



**MINUTES OF A MEETING OF:
THE CORPORATION'S FINANCE AND RESOURCES COMMITTEE
5.30PM TUESDAY 01 OCTOBER 2019, WHATMOOR ROOM**

Members:	*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); *Catriona Wood (Deputy Principal (Finance & Commercial Services) (DPFCS))

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

ITEM NO.	DETAIL	
1.	<p>DECLARATIONS OF INTEREST</p> <p>The Chair welcomed the new Deputy Principal (Finance & Commercial Services) to her first meeting.</p> <p>The following declarations of interest were NOTED:</p> <ul style="list-style-type: none"> • Item 5: Elaine Taylor and Luke Rake as Directors of KME Ltd 	
2.	<p>APOLOGIES FOR ABSENCE</p> <p>Apologies for absence were NOTED from Jim Tirrell and Richard Bourne (Co-opted).</p>	
3.	<p>MINUTES OF THE MEETING HELD ON 11 JUNE 2019</p> <p>The Committee AGREED the minutes as a true and accurate record and APPROVED the non-confidential minutes for website publication.</p>	
4.	<p>MATTERS ARISING</p> <p>The following matters were NOTED from the minutes of 11 June 2019:</p> <ul style="list-style-type: none"> • The Deputy Principal (Finance & Commercial Services) would be reviewing the Corporate Risk Register in due course, with the Risk Management Group. 	
5.	<p>DRAFT FINAL ACCOUNTS TO 31 JULY 2019</p> <p>The information detailing the College financial position at the end of year to 31 July 2019 was SCRUTINISED. The Chair advised that he had met the Deputy Principal (Finance and Corporate Services) on 9th July, and a £30K surplus was still</p>	

the projected forecast, in addition to the KMF funds. However, on completion of the year end the Chair had met with the new Deputy Principal (Finance & Commercial Services) and the current position was a deficit of £50K, with KMF funds included, which was a £170K gap. The two DPFCS had met to explore the data and analyse the expectations, and some variations had been made. During scrutiny the following points were **NOTED**:

Income & Expenditure – Comparison with Projected Out-turn

- It was noted that Wardening and Catering should be read together.
- The main variation was within Apprenticeships, which the Corporation had known would be a risk. The DPFCS explained that the reporting system was not accurate enough, compounded by the lack of a head of department. Data had been incomplete which had led to assumptions being made. Members questioned how reporting systems could be improved and the Principal advised that the SMT were currently reviewing the organisational structure as it was acknowledged that there was no 'driver' to develop and grow Apprenticeships, or to develop relationships with employers. The Principal advised that now the two new deputies were in place, this would be considered although the post was not within the Budget in theory it should pay for itself. The Committee questioned whether the provision of Apprenticeships were still important and the Principal advised that it was although there was a national decline, but timing was critical and the College had to improve its structure and systems. Delivery had been slow for the College due to the delay in national frameworks for land-based provision changing to standards and the opportunity for growth had lagged. A leader was required to drive growth across all areas with the right person being required to give a cross-over between business and education.

Some national tariffs on land-based standards had changed as they had been too expensive. A 'Skills scan' was required to establish provision and how it was delivered. Currently the quality of delivery sat with each subject area but a driver was required centrally for a strategic view.

The Committee questioned whether the current budget for 2019/20 had the correct assumptions for Apprenticeships. The DPFCS advised that she would be reviewing this imminently now that end of year was nearly complete. It was noted that student numbers were around the figure that had been projected and the budget set for 2019/20 was a little better than break even. The Chair questioned whether a revised budget would be necessary and the DPFCS advised that she could only fore-see this if student enrolment numbers had changed significantly, which they had not. It was acknowledged that the budget would present a challenge.

The Committee acknowledged that there had been a risk to Apprenticeship income and the College had to look at different ways of working with different outcomes.

- It was noted that Adult Education income had achieved its allocation.
- The Cross-college negative pay adjustment was questioned and it was noted that this related to the vacancy factor i.e. savings anticipated by gaps in recruitment and exploiting college holidays, net of provision for maternity and sickness cover.
- The Committee was advised that non-pay costs had over-spent in a number of areas, which had contributed towards the deficit position. The DPFCS advised that visibility of costs in the pipeline needed to improve and in order to achieve this purchase ordering processes needed to be tightened up. Her plan was to email all budget holders to explain the background and to ensure adherence to Finance Regulations and Procedures, especially relating to the compliance of purchase orders, to ensure that information reported at month-end was complete and

accurate. The exception to purchase orders was petty cash and credit cards, however the majority of credit cards were being withdrawn to ensure that the spend did not circumvent the approval process. Some consultancy support would be sought to make improvements to the Agresso on-line purchase ordering system, and to provide training.

The Principal advised that historically there had been no action on non-compliance by members of staff with college regulations and procedures. He further commented that this was facilitated by suppliers holding the college in high regard and accepting verbal orders. It was acknowledged that expenditure had not been made unwisely, but that systems had not been utilised to ensure visibility.

- Members questioned themselves whether the Corporation should have been aware of these issues and agreed that the Internal Auditors reviewed systems and processes and the issued of non-compliance with Purchase Orders had been highlighted. It was agreed that the Corporation could only act on the information it had been given which was correct to the best of its knowledge.
- The Committee emphasised the importance of receiving the correct data and the DPFCS advised that it was normal to make adjustments, but that the adjustments should be processed as journals through the accounting system.

