



**MINUTES OF A MEETING OF:
THE CORPORATION'S FINANCE AND RESOURCES COMMITTEE
5.30PM TUESDAY 5 FEBRUARY 2019, WHATMOOR ROOM**

Members:	*Hannah Crocker; Andy Foot; *Robert Lassefer (Chair); *Annetta Minard; *Luke Rake (Principal); *Andrew Robinson; *Elaine Taylor; *Jim Tirrell *Richard Bourne (Co-opted member)
In attendance:	*Vanessa Gifford (Clerk); *Chris Pedder (Deputy Principal (Finance & Corporate Services) (DPFCS)); *Michael Clarke (Chair of Audit & Assurance Committee)

** Indicates actual presence at this meeting [Quorum = 3 Committee Members]*

ITEM NO.	DETAIL	
1.	DECLARATIONS OF INTEREST There were no declarations of interest NOTED .	
2.	APOLOGIES FOR ABSENCE Apologies for absence were NOTED from Andy Foot. The Chair welcomed Richard Bourne to the meeting as a Co-opted Member and introductions were made.	
3.	MINUTES OF THE MEETING HELD ON 13 NOVEMBER 2018 The Committee AGREED the minutes as a true and accurate record, and APPROVED the non-confidential minutes for website publication, and included some adjusted typographical errors which the Chair had relayed prior to the meeting.	
4.	MATTERS ARISING The following matters were NOTED from the minutes of 13 November 2018: <ul style="list-style-type: none"> • Item 5: Comparisons had been reported to the Corporation meeting • Item 7: Updated figures had been incorporated within the agreed accounts. • Item 11: the Audit & Assurance Committee would receive an annual report of quotations for any large activity going forward. • Item 13: the Deputy Principal (Finance & Corporate Services) confirmed that contracts had been signed for the Interpretation Centre and work would commence in early March. The work was scheduled to be around 10 weeks, with a target of the June Half Term. 	

	<ul style="list-style-type: none"> Item 15: Safeguarding had been strengthened within the Annual Report. 	
<p>5.</p>	<p>FINANCIAL REPORT TO 31 DECEMBER 2018 (Management Accounts)</p> <p>The Financial Report to 31 December 2018 was SCRUTINISED by members and the following points NOTED:</p> <ul style="list-style-type: none"> The current projection excluding FRS102 adjustments was an operational surplus of £75K, but after utilising a large part of the original contingency. The Deputy Principal (Finance & Corporate Services) highlighted 1-2 areas of concern: <ul style="list-style-type: none"> * Apprenticeships continued to be a risk, with a significant reduction of new starts nationally. Although the Budget had been adjusted this remained a challenging area. The College was working hard at identifying new opportunities. There was a suggestion that further work could be carried out with schools as students from the Dorset Studio School (DSS) were enrolling directly on Apprenticeships. The Principal advised that the DSS was unusual as it promoted Apprenticeships as a sensible route, unlike other schools. It was noted that the funding for the new standards was higher than the existing frameworks, and levy based activity had to be driven with buy-in from businesses. The Committee questioned whether there was a risk to the £850K and was advised that the College was increasing its sales operation and marketing but this did incur costs. A full strategic review of Apprenticeships would be presented to the Corporation at the next meeting. * Tuition Fees continued to be lower than expected. The Deputy Principal (Finance & Corporate Services) was producing a detailed analysis It was projected that Pay Costs would deliver on the full year Budget. The Opportunities and Risks were scrutinised, noting that Managers' budgets had been withheld. The Deputy Principal (Finance & Corporate Services) was confident that the Budget for 2018/19 would be delivered but with some variations on budget lines, as some areas were doing better than others. It was noted that the Deputy Principal (Finance & Corporate Services) was now taking direct responsibility for the Hospitality Department to fully understand the activity as currently there was not a strong enough return. The Committee questioned whether the margins were correct and the Deputy Principal (Finance & Corporate Services) advised they were not good enough and this was mainly due to control, and he would be reviewing all areas. Weddings were positive for the next year and the take-up from show rounds had increased to 50%. It was noted that it may be necessary in the future to restrict bookings when capacity was reached. It was also noted that there were opportunities forthcoming with local providers ceasing provision. Members agreed that the refurbishment of the Maurward Hall had been timely. The Committee questioned the external Shire Hall provision and the Deputy Principal (Finance & Corporate Services) advised that the College had been over-stretched and had not been strong enough with structures. The College had made the decision to concentrate on internal provision, and it was pleasing to note that the income from the Xmas Party bookings for 2018 had been greater than Budget. It was anticipated that the Animal Park could do better especially once the Interpretation Centre was in place, as it was hoped this would drive additional business. It was noted that the Park would still operate during the building works with that area cordoned off. 	

