**Finance Committee**

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| Date | 25 November 2019 | Time | 12.00 |
| Venue | Corporation Room, Eastbourne | | |
| Chair | Mark Fisher | | |
| **Membership:** Mark Fisher, Pat Famer, Henry Ball, Clive Cook, Sue Walton, Tom Sanderson  **In attendance:** Mia Brown (Director of Governance), Biram Desai (CFO), Dan Shelley(Executive Director – Strategic Partnerships and Engagement), Tim Hulme (Director of HR) (as required) | | | |
| **Apologies:** Pat Famer, Madina Tash | | | |

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|  | Item | Action |
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| 1) | **Apologies and declarations of interest**  Apologies were noted from Pat Farmer and Madina Tash.  There were no declarations made. |  |
| 2) | **Minutes of the last meeting**  **THE MINUTES OF THE LAST MEETING WERE APPROVED AS A TRUE AND ACCURATE RECORD.** |  |
| 3) | **Matters arising**  Matters arising were noted as completed, or on track.  Clive Cook confirmed a meeting to develop the performance dashboard is planned for 12 December. This was welcomed by the group. |  |
| 4) | **Update from monthly finance review meetings & alternative strategy**  **IT WAS AGREED THAT THE STRATEGIC ITEMS IN THE CONSULTANT’S REPORT WILL GO ONTO THE BOARD STRATEGY DAY AGENDA.** |  |
| 5) | **Report of KPIs relating to Finance**  Biram Desai presented finance related Strategic Plan targets for 2019-20 and briefed the Committee on updates to the PMO monitoring regime and related KPIs.  The finance KPIs were noted. They were derived from the approved budget for 2019-20 approved at Corporation in June 2019. Biram Desai advised these have been further updated as part of the agreed Q4 2018-19 PMO return (e.g. for the external investment model on the Estates Strategy) and are line with the September 2019 management accounts forecast.  **THE COMMITTEE RECOMMED TO APPROVE THE STRATEGIC PLAN 2019-20 TARGETS AS RELATING TO FINANCE FOR APPROVAL AT THE DECEMBER 2019 MAIN CORPORATION MEETING.** |  |
| 6) | **September Management Accounts**  Biram Desai presented the September Management accounts. |  |
| 7) | **Update from Audit Committee**   * **College year end audited accounts 2018-19 including financial statements and regularity auditor’s management letter**   Biram Desai introduced the financial statements and regularity auditors’ letter. |  |
| 8) | **Polices**   * Risk Management Policy – annual   This was also discussed at 9.30am by the Audit committee  Tim Hulme advised the Risk Management Policy has been updated to reflect the current risk management practices in place for the College. A risk management cycle has been added in this year. He advised the risk matrix is not a multiplication model.  Tim Hulme said he was keen for risk to feature on every Committee agenda as a standing item. He advised that in Audit Committee Angela Smith had identified some additional risk areas.  Tim Hulme said that on the heat map risks are mostly moving in the right direction, shifting to a lower likelihood.  David Smith advised that risk appetite was discussed at Audit Committee.  Clive Cook suggested changing ‘business harmonisation’ to ‘business systems’.  **Action: Tim Hulme to amend.**  Henry Ball discussed the FEC concerns about the ‘shades of red’ approach to risk. This was noted by Tim Hulme.  Sue Walton said it is very difficult to pull those risks down as they will have a huge impact however unlikely they will happen. It was acknowledged that some multiplication methods would lift these down.  Henry Ball said the College may run the risk of being susceptible to its own processes and that the range of external agencies may form a view about the College’s attitude to risk and perceived approach to management of systems. He said it is important to hold external scrutiny in mind when designing processes.  **THE COMMITTEE APPROVED THE RECOMMENDATION TO APPROVE THE RISK MANAGEMENT POLICY TO BOARD ON 10 DECEMBER 2019.** | TH |
| 9) | **Update on Estates Strategy**  Tim Hulme gave a verbal update on progress with the estates strategy. |  |
| 10) | **Student and accounts Student Union budget setting for 2020-21**  The Student and accounts Student Union budget setting for 2020-21 were considered. Tom Sanderson noted that the income far exceeds the outcome.  **Action: Clive Cooke will feedback to the Student Union about not building up reserves.**  **THE STUDENT UNION ACCOUNTS WERE APPROVED.** | CC |
| 11) | **SPH and governor expenses**  The SPH And governor expenses were considered and noted as per the accompanying paper. |  |
| 12) | **Monitoring of income generation areas**  **International**  Mark Allen, Head of International, was welcomed to the meeting.  He updated on the reasons to continue with international activity:   * Commercial income with growth especially from China * Experienced team with international reputation for care, quality and customer service * Supports curriculum areas that may be unviable without international students * Diversifies the College student body providing a more global experience for local students   He presented the International Strategy which presents a three year plan, which significant financial growth in year three.  Tom Sanderson asked how reliant the College is on international income. Biram Desai confirmed international income is an important part of business, approx. £2.m in terms of income, which equates to 5% of College income. It was confirmed that International Strategy has a separate cost centre.  Henry Ball congratulated Mark and his team. He noted that projections are cautious for next two years and then significant expansion and asked why.  Mark Allen described good arrangements with China which is anticipated to lead to a large growth in year three.  Mark Allen cautioned about the capacity of the current team to manage significant expansion in this area.  Dan Shelley said the College has a strong international reputation |  |
