



**MINUTES OF A MEETING OF:  
THE CORPORATION'S FINANCE AND RESOURCES COMMITTEE  
5.30PM TUESDAY 9 JUNE 2020  
Held by Zoom due to Covid-19**

<b>Members:</b>	*Richard Barker; *Richard Bourne: Alex Jackson; *Robert Lasseter (Chair); *Annetta Minard; *Luke Rake (Principal); Andrew Robinson; *Jim Tirrell
<b>In attendance:</b>	*Vanessa Gifford (Clerk); *Graham Ledden (Observer – Chair of the Audit & Assurance Committee); *Tom Barlow (Deputy Principal (Finance & Commercial Services) (DPFCS))

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

ITEM NO.	DETAIL	
1.	<b>DECLARATIONS OF INTEREST</b>  There were no Declarations of Interest <b>NOTED</b> .	
2.	<b>APOLOGIES FOR ABSENCE</b>  Apologies for absence were <b>NOTED</b> from Alex Jackson and Andrew Robinson.	
3.	<b>MINUTES OF THE MEETING HELD ON 4 FEBRUARY 2020</b>  The Committee <b>AGREED</b> the minutes as a true and accurate record and <b>APPROVED</b> the non-confidential minutes for website publication.	
4.	<b>MATTERS ARISING</b>  The following matters arising from the meeting of 12 November 2019 were <b>NOTED</b> : <ul style="list-style-type: none"> <li>• It was noted that the Financial Regulations were currently with the Principal for review.</li> <li>• The Principal had fully reviewed the Corporate Risk Register which would be presented to the Audit &amp; Assurance Committee the following day.</li> <li>• The Balance Sheet now provided a comparison as requested.</li> </ul>	<b>LR</b>
5.	<b>KMC FINANCIAL PLAN 2019 – 2021</b>  The following letters from the ESFA were <b>NOTED</b> acknowledging that the information was historical: <ul style="list-style-type: none"> <li>• KMC Financial Plan 2019-21 dated 23 October 2019</li> <li>• Finance Dashboard October 2019</li> <li>• KMC Financial Statements 2019/20 dated 29 May 2020.</li> </ul>	

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**MANAGEMENT ACCOUNTS TO 30 APRIL 2020**

The following reports were **SCRUTINISED**, and the following points **NOTED**:

- The Corporation had been updated on these Management Accounts at the informal meeting held the previous week and there had been no changes.
- It was noted that there was no change to the AEB and Apprenticeship issues which were still a problem.
- Covid-19 had caused huge issues to the financial position of the college with all commercial income now stripped out of the Budget for 2019/20.
- A forecast for the end of the financial year had been captured which highlighted a £570K deficit, including the removal of commercial income, from a break even position before the pandemic.
- The DPFCS advised that some mitigation had not been included to date, and there were some cost savings emerging from the closure of the college.
- Furlough income had been included for 39 staff and the initial claim for £52K had been made. A further £20K per month was included in the forecast. It was noted that further staff had since been furloughed.
- The cash position was noted with £150K currently in the bank with furlough income to come.
- The DPFCS advised that the overdraft facility had only been utilised once in April, and it may be required further at the end of this month.
- It was noted that the DPFCS was investigating Business Improvement Funding and checking whether the college was eligible, so there could be possibilities with this.
- The DPFCS understood that NatWest Bank had waived the covenant at another college, and he was still in conversation with both banks on KMC covenants.
- The committee questioned whether there was potential for catering stock to be written off and the DPFCS agreed to look into this. The Principal advised that the perishable stock was low and had been run down before lockdown.
- The Principal advised that the Gardens would open at the weekend for season ticket holders only to gauge the interest.
- It was suggested that the purchase ledger should be reviewed for any improvements to the ratios.
- It was noted that furloughed staff were currently off until 31 August 2020 and this would be reviewed at the beginning of that month. It was questioned whether staff could be brought in earlier and the Principal advised that it was currently not viable. A skeleton staff structure was in place and until income started to improve other staff would remain on furlough. There was currently no guidance on when weddings and conferences could re-commence, which was a large part of the commercial income. It was noted that the opening of the Gardens would assist with any review.
- The Committee questioned whether there had been any feedback from the ESFA on the position of other colleges and it was understood that there was a mixed picture with differing advice. It had been acknowledged that the land-based sector had been amongst those that had been hardest hit, with substantial commercial activity for the benefit of students, and the DfE was mindful of this. There was the possibility of extraordinary income support but there was no confirmation at the present time. Some larger colleges, with large residential, apprenticeship and HE provision, had huge concerns. The AoC and Landex were continually lobbying for their members.
- With KMC being primarily 16-18 delivery it had some safeguards with this