	<ul style="list-style-type: none"> • It was reported that Conferencing was ahead of Budget and was projected to provide an additional £25K surplus. • The Farm was projected to meet Budget with milk prices remaining better than budget. • The Committee was warned that the Capital spend would be more than budget due to the issues around the estate. • The Cashflow forecast was scrutinised, with the importance of the house sales being stark. • The Performance Outcomes on the Ratio's were debated, noting that the College had to operationally drive performance. 	
<p>6.</p>	<p>ANNUAL TREASURY REPORT</p> <p>The Annual Treasury Report was CONSIDERED with the following points NOTED:</p> <ul style="list-style-type: none"> • The Deputy Principal (Finance & Corporate Services) explained that the net cash position mainly mirrored the previous year, which highlighted that there was no growth. • The Cash position was at its lowest point in April every year due to the funding mechanism utilised by the ESFA. The Principal advised that cashflow was a national debate and an even funding model would be beneficial, however the Treasury was resisting this. • The College Overdraft Facilities were NOTED and the Committee was pleased to note that there had been no facility since December 2016. • The Loan Facilities and Bank Covenants were scrutinised: • Barclays: the sensitivity analysis of cash balances on the Covenant were noted. • Nat West: It was noted that the 1st loan was due to end in June 2020 and the 2nd would require re-financing in 2021. The Deputy Principal (Finance & Corporate Services) advised the thresholds for the covenant. It was suggested that if the outstanding property was sold, the funds could be allocated to pay off this loan and to lift the profile of cashflow. The Deputy Principal (Finance & Corporate Services) suggested the cash should be invested as interest rates were low on the loan, however, it was agreed to review in December 2021. • Loan Headroom was debated with the Deputy Principal (Finance & Corporate Services) advising that the College could borrow a further £200K without any impact to the health score. He confirmed that his projection for July 2019 included the recent LEP loan. • The Committee fully considered the options for cash generation and agreed that the 'quick fix' would be the sale of property that did not add any value to College. The sale of any land for development would have tax implications and advice would need to be sought from the auditors. Therefore, the Committee AGREED to RECOMMEND the sale of 3 Maurward Close to the Corporation. • It was noted that the gearing ratio was low and as it dropped it would increase the financial health of the College. It was suggested that if capital funding was not forthcoming in the future the College would have to consider further loans. It was also agreed that it could be a good future investment to resource a Bid Writer as this was a specialist skill. • Following the recent presentation from the Estates Manager regarding the issues around the campus, it was noted that there could be other ways of utilising the Main House that would better support students. The Principal suggested that this was a large discussion point that linked to the Masterplan. The Masterplan was currently awaiting the comments of Historic England, but when formally adopted would set out the zoning of areas for different uses. This would then give opportunities to discuss how the house operated. It was also suggested that there could be some sort 	