It was agreed that the Corporation should be made aware of the issues to ensure that all members were comfortable and their responsibilities discharged, and the F&R Committee had monitored and scrutinised the information it had been presented with. Members had to understand the issues were around behaviour and compliance and the DPFCS agreed to provide a summary report for the Corporation meeting, with her actions going forward, including that adjustments would be made on a month by month basis to provide accurate monthly management accounts in real time.

CW

Financial Statements for the year ended 31 July 2019

- The DPFCS explained the Financial Statements with most of the items having been covered under the previous item.
- It was confirmed that the house sale would not be realised until 2019/20.

Pension Actuarial Report and adjustment

- The Pension accounting disclosure Report to 31 July 2019 was NOTED as well as the LGPS pension adjustment report.
- The DPFCS highlighted the impact of the pension adjustment on staff costs and interest costs.
- The DPFCS reported that a bespoke valuation had been achieved around the assumptions with an actual figure of 1.5% for an increase in staff pay. It was noted that in the normal course of the external audit Barnett Waddingham's report would be reviewed by Mazars' experts.

Financial Health

- The Financial Health score for 2018/19 was **SCRUTINISED**, noting that the score had slipped to 'Requires Improvement'. The SMT had recently met with the ESFA to meet the two new deputies. The Principal advised that the financial position had been discussed, and suggested that the College would probably be monitored, rather than intervention at this stage. A more active interest would be taken because of the unexpected deficit, with the Financial Plan being reviewed.
- It was noted that the College would have required around £40K to remain with a 'Good' score.
- The DPFCS confirmed that cash held was currently at an acceptable level,

	<p>with additional funding income having been received, combined with reduced payments runs.</p> <p>Bank Covenants</p> <ul style="list-style-type: none"> • The DPFCS confirmed that she had informed the banks and auditors of the current position and was awaiting their confirmation, with some final adjustments to be made. • An action plan was being produced with improvements to processes, which would be shared with the Corporation to include timescales. <p>KME Ltd Financial Statements for the year ended 31 July 2019</p> <ul style="list-style-type: none"> • It was noted that income had increased with the KME profit of £63K being gift aided to KMC. • The Principal advised that work was ongoing to improve the commercial income of the College. 	
6.	<p>REVIEW OF STUDENT ENROLMENT FOR 2019/20</p> <p>The Student Number Report for 2019/20 was CONSIDERED and the following points NOTED:</p> <ul style="list-style-type: none"> • The figures were encouraging with more 16-18 year olds with the local demographics still being negative. • In due course 130 DSS students could be looking to progress to the College, with the first flow through being this year with the high achievers. Whilst on this subject the Committee questioned the impact on catering with the increase in numbers. It was noted that the increased income would have been included in assumptions and the net result would be interesting. The Principal advised that KMC and DSS were proactively working together. • It was noted that there had been a drop in Level 3 enrolments due to GCSE performance locally. • Individual departments were monitored, noting that Animal Welfare & Science had probably peaked. Numbers within the Equine Department were discussed, noting that alternative provision was being considered. 	
7.	<p>DORSET STUDIO SCHOOL</p> <p>The SLA Income Report was CONSIDERED and the following points NOTED:</p> <ul style="list-style-type: none"> • The Principal advised that the relationship between the two organisations was good, each having opportunities to learn for staff. • The sharp intake of students had been challenging particularly with transport and toilets. • The main issue was the size of the building which was now too small, especially with a PAN of 375 and 356 currently enrolled. A temporary measure had been put in place for a year with KMC loaning classrooms. • It was agreed that the DSS should now consolidate and then look for a second phase of development but with the market still growing the opportunities were great. Capital was currently unavailable due to it being a new school. The Principal advised that there were conversations to be undertaken to raise awareness, but the biggest issue was the location of the Dairy which had been discussed during the drafting of the College Masterplan. 	
8.	<p>PROCUREMENT/TENDERS/VALUE FOR MONEY/CONSULTANCIES</p> <p>It was NOTED that the DPFCS was commencing work on the following contracts, and details would be presented to the Corporation in due course:</p> <ul style="list-style-type: none"> • Insurance 	

	<ul style="list-style-type: none"> • Electricity • Audit <p>The Committee questioned whether there had been any progress with the buses displaying KMC branding and the Principal advised that it was progressing.</p>	
9.	<p>PROJECTS/CAPITAL BID UPDATE</p> <p>The following points were NOTED:</p> <ul style="list-style-type: none"> • The Clerk advised the Committee that the Launch of the Activity Barn was Friday 18 October at 12 noon, if any members could attend. 	
10.	<p>RISK MANAGEMENT</p> <p>The DPFCS advised that she would be reviewing the Corporate Risk Register in due course and the Committee requested that she considered the status of the Bank Covenants.</p> <p>It was noted that the Internal Audit Review of Financial Controls would be undertaken in a couple of weeks time.</p>	
11.	<p>ANY OTHER BUSINESS</p> <p>There was no further business discussed</p>	
12.	<p>2019/20 MEETING DATES</p> <p>The following dates were NOTED:</p> <ul style="list-style-type: none"> • 12 November 2019 • 4 February 2020 • 31 March 2020 • 9 June 2020 	
	<p><i>Meeting closed at 7.40pm with no further business.</i></p>	

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