



**MINUTES OF A MEETING OF:
THE CORPORATION'S FINANCE AND RESOURCES COMMITTEE
5.00PM TUESDAY 29 SEPTEMBER 2020
Held by Zoom due to Covid-19**

Members:	Richard Barker; *Richard Bourne; *Alex Jackson; *Robert Lasseter (Chair); *Graham Ledden; *Luke Rake (Principal); *Andrew Robinson; *Jim Tirrell
In attendance:	*Vanessa Gifford (Clerk); *Dan Knight (Observer – Chair of the Audit & Assurance Committee); *Tom Barlow (Deputy Principal (Finance & Commercial Services) (DPFCS)); *Oliver Symons (Deputy Principal (Learning & Performance))

** 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 Richard Barker.	
3.	MINUTES OF THE MEETING HELD ON 9 JUNE 2020 The Committee AGREED the minutes as a true and accurate record and APPROVED the non-confidential minutes for website publication.	
4.	MATTERS ARISING The following matters arising from the meeting of 9 June 2020 were NOTED : <ul style="list-style-type: none"> • Financial Regulations had now been approved. • Catering Stock had been running low before the pandemic, and some bar stock had been written off. • The Purchase Ledger had been reviewed • Expressions of Interest had been shared with Members. 	
5.	DRAFT FINAL ACCOUNTS TO 31 JULY 2020 The Draft Final Accounts to 31 July 2020 were CONSIDERED and the following points NOTED : <ul style="list-style-type: none"> • The bottom line deficit was now forecast as £621K, but was un-audited and subject to adjustment by the auditors. The operating position was a deficit of £932K. • The positive costs variance of £114k related to savings from reduced commercial activity that continued to accrue in July. • The real issues were around income in the following areas: 	

- Residential
- Catering
- Commercial
- Adult and Apprenticeships being significant

- There was an outstanding question around the clawback of AEB funding with the ESFA. The Principal and Deputy Principal (Finance & Commercial Services) were due to meet the Regional Officers the following week and would be seeking to gain clarity. The Deputy Principal (Finance & Commercial Services) confirmed that the current accounts showed the worst case, and if there was no clawback around £200K would go into the accounts.
- The 400k Overdraft facility was now in place with the NatWest Bank, and the College had utilised it at the end of July due to the reduced funding profile from the ESFA. The facility was in place until the end of October 2020 and could be reviewed and rolled on for a further period. The Deputy Principal (Finance & Commercial Services) confirmed that the cash position at that moment was £700K positive, which included the capital grant funding of £270K that had been received within the month. This had been based on student numbers with the 2021/22 allocation to be announced shortly. The funding had to be ring-fenced for capital expenditure, which gave a net benefit of £150K to the budget. The Principal suggested that any capital funding was beneficial to an ageing protected estate.
- The Deputy Principal (Finance & Commercial Services) advised that discussions had been had with both banks regarding the bank covenants. He confirmed that the NatWest Bank had waived all covenants, however Barclays Bank had not taken that approach. The College had been up front with Barclays from the beginning of the year and because the covenant had been reported to be challenging at that time Barclays had considered that the issues were not Covid related. The existing covenant had been waived with a new one put in its place based on EBITDA. This highlighted the necessity to get the AEB clawback resolved as the covenant would be met if there was no clawback.
- The Deputy Principal (Finance & Commercial Services) confirmed that the CBIL's loan with NatWest had been approved for £1.2m. The loan represented good value with good interest rates and a repayment holiday for one year. He also explained that there could also be the possibility of extending the term of the loan from 6 to 10 years. The Deputy Principal (Finance & Commercial Services) was not aware of any other college that had been successful with this loan service and he had found NatWest extremely helpful. The Committee thanked the Deputy Principal (Finance & Commercial Services) for his work on this, although acknowledged that it did not change the underlying position. Members questioned whether there would be an optional drawdown and the Deputy Principal (Finance & Commercial Services) agreed to investigate.

The Principal advised that the liquidity challenge had to be demonstrated to the LEP regarding the University Hub project and suggested that the loan was taken in full at this stage with the 10 year pay back if possible. This facility was cheaper than an overdraft facility and the best value that could be achieved, and this was agreed. The Deputy Principal (Finance & Commercial Services) confirmed that there were no penalties for early pay back, and there were choices to be made on calculation of the interest rate, he was just awaiting advice on the 10 year term.