	<p>of relationship with a third party to maximise the asset value of the house.</p> <ul style="list-style-type: none"> The Committee encouraged SMT to generate income, which SMT members accepted to a point, advising that there were challenges around the utilisation of the estate, with safeguarding cited as an example which was agreed. 	
7.	<p>RESERVES POLICY</p> <p>The Reserves Policy was CONSIDERED, noting that it had been updated to take into account the latest set of accounts, and the following points were NOTED:</p> <ul style="list-style-type: none"> The Deputy Principal (Finance & Corporate Services) advised that the target for cash days was a lot of work every month. It was noted that the Current Ratio was a key measure of calculation for financial health of the College. <p>The Reserves Policy was RECOMMENDED to the Corporation for approval.</p>	
8.	<p>TUITION FEES POLICY 2019/20</p> <p>The Tuition Fees Policy 2019/20 was CONSIDERED, and the following points NOTED:</p> <ul style="list-style-type: none"> The Policy locked students in to two years. It was agreed to remove the fee within the last paragraph as the College did not enforce this. The Committee questioned whether the College was competitive and the Principal advised that the College was relative to other providers and did not recommend any changes with the current Post 18 Review being undertaken. <p>The Tuition Fees Policy 2019/20 was RECOMMENDED to the Corporation for approval.</p>	
9.	<p>REFUND & COMPENSATION POLICY</p> <p>The Refund & Compensation Policy was CONSIDERED, and the following points NOTED:</p> <ul style="list-style-type: none"> The Deputy Principal (Finance & Corporate Services) advised that this was a new policy as regulated by the Office for Students (OfS) for the delivery of HE, to provide assurance to students. The Deputy Principal (Finance & Corporate Services) confirmed that the Policy had been taken from an established Policy with a local University. It was agreed to make some minor amendments to the clause referring to Transfers. <p>The Refund & Compensation Policy was RECOMMENDED to the Corporation for approval.</p>	CP
10.	<p>FE INSOLVENCY GUIDANCE</p> <p>The DfE publication 'Further education bodies: insolvency guidance' was fully scrutinised and the following points NOTED:</p> <ul style="list-style-type: none"> It was suggested that the guidance had been published as some colleges had not been giving the finances appropriate scrutiny. It increased the responsibility for Governors and the SMT, giving the DfE the opportunity to intervene. The Committee considered the Summary of key points relating to Financial management and performance and Insolvency technical points and agreed that action would only be initiated as a last resort if there was real 	

	<p>evidence of wrong doing. The Mitigation risk for Governors was noted on Page 18.</p> <ul style="list-style-type: none"> • The Chair of Corporation considered that the Corporation had a clear focus on what this College was undertaking and the work that was required. He suggested that a lot of colleges had 'taken their eye off the ball' and had failed to deal with the core business. • It was agreed to make all Members aware of the document and to highlight during induction. The Committee was content that there were no concerns and the Corporation was ensuring that accountancy skills were strong on the Board. • The Deputy Principal (Finance & Corporate Services) was requested to gain a quotation from the College insurers to increase Governor liability to £5m. • It was agreed to facilitate a 4pm training session on Insolvency to ensure that all Governors were aware of the implications. 	<p>CP VG</p>
<p>11.</p>	<p>PROCUREMENT/TENDERS/VALUE FOR MONEY/CONSULTANCIES</p> <p>The Deputy Principal (Finance & Corporate Services) reported that he would be undertaking a tender for the College Insurance in the next few weeks. It was noted that the current cost was £130K and the policy was due for renewal at the end of July 2019.</p>	
<p>12.</p>	<p>PROJECTS/CAPITAL BID UPDATE</p> <p>The Deputy Principal (Finance & Corporate Services) reported that all agreements and tenders had been completed for the Interpretation Centre in the Animal Park and work was due to commence in March with a completion target of the May half term. The Principal suggested that there could be a formal launch to tie in with the 70th Anniversary of the College.</p>	
<p>13.</p>	<p>RISK MANAGEMENT</p> <p>The Corporate Risk Register and mitigating factors were NOTED, with a discussion on the implications of Brexit, however it was agreed to monitor the situation going forward.</p>	
<p>14.</p>	<p>ANY OTHER BUSINESS</p> <p>The further items were discussed and reported:</p> <ul style="list-style-type: none"> • The Principal reminded the Committee that the LEP was the main source of capital funding and it had been announced that there would be £2m available in the summer and bids would be requested. He was also pleased to inform the Committee that the College had been successful, in partnership with Stewarts Garden Centre, for £300K funding for glass house facilities for Stewarts to enhance the dual relationship between KMC and Stewarts to improve propagation, and was a strategic alliance east of the county. • The Principal added that as members were aware the Dorset LEP had not ring-fenced funding for skills as other LEP's had. However, the Committee was pleased to note there was likelihood that in the next 12 months £1.5m would be ring-fenced for skills, and colleges would have access to this funding for maintenance and capital projects. • It was noted that the Principal had been requested to be a Member of the LEP Board in his own right. 	

15.	<p>2018/19 MEETING DATES</p> <p>The following dates were NOTED:</p> <ul style="list-style-type: none"> • 2 April 2019 • 11 June 2019 	
	<i>Meeting closed at 7.30pm with no further business.</i>	

Chair.....Dated.....