| 13) | **Oversight of Plaza Trading**  Biram Desai provided a verbal update on Plaza trading.  Biram Desai said Plaza Trading is a 100% owned trading subsidiary of the College, and was incorporated in 2012 primarily to allow Subway franchise to pay commercial and flexible terms to staff (and also without the additional cost of the LGPS pension scheme, for example). He said the board of directors are himself, Graham How, Paul Evans and Simon Groves. Previous directors were Pat Farmer and Ken Melsom on incorporation who have resigned since. He advised year end accounts for the subsidiary have been audited.  He asked the Committee how they want oversight. Mark Fisher said it might be helpful to have minutes. He asked if Plaza Trading has the ability to generate their own income. Biram Desai advised that nothing that is separate from the College.  Henry Ball said the accounts should come to the Finance Committee  Sue Walton asked if there are any concerns about Plaza Trading conflicting with the College’s charitable status. Biram Desai confirmed there are no concerns and no current issues with how the subsidiaries work.  Henry Ball urged caution about governors from the Board going onto Plaza Trading Board of Directors.  Biram Desai advised that when the Finance Committee looks at account for the ‘group’, they are looking at both the College and the subsidiaries. |  |
| 14) | **ICT strategy**  Tim Hulme updated the Committee with regards to the development of the Group ICT strategy.  He described the following:  Part 1: The ICT work associated with harmonising the systems from the two former sovereign College  Tim Hulme advised that at the point of merger, the College inherited a range of IT and core business systems and processes, he said there was a real mix across the group. He said that as part of the Estates Strategy the College needs to digitise its systems. He said that since May 2018, a harmonisation project has been underway and a number of workstreams have been completed, including the creation of a single network environment across the Group and the creation of a new domain. He said that all students have been migrated and staff are in progress. He advised that the ‘Project Harmony’ team have identified a series of ‘phase 3’ projects to be considered by the Executive.  To Committee noted the progress made in harmonising the College’s processes and IT systems.  Part 2: The development of a digital (ICT) strategy covering the period 2019-2022.  Tim Hulme advised that whilst Project Harmony has been implemented (as described in Part 1), the Executive has been considering the benefits of implementing a digital strategy. The Executive commissioned a review by a leading light in the digital world, which included a range of internal stakeholders with a view to considering:   1. How do we modernize our infrastructure? 2. How do we accelerate and enhance curriculum innovation? 3. How do we create management insights from data? 4. How do we address the specific College challenges? 5. How do we transform how teams work?   The Committee noted and discussed the strategy which sets out a 3 year implementation programme and indicative roadmap to 2022.  Henry Ball said the ICT Strategy needs to go to Board and for there to be sufficient time allocated for discussion.  **Action: Mia Brown to forward plan**  Mark Fisher asked where the ICT Strategy should sit, given the significant income prospects. It was agreed that this falls under the remit of the Capital and Infrastructure Committee.  Dan Shelley asked if the ICT Strategy should be an item for discussion at the Board Strategy day.  It was noted that the ICT Strategy is inextricably linked to the Estates Strategy.  It was agreed to table a discussion about where the ICT Strategy best sits at the next Chair’s meeting.  **Action: Mia Brown to forward plan.** | MB  MB |
| 15) | **Any other business notified to the Director of Governance in advance of the meeting**   * Clive Cooke wanted to reiterate that this Committee is aware of the ambitions to increase the College’s EBITDA from 4% to 6-8% * Mark Fisher advised that the Head of International has been gifted a holiday to China by a business associate and has requested Corporation support with a gift of thanks. Whist this is a social trip it forms part of work undertaken in China as part of growing the international study programme covered on today’s agenda.   Mia Brown advised she was seeking guidance from Eversheds about this in light of concerns about potential bribery allegations. Mia Brown confirmed there is a Governors Expenses Policy but that she is unware of a staff related one. Sue Walton advised she has seen sight of the policy.  It was agreed the Clive Cooke as CEO would link with the Head of International about the request.  **Action: Clive Cooke to explore related policy and link with Head of International.**     * Mark Fisher asked if the mmonitoring of income generation areas was a worthwhile item on the agenda.   Henry Ball agreed the item was helpful, but said that it has to be quantitative.  Sue Walton concurred.  Tom Sanderson agreed as international is 5% of College income. | CC |