

Minutes of the meeting of the Virtual Finance and General Purposes Committee held on 12 March 2025

Present

Richard Bevan	Committee Chair
Stephen Wells	External Governor
Leanne Macey-Withey	Business Support Staff Governor
Kurt Hintz	Interim Principal and CEO

In Attendance

Jason Jones	Deputy Principal
Bill Blythe	Vice Principal
Claire Isaac	Director of Finance
Joanna Boardman	Director of Governance and Director of Executive Operations

1. Apologies for Absence

Apologies were received from Gaynor Castle and Hermione Williams-Copp. Daisy Thynne did not attend, and no apologies were received.

2. Declaration of Interests

No declarations of pecuniary or non-pecuniary interests were made in respect of the items on the agenda although it was noted that Bill Blythe and Stephen Wells are Directors of PESL.

3. Confidential Items

No items were noted as confidential.

4. Matters Arising

None

5. Matters Brought Forward by the Chair

Leanne was welcomed to the committee as the new Business Support Staff Governor.

6. Minutes and Actions

24FR13

The minutes were approved and agreed to be an accurate record.

7. Papers

7.1 To receive 10 Year Management Accounts

24FR14

It was noted that the three-year Management Accounts had been replaced by a new set of ten-year accounts, although the first three were the same as originally shared. The bottom line is unchanged between versions although there is some variation in individual lines as would be expected. The expected operating surplus remains as £530k for this this year.

Main 16-18 funding has risen, with T Level funding falling and that has been modelled through the accounts as well as learner numbers which were submitted in December 2024 and again in February and where that would have an impact on 2026/27 and beyond.

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It has been noted that the likelihood of a 3% drop in adult funding would be in next year which would mean a drop in income of around £45k. A healthy cash balance at the end of the year was predicted, with the committee asking what percentage is the right level to hold?

The college shared that the FEC state 8% for a healthy college which means some strong metrics for the college as it is above that. The future forecast has been done with a prudent view of inflation, pay and non-pay costs all rising which leads to negative cash position 10 years out. Reliability of years further out is lower than normal, and the committee recognised the volatility of policy change, new FE Skills, White Paper apprenticeship Levy, National Insurance changes and others.

It was recognised that the £50m advance grant for colleges has been pushed back and might be agreed in May and paid in June of July of this year and that it might now be including schools and academies.

The 10-year forecast was well received, and the nature of long-term forecasting was understood, although a question as raised on how the college calculates its operating surplus and what the level of good surplus looks like.

It was shared that the FEC suggests a healthy college surplus should be 3% which would equate to 750k for Petroc. That figure includes a level of reinvestment opportunity, and many colleges are targeting Earnings before Interest, Taxes, Depreciation, and Amortisation (EBITDA). The sector recognises that you do not need to continue generate cash above your model and the college is seeking to reinvest 6% off all income back into equipment and facilities. It was shared that many larger colleges run in deficit and are happy to do so as the Educational EBITDA is fine.

The group then discussed cash days and it was shared that it is relatively normal for a high performing college to hold 70 days, although the FEC view of a minimum is 25 days. The Vice-Principal stated they would be very comfortable if the college could raise to 60 days. The college is in discussion with Barclays currently as it is likely that there will be covenant breach this year, however they are working positively with the college as it would be single year issue. A delay in the land sale at Tiverton was preventing the college from paying off the Barclays Loan to resolve the covenant issue this year.

The committee further asked about the colleges aims for staff pay and how that impacted the model. The Interim Principal stated that the model includes a 2% increase for the next three years, which would be close to a 10% increase which is the current gap compared to the regional average. It was noted that the gap is greater in academic roles and that business support staff salaries are around median in the region.

The impact of living wage increases was recognised and its value against the issues it is causing some employers growth plans.

The chair noted that the implications of the forecast would be discussed at the Strategy Day the coming Friday.

7.2 To receive the Month 6 Accounts

24FR15

Much of the content of these accounts had already been discussed in the previous item, but it was confirmed that the Month 7 accounts which were construction now show the same surplus and outcomes.

PETROC

Some additional conversation was held around adult education budgets and High Needs learner income as well as the new subcontracting arrangements to ensure that we avoid adult clawback.

The Interim Principal shared that there the college was still holding a 100k contingency amount for any unexpected issues that may arise. Additionally, it was shared that the FEC had expressed confidence now in the financial ways of working and were more assured by the changes made and were with withdrawing from the period of enhanced support that had been requested.

The modelling of the impact of the land sale was being moved into the following year as the opportunity to pay down any debt with Barclays would have to be taken after 31 July 2025.

7.3 To receive the PESL Accounts

24FR16

It was noted that both Bill Blythe and Stephen Wells were Directors of PESL. The progress of the project was reported as being dependent on National Grid resolving its requirements on the harmonic dampening needs.

It was reported however that it holds a current £150k cost exposure and the groups discussed the extension of a loan facility with the Department for Education (DfE) to cover a potential cost exposure of £150,000. This extension will result in minimal short-term impacts and only a slight increase in interest payments. The capital repayment remains fixed quarterly, allowing for additional resources to be allocated for investments and benefits in the long term.

The risk was agreed to be minimal, although the committee would continue to monitor.

7.4 To approve the Annual Accounts of the Petroc Student Union

24FR17

A discussion was held around the seemingly low engagement levels in the Student Union, and it was shared that the college was actively involved in a review of student engagement overall and investigating alternative routes. It was noted that the issue of low engagement was being reported across the sector.

The annual accounts were approved.

7.5 To note the Project Performance update

24FR18

The performance was noted with no substantive conversation.

7.6 To receive an update on the Business Support QIP

24FR19

It was noted that this report forms a part of the overall college QIP with the Curriculum section being presented to the Curriculum and Quality Committee. The report is separated into the following sections with updates shown against them.

- Digital Services
- Estates
- Finance
- HR and Organisational Development
- Learner Admissions

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- Marketing and Communications
- Project and Programme Management
- Funding and Data

It was felt that it showed reasonable progress although some issues were noted where areas had a due date in the past but not yet completed such as Digital Signage. The Deputy Principal agreed to take it away for review and amendment.

7.7 To approve the Course Fee Policy

24FR19

Noting that the policy had been recommended by the Curriculum and Quality Committee and seen by all governors the Course Fee Policy was approved.

7.8 Bad Debt Write off

24FR20

The Bad Debt Write offs were approved.

8.0 AOB

None

Action Plan

Action No	Action	Completion Date	Owner	Status
1	Present a selection of business planning scenarios to the next Strategic Review Committee	11 July 2023	Sean Mackney	Completed
2	Create Task and Finish Group	1 April 2024	Joanna Boardman	Completed
3	Present an update to the Sustain and Grow Programme to the next Strategic Review Committee	11 July 2023	Sean Mackney	For Board now
4	Present a post incident report on the Wi-Fi outage	Next meeting	Bill Blythe	Completed
5	Changes to Health and Safety Reporting Requested	1 July 2024	Sheena Murphy-Collett	Completed
6	Subcontracting Grid to be explained to the committee chair and policy approved by chairs action	1 August 2024	Bill Blythe and Richard Bevan	

The next meeting of the Committee is 12 March 2025