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	<p>income, however the college required the support of its commercial income and this needed to re-commence at the earliest opportunity.</p> <ul style="list-style-type: none"> <li>• It was suggested that there could be opportunities where companies realised that staff could work at home successfully and office space was not required, they would then be looking for occasional rooms so the Main House could be used differently.</li> <li>• The DPFCS advised that the projected income shortfall for the year split between government funding and commercial income was approximately £340K v £550K.</li> <li>• The ESFA had advised that the College would receive its full allocation of adult funding but confirmation was awaited. The main issues was around commercial and apprenticeships.</li> <li>• It was noted that all weddings that had been cancelled had transferred to 2021 except for one, with 43 now planned for 2021.</li> <li>• It was acknowledged that there had been an increase in the base rate for 16-18 funding and 2020/21 would be driven by growth.</li> <li>• The Principal advised that the Minister for Education was currently looking for a taskforce to review FE, and there may be fundamental shifts of operation, with autonomy disappearing, following this.</li> <li>• It was also noted that there could be a risk to the weighted funding allocation that the college received for its specialist provision, as it was currently being reviewed. Landex was lobbying the DfE on behalf of the land-based colleges.</li> <li>• It was noted that Sub-contracting provision was meeting the contractual agreements and they were not under-performing, although the college did not have a large sub-contracting provision.</li> <li>• The Principal advised that the applications for 2020/21 were positive and ahead of the current year, with enquiries still coming in. Apprenticeships were the issue. It was suggested that schools may try and hang on to their students due to the transport issues. The Principal advised that curriculum delivery was being reviewed with the students attending college for 1/2 days and the rest by online learning, but the Transport contract would remain as it was to allow for social distancing. He considered that schools could have a capacity issue with social distancing, so marketing material would include an outdoor vision.</li> </ul>	
<p><b>7.</b></p>	<p><b>PAY RISE</b></p> <p>The Principal recommended that any pay rise would be untenable in the current circumstances and was hard to justify. He added that the College was carrying out its normal procedure for progressing staff within pay scales for specific reasons.</p> <p>The Committee agreed that no recommendation could be made, and until the Budget for 2020/21 was approved it was unfortunately unaffordable.</p>	
<p><b>8.</b></p>	<p><b>BUDGET 2020/21</b></p> <p>The DPFCS advised that he was in the middle of the process to present the Budget and Financial Plan for 2020/21, with there still being many uncertainties. Managers had completed their individual budgets and these were currently being consolidated. It was noted that 16-18 funding was positive, Commercial income uncertain, and Apprenticeships would be realistic. It was acknowledged that this year had been unprecedented and the issues made it difficult to set a budget for 2020/21.</p> <p>The DPFCS also advised that a template relating to the Integrated Financial Model that had been submitted in February 2020, would be available the following week</p>	