The Committee **AGREED** to **RECOMMEND** in principle the draw-down of the loan for the full amount and if there was no further clarity on the term and interest rate by the time of the Corporation meeting, a decision

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	<p>covenants and the Deputy Principal (Finance & Commercial Services) advised that this was dependant on the clawback with the ESFA. The Principal advised that the ESFA had been issued with the current student number and would consider re-profiling, with recruitment strong.</p> <ul style="list-style-type: none"> The Principal advised that the current restructure put 46 staff at risk of redundancy under the consultation with 3 staff having withdrawn. He considered that this had the potential of £407K per annum of staff cost savings, £237K in year. The Principal confirmed that the target for the restructure was £200K. It was noted that cost would be approximately £140K in year, plus an additional £40K LGPS contribution, and was beneficial to the bottom line. The Committee questioned whether this was sufficient for 2021/22 and the Principal confirmed that it should be without de-stabilising activity. The Committee questioned whether wedding bookings could be fulfilled in 2021 and the Principal advised that it was the College's intention to fulfil these bookings, subject to the government guidance at that time, and a skeleton staff were being kept in place within the Marketing Team. All events would be reviewed more widely in due course by this team. It was noted that the College held the deposits for the wedding bookings, and bookings that had been effected by the current restrictions had mostly transferred to 2021 and were being dealt with on a case by case basis. The Committee requested a report on the amount of cash that was being held for deposits that could potentially be at risk, and suggested it was identified on the Risk Register. It was also suggested that it be held in a separate client account. The Principal advised that the Weddings Team were active on social media and a small wedding had been held that weekend with customers who had kept faith. The Principal advised that he would be reviewing the structure of the Animal Park to ensure that it was a viable commercial proposition going forward. The costs were currently more than they should be, although its use as an educational facility had to be considered. The current experience for the customer was compromised and the Principal considered that it may be better to withdraw for an interim period and then return with a better experience when hopefully the Covid-19 restrictions would have improved. 	TB
6.	<p>REVIEW OF STUDENT ENROLMENT</p> <p>The report of Student Enrolment for 2020/21 was considered and the following points NOTED:</p> <ul style="list-style-type: none"> The report highlighted that the College numbers were significantly increased for 2020/21 and the Deputy Principal (Learning & Performance) advised that it had also increased further since the report with 833 students enrolled, with 770 being 16-18 funded. It was noted that numbers had to remain for the 6 week census period, but the Deputy Principal (Learning & Performance) confirmed that currently the students had settled in well to the blended approach to learning. The College was close to enabling in-year funding and would review with the ESFA, however the overall picture could bring up to £700K of additional funding next year. It was confirmed that the College allocation was 671 students so close to the 15% required for in-year funding. The Principal advised that enrolment was encouraging, with a considerable increase in students. The Committee asked the SMT why it thought this was and the Principal considered it was due partly to the work that had been carried out on branding which had focused on the full-time programmes, selling the career end goals. Also, numbers had 	

	<p>increased significantly in the period of lockdown, possibly reflecting on the possibility of fewer jobs and apprenticeships at the end of the pandemic. He also suggested that during lockdown some schools had commenced A Level work when students had realised they wanted to follow a more technical route, with university not always being the best pathway. The Principal advised that more work would be carried out to analyse further, with a mapping exercise. He suggested that the majority of students were local as the college had now withdrawn its residential provision, and the college had responded well to the pandemic to give a better student experience. The Principal was also mindful that an increase may not occur next year, so was not complacent and had a target of 1000 students for two years' time, by providing more choice of courses and continued work on the brand.</p> <ul style="list-style-type: none"> • The Committee agreed that the numbers were good especially with the demographics only just starting to increase, particularly in the Bournemouth and Poole area. The Principal considered that there were opportunities in the Yeovil area with increased development. • The SMT considered that the current students were well behaved, clean and well dressed, and focussed on the right attitude, with parents supporting them, as some positive comments had been made. The Committee questioned whether the College had good plans for the winter and it was considered that better work was being produced online and this was the way to go, and keep the students coming to college for their practical sessions. The Principal confirmed that the College was open and back in business following lockdown. 	
<p>7.</p>	<p>PROPERTY STRATEGY</p> <p>The Principal updated the Committee of two projects that had been discussed in detail at the recent Property Strategy Working Group. The following points were NOTED:</p> <ul style="list-style-type: none"> • The LEP Grant of £3m from the LEP for the University Hub had been approved by the LEP. This was a hugely ambitious and challenging project, especially within the timescales. The Principal confirmed that meetings had commenced to move the project forward. The Committee questioned whether the timescales were achievable and the Principal was confident that the targets, although ambitious, could be met as much of the early consultation work had been carried out with the College Masterplan. He confirmed that all funds had to be allocated by March 2022 and agreed to circulate a GANT chart of the timeline. The Committee questioned how the funds were allocated and the Principal advised that the Funding Agreement was currently being prepared but he understood there would be flexibility. • The Principal advised that there could be further LEP funding available for 'shovel ready' projects and this was being monitored. • Some discussions were taking place regarding the options for other land development. • The Principal confirmed that there would be more regular meetings of the Property Strategy Working Group to monitor current building projects, which would feed into this Committee for scrutiny. He would also be holding regular operational meetings to ensure the projects proceeded without any issues to protect the reputational risk of the ambitious project. 	<p>LR</p>
<p>8.</p>	<p>VAT CLAIM</p> <p>The Deputy Principal (Finance & Commercial Services) advised that there was no</p>	

