



Minutes of the Meeting of the Finance and General Purposes Committee
held on Monday 8 July 2019

Present: - Mr Mervyn Jones (Chair)
Ms Abigail Appleton (Principal)
Mrs Lynn Forrester-Walker (Co-opted Member)
Mr Scott Rolfe

In attendance: - Mr Tim Williams (Finance Director)

The meeting was quorate as there were four Members present.

1. Apologies for Absence

Professor Robin Baker, Ms Kay Sandford-Beal and Mrs Linda Watkins, Clerk to the Governors.

2. Declaration of Interests

None declared

3. College Budget 2019/20 and 4 year financial forecast

This was an additional meeting to discuss the budget following discussion at the last meeting when additional information was requested. At the previous meeting, the Committee had received a budget for 2019/20 and a forecast for 2020/21. This was a minimum requirement for the ESFA, but these two year's in isolation did not show the future positive impact on the College's finances as a result of the College's strategy.

The Finance Director presented the 5 year financial plan covering 2019/20 to 2023/24. This 5 year financial forecast showed an up-turn after 3 years. The plan was discussed including risks around enrolments and additional income that was assumed in the Financial Plan covering increased Teacher Pensions Scheme costs.

The College would receive an income grant in 2019/20 of £109,000 to cover these increased pension costs. The Financial Plan assumed that the College would receive this income for the next 4 years. At this point though there had been sector discussions about this income grant carrying on into the following years, this was uncertain. The Committee felt that with the level of uncertainty around this grant, that it was more prudent to exclude this grant from the Financial Plan. **ACTION: FINANCE DIRECTOR**

This adjustment would impact EBITDA by £119K for each of the 4 years from 2020-21.

Though it was felt that the College Budget for 2019/20 could be approved, there were concerns about the 2020/21 year, which though it showed

increased enrolments, it also had an increased cost base that seemed to be out of proportion to the increase in income. The Finance Director pointed out that some of this increase in costs was as a result of the increases in Teacher Pension costs already highlighted.

The Committee requested that 2020/21 needed to be looked at again to see if elements of the cost base were overstated and to provide a fuller explanation of how this year bridges from 2019/20 to 2021/22. **ACTION: FINANCE DIRECTOR**

The Committee noted that it would not be possible for alterations to be made before the Board being held on the 15th July when the College Budget for 2019/20 was being approved. The Committee concluded that the 2019/20 budget could be recommended for approval, and would be submitted to the ESFA, along with the rest of the Financial Plan. In the commentary to the Board, this would also be submitted to the ESFA, that further actions for 2020/21 were required. **ACTION: FINANCE DIRECTOR**

There was also discussion of the need to undertake a detailed review of the portfolio of courses through the autumn including costs, income and sustainability as well as quality.

The Committee agreed: -

- To recommend the budget 2019/20 and the 2020/21 financial plan to the Board, and note that the second year of the financial forecast would be subject to further review and analysis, for approval and submission to the ESFA.

Signed as a true record

Chair **Date**