	for submission by the end of July 2020, and this would take into account the Budget and any forecasts.	
<b>9.</b>	<b>FINANCIAL PLAN 2020/21</b>  This item was covered under item 8.	
<b>10.</b>	<b>COMMITTEE TERMS OF REFERENCE AND WORK PROGRAMME</b>  The Committee Terms of Reference and Work Programme for 2020/21 were <b>RECOMMENDED</b> to the Corporation for approval.	
<b>11.</b>	<b>VAT CLAIM</b>  The DPFCS updated the Committee on the VAT claim, advising the Committee that following the Tribunal in May 2019 there was still no decision. It was understood that the decision was awaiting the outcome of the Colchester case, with this decision embargoed on until 24 <sup>th</sup> March, however due to the pandemic this had been delayed. The DPFCS did not expect to receive the KMC outcome until this case was resolved, therefore did not anticipate that there would be a resolution for year end. It was hoped that a result would be received before the end of year audit process.  The DPFCS explained the background of the claim for the benefit of new Governors.  The DPFCS advised that the VAT Consultant remained positive and the matter would be kept under review.	
<b>12.</b>	<b>CARRY FORWARD TO NEXT MEETING</b>  It was <b>NOTED</b> that the following items would be carried forward to the next meeting: <ul style="list-style-type: none"> <li>• Reserves Policy</li> <li>• Financial Regulations</li> <li>• Partnership Report</li> <li>• Review of Strategic Plan targets, although the Principal advised that he would update within his Principal's Report for the next Corporation meeting.</li> </ul>	
<b>13.</b>	<b>PROCUREMENT/TENDERS/VALUE FOR MONEY/CONSULTANCIES</b>  The DPFCS reported the following: <ul style="list-style-type: none"> <li>• Work on the Insurance Tender had commenced prior to the pandemic and due to the lockdown it had been agreed to extend the contract with the NFU for a further year on the same terms as the previous 5 year contract. It was confirmed that a re-tender process would be carried out next year.</li> <li>• It had been agreed to extend the contract of the External Auditors for a further year due to the senior staff changes. This would also be reviewed next year.</li> </ul>	
<b>14.</b>	<b>PROJECTS/CAPITAL BID UPDATE</b>  The following points were <b>NOTED</b> : <ul style="list-style-type: none"> <li>• The Principal updated on progress with the projects related to the £111K funding from the LEP for estate refurbishment:</li> </ul>	

	<ul style="list-style-type: none"> <li>➤ The installation of the Climbing Wall had been delayed due to Covid-19, however the College was now providing accommodation for the contractors so it was hoped that work would commence early in July.</li> <li>➤ The kitchen refurbishment had been completed on time and to budget.</li> <li>➤ Start on the road repairs would be commenced as soon as possible.</li> </ul> <ul style="list-style-type: none"> <li>• The Principal advised that the LEP had agreed and signed the Funding Agreement for £121K for ICT infrastructure. This was a full grant and would be drawn down in the current financial year.</li> <li>• £76K had been agreed with the LEP for the Hengistbury Head classroom which would provide a footprint in the east of the county, and a relationship with the Bournemouth, Christchurch &amp; Poole Council.</li> <li>• It was questioned whether the specification for the ICT bid was 'set in stone' as funding could be required to enhance the current online learning. The Principal advised that the bid had been negotiated with flexibility for the College to use as it saw fit.</li> <li>• The Principal updated on further possible funding with the LEP requesting pipeline bids, with an opportunity for the College to strategically position itself. The Principal had made three Expressions of Interest which he agreed to share with the Corporation.</li> </ul>	<b>LR</b>
<b>15.</b>	<p><b>RISK MANAGEMENT</b></p> <p>It was <b>NOTED</b> that the Corporate Risk Register would be reviewed by the Audit &amp; Assurance Committee (A&amp;A) the following week, however it was agreed to consider the following items in the review:</p> <ul style="list-style-type: none"> <li>• 'Going Concern' would have to be considered at the end of the financial year and would be discussed further at the A&amp;A Committee. Cashflow would be key in March 2021, although there were national discussions on changing the profile of funding. The DPFCs advised that there was a lot of guidance in the Audit Planning papers relating to 'Going Concern'.</li> <li>• The medium term was concerning with the management of the processes that were necessary for delivery from September. The college experience would not be the same again and this would be a challenge. It was acknowledged that there could also be opportunities if the College moved quickly.</li> <li>• Members asked how the current online delivery affected attendance figures. The Principal advised that colleges did not have a legislative attendance figure, although Ofsted had its benchmarks. Colleges had a different model with required planned learning hours. It was noted that a lot of universities would be continuing online delivery. KMC was constrained by its curriculum with students having to attend college for the practical components. It was suggested that the proposed model of delivery for September could attract more students as they could be more flexible with employment opportunities.</li> </ul>	
<b>16.</b>	<p><b>ANY OTHER BUSINESS</b></p> <p>No further business was <b>NOTED</b>.</p>	
<b>17.</b>	<p><b>2019/20 MEETING DATES</b></p> <p>The following dates were <b>NOTED</b>:</p> <ul style="list-style-type: none"> <li>• 29 September 2020</li> <li>• 24 November 2020</li> </ul>	

	<ul style="list-style-type: none"> <li>• 2 February 2021</li> <li>• 27 April 2021</li> <li>• 22 June 2021</li> </ul>	
	<i>Meeting closed at 6.30pm with no further business.</i>	

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