	<p>further details to share, with the outcome still tied in with the Colchester Institute decision which had been embargoed for many months and not been released. The VAT Consultant was actively pursuing the case and it was agreed to leave this as a standing item on each agenda until resolved.</p>	
9.	<p>CARRY FORWARD FROM PREVIOUS MEETING</p> <p>Reserves Policy: Further work was required on the Reserves Policy, therefore it was agreed to defer to the next meeting.</p> <p>Partnership Report 2019/20:</p> <ul style="list-style-type: none"> • The Partnership Report was NOTED. • It was confirmed that the total Sub-Contracting for 2019/20 was below the threshold of £100K. It was suggested that the ESFA would require auditing of all sub-contracting going forward and the Deputy Principal (Finance & Commercial Services) agreed to investigate as he was not aware of this, although it was not core business for the College. • The Principal advised that the Bournemouth University (BU) had given to notice to stop the accreditation of KMC programmes from September 2021. This news had been delivered by a Faculty Head and the Principal had pursued this with the Operating Officer of BU who was not aware of such action. The Principal was having further conversations with BU the following day and would work on the relationship. • The Principal reported that he understood that the DfE could advise the Dorset Studio School to join a Multi Academy Trust (MAT) to enable any capital funding. He suggested that if this was the case the College would not wish a separate organisation to have access to the estate and further information was required. The Principal advised that it was the decision of the Governing Body of the DSS whether to join a MAT, but his preference would be to reduce the size of the school to make it fit for purpose. It was also noted that the Principal would be giving notice on the Courtyard Classrooms in a month's time as the College required these classrooms in September 2021 due to growing numbers. The College had done everything possible to support the DSS, at its expense, and the issues were with the DfE. The Chair of the Corporation supported the Principal and agreed that the only way forward was to match student numbers to the size of the school. The school was currently unsafe even without the current pandemic. Further information would be shared as soon as it was known. 	<p>TB</p> <p>TB</p> <p>LR</p>
10.	<p>PROCUREMENT/TENDERS/VALUE FOR MONEY/CONSULTANCIES</p> <p>The DPFCS reported the following:</p> <ul style="list-style-type: none"> • The new relationship with Prodigy for IT support was working well and a lot of progress had been made in a short time. It was questioned whether the contract had been signed and the Principal advised that it was currently being progressed with the lawyers and there were no fundamental disagreements. It was noted that the costs related to the contract had been incorporated within the Budget for 2020/21, and would be shown within the next set of management accounts that were presented. 	
11.	<p>PROJECTS/CAPITAL BID UPDATE</p> <p>This item had been previously covered under other items on the Agenda.</p>	

12.	<p>RISK MANAGEMENT</p> <p>It was AGREED that the following items should be considered for the Corporate Risk Register:</p> <ul style="list-style-type: none"> • Risks around a significant new building project • A review of the relationship with the DSS. It was agreed that the next meeting of this Committee would consider the full relationship with the DSS, including all exposures going forward. • It was agreed that financial viability was still the number 1 risk for the College at the present time. 	TB/LR
13.	<p>ANY OTHER BUSINESS</p> <p>The following further business was NOTED:</p> <ul style="list-style-type: none"> • The Principal advised that he had received confirmation from Muller that the base rate for milk had increased by 1p a litre from 1st November, equating to £10K a year. • The College could access catch up funding to support learners who had not achieved a grade 4 in English or maths. This would be utilised for 1:1 support for those that did not do so well during the summer. • The Principal was pleased to report that the College had achieved its Matrix accreditation, and the report would be shared with the Quality & Standards Committee in due course. Thanks were given to the Deputy Principal (Learning & Performance) and his team for their excellent efforts. 	
14.	<p>2019/20 MEETING DATES</p> <p>The following dates were NOTED:</p> <ul style="list-style-type: none"> • 24 November 2020 • 2 February 2021 • 27 April 2021 • 22 June 2021 	
<i>Meeting closed at 7.00pm with no further business.</i>		

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