed. ▪ In addition, the company that provide the virtual servers for the Data Centre has been sold and this has resulted in radically changed and more expensive licensing agreement and subscription service. A replacement company has been put forward. ▪ He is exploring ways to reduce the computer fleet including agreeing priorities, considering leasing and a ring fenced budget. <p>A Governor asked if there were any current security concerns. There are currently no security concerns, the end of Windows 10 support will impact security and the future replacement of the firewall cannot be deferred. A governor also asked how much the investment strategy will take into account the need to keep up with developments, enabling core processes and the risk of the College falling behind in quality and competitiveness. The IT strategy does include a section on invention and strategy and the Governor suggested that the College needs to do more than keep pace. The Head of IT Services had recently attended a JISC conference on the challenges and potential for AI.</p> <p>The Committee discussed both the operating and the finance leases that were available and what had been learned from previous experiences. A governor checked that the College is able to enter into a lease agreement without affecting the EBITDA. This was confirmed.</p> <p>The Group Deputy Principal reported that the ELT had reviewed and supported the plan and work would now begin with OLT to review the fleet and how to most effectively deploy it. The Vice Principal reminded governors that secure IT infrastructure is one of the conditions of funding.</p> <p>The Committee advocated for ring fenced funding for the Data Centre. The Committee also supported the need to lobby the AOC and ESFA for funding support for the larger costs recognising that many Colleges would be experiencing the same challenges.</p> <p>The Committee discussed digital poverty in Cornwall, the small numbers of learners mainly in HE who bring their own device and the need for devices to satisfy our network requirements which rules out older devices.</p> <p>The Committee agreed that the IT investment strategy was fundamental to the running of the College and will consider this when reviewing the budget in item 8, any further decisions should come back to the Committee as required.</p> <p>The Chair thanked the Vice Principal and Head of IT Services for their presentation.</p>	
<p>7 7.1</p>	<p>FINANCE MATTERS Group Financial Update (including April Management Accounts, Cashflow, Cash Generation Statement, Debtors and Creditors, and Forecast– Confidential) The Committee received the Group Financial Update.</p> <p>The Financial Controller updated the Committee on the results of the Management Accounts for May which are now published. The bottom line of the EBITDA is unchanged. There are two areas of risk in the forecast: Income of £400k in completion payments for apprenticeships is forecasted but if learners fail or are delayed this will move into the next financial year. If the AEB allocation drops below 97% the income in this area will decrease. CCMS income remains slower than planned.</p>	
<p>7.2</p>	<p>Finance Approvals The Committee approved two orders, details of which are noted in the confidential minutes.</p>	

<p>7.3</p>	<p>Regulatory Update The Committee noted confirmation from the DfE that the College has exited intervention and the post intervention monitoring and support (PIMS) plan that has been agreed.</p> <p>The Committee also noted the publication of the College Financial Handbook which will be effective from August 2024.</p>	
<p>8</p>	<p>BUDGET The Group Deputy Principal Group Operations highlighted the following from the written paper on the draft budget for 2024/25 and plan for 2025/26:</p> <ul style="list-style-type: none"> ▪ Budget has been planned to target a financial health grade of 180 and EBITDA of 2%. ▪ All numbers have been through a robust curriculum planning process. ▪ The pressure of delivering to more learners than the allocation in funding. ▪ Other challenges including: a 1.9% increase in 16-19 funding which is only 40% of revenue; loss of the tuition fund; IT costs; teaching costs; reduced capitalisation and lagged funding. ▪ Proposal of a pay award and the work that still needs to be done to achieve this. <p>The Committee discussed:</p> <ul style="list-style-type: none"> ▪ The planning/work needed to achieve the proposed pay award ▪ The threshold for a good financial health grade and the impact on the College if it does not achieve a good grade ▪ The move to Post Intervention Monitoring and Support ▪ Staff pay compared to AOC markers and competitors in Cornwall ▪ Critical pay recovery ▪ Capital investment needs ▪ Assessing profitability of activities <p>Further details of discussions are noted in the confidential minutes.</p> <p>The Group Deputy Principal further highlighted:</p> <ul style="list-style-type: none"> ▪ Forecasted income ▪ Positive signs in enrolments ▪ Complexity in the numbers, allocation and funding ▪ The potential impact of the sales force on full cost recovery activities <p>A governor asked about confidence in the numbers and encouraged the Group Deputy Principal to add confidence levels into the paper for the Board.</p> <p>The Chair drew the Committee’s attention to the cash flow summary on page 57 and highlighted the funding lag slipping across financial years and the reliance on grants for capital expenditure. He supported investment in IT as the priority for the capex line in the budget.</p> <p>The Committee agreed to recommend the budget to the Board for approval and to explain the balance that needs to be achieved between a staff pay award, investment in IT and targeting a good financial health grade and EBITDA of 2%. The Chair will use his Committee report to outline the robust scrutiny and debate by this Committee.</p> <p>The Committee asked the Financial Controller to add/update insurance costs in the budget and present year on year views of cash flow to give more context and sense of history.</p> <p>The Committee acknowledge the need to further discuss future strategy in the next academic year.</p>	<p>GW</p> <p>MD</p>

9	<p>HIGH LEVEL FINANCIAL RISKS / ASSURANCE NEEDED</p> <p>The Group Deputy Principal Group Operations confirmed that there were no significant updates to the risk register. The Committee agreed that key risks had been discussed within the agenda. The Committee agreed that the risk register should include more focus on IT including the Data Centre and the stipulation on funding that IT is secure and safe.</p>	AF
10	<p>POLICY AND COMPLIANCE MATTERS (if needed)</p> <p>None.</p>	
11	<p>ITEMS TO SHARE WITH THE BOARD/COMMITTEES</p> <ul style="list-style-type: none"> ▪ PIMS plan ▪ Endorsement of Budget – paper outlining what has been done, areas of risk, areas to investigate further, approval. Need to emphasize quality of debate. 	
12	<p>DATES OF NEXT MEETINGS</p> <p>18 September 2024 13 November 2024 22 January 2025 10 March 2025 7 May 2025 25 June 2025</p>	