



**MINUTES OF A MEETING OF:
THE CORPORATION'S FINANCE AND RESOURCES COMMITTEE
5.30PM TUESDAY 9 FEBRUARY 2021
Held by Zoom due to Covid-19**

Members:	*Richard Barker; *Richard Bourne; *Alex Jackson; *Robert Lasseter (Chair); *Graham Ledden; *Luke Rake (Principal); *Jim Tirrell
In attendance:	*Anna Carvisiglia (Finance Director); *Vanessa Gifford (Clerk); *Oliver Symons (Deputy Principal)

** 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 No Apologies for absence were NOTED . The Chair welcomed the new Finance Director to her first meeting.	
3.	MINUTES OF THE MEETING HELD ON 24 NOVEMBER 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 24 November 2020 were NOTED : <ul style="list-style-type: none"> • It was noted that the IT contract had been signed and the Principal would update the Audit & Assurance Committee on the recommendations in due course. • The Finance Director was requested to pick up the action on checking the budget figure within the management accounts. • The Deputy Principal was asked how popular the open events were, and he advised that he was holding two a month, and around 10-15 people were attending each one. An additional event would be held in half term and another for careers leaders. He was hoping that by the end of April, face to face sessions would be able to be held. It was noted that Apprenticeship numbers were still declining and different ways of engaging were being investigated. 	LR AC

5.

MANAGEMENT ACCOUNTS TO 31 DECEMBER 2020

The Management Accounts to 31 December 2020 were **SCRUTINISED**, and the following points **NOTED**:

- In the year to 31 December 2020 the management accounts showed an operating deficit of £142k. This was a favourable variance of £103k compared to Budget and a positive variance of £129k compared to prior year.
- It was agreed that this was not a true comparative, as income was £300K down on the previous year due to the pandemic, affecting catering; residential; and commercial operations.
- Following the restructure in November 2020, the staff head count was 245 after redundancies. It was noted that around 10 staff were still furloughed and were amongst the 245 total, the Committee were also advised that there could be another couple of redundancies to flow through.
- It was suggested that when normal business could resume the 245 staff count would increase, and the Principal agreed, based on commercial activity. It was noted that educational staff were not permitted to be furloughed under the regulations. Members considered that there would be many to staff to employ as operations commenced, and the Principal advised that he was not concerned as there were many people looking for jobs at the current time. It was noted that a skeleton staff remained within the Conference and Weddings Team.
- It was noted that staffing costs for March 2019 included agency payment and termination payment for the Finance lead role. The Committee were also advised that furlough funds were allocated to income as they could not be netted off, as they were true staffing costs.
- The Deputy Principal was asked when he considered that Apprenticeship income could start to increase. It was noted that Apprenticeships did not enrol at one time they enrolled at any time during the year, with the College receiving 25% of funding on completion. The Deputy Principal advised that funding would continue to taper down for some time and it was currently a challenging time to recruit, and the government had made it a very difficult process for SME's. A complete review was being undertaken to ensure that the College made a profit on the new Standards, with the aim being that provision would be small, niche and profitable.
- It was suggested that the national changes to Apprenticeships around the Levy and Non-Levy funding; as well as the change from Frameworks to Standards, had inadvertently destroyed the provision.
- It was noted that the Standard for Agriculture was funded at £5K for two years, therefore, when paid out monthly, a lot of students were required to make a profit. The driver to assess the margins was the funding by the ESFA per Standard, with Engineering being funded around £27K, with the funding often dependent on the specialist equipment required. It was agreed that it would be beneficial to reduce provision to less disciplines, where the College knew it could enrol the numbers.
- The Finance Director explained the accounts to those that were unaware, with cash being the most important to consider. The cash position was currently £1.3M, as the £1.2M CIBL's loan had been received.
- It was noted that the cashflow forecast was positive, with the overdraft facility not being required.
- The Finance Director advised that going forward she would be providing the up to date position on Bank Covenants within the report with the ratios included.
- The intangible assets were questioned and noted that they included

	<p>some IT software and costs of the Director of MIS and Systems Integration. It was suggested that some of these costs could be amortised and the Finance Director agreed to investigate.</p> <ul style="list-style-type: none"> It was suggested that there were some discrepancies within the report with members trying to reconcile. The Finance Director advised that she would be reviewing all figures going forward before submitting the next set of management accounts to ensure that they were correct, but advised that some of the discrepancies could be timing differences. The cash surpluses would also be reviewed within the Cashflow forecast to ensure that the Corporation had accurate information. The Chair of the Committee advised that he had spoken to the Finance Director to welcome her and had agreed that Cashflow statement would be a standing item on the agenda going forward. He also emphasised that it was imperative that all documentation tallied, eg the I&E statement; the Balance Sheet; and the Source & Application of cash statement, as there had been issues in the past. The Finance Director agreed and would be reviewing all reports in due course. The Finance Director was asked how often the cashflow was monitored, and she advised that currently it was being monitored daily but she was hoping to get to the position next year when it would be weekly. The Finance Director advised that she was working on presenting timely Management Accounts. She had tasked her Team that January's should be completed within 15 days, moving to 12 days after. The Chair requested the Finance Director and the Clerk to liaise with the timing of meetings for 2021/22 to ensure that the Committee received timely information. 	<p>AC</p> <p>AC</p> <p>AC/VG</p>
<p>6.</p>	<p>CASHFLOW</p> <p>This item had been discussed within the previous item.</p>	
<p>7.</p>	<p>VAT CLAIM</p> <p>The Principal advised that he had met with the VAT Advisor a couple of weeks earlier and on 23 December 2020 the judge was found to be in favour of the claim by Colchester Institute, the case that was dependant on resolution of KMC's case. The VAT Advisor had now made a new submission and was awaiting a decision, but the outcome was expected to be favourable, and it was then at the discretion of HMRC to negotiate repayment.</p> <p>It was noted that there was further work to be undertaken on the agreed payment system for in year benefit, to ensure it worked for the College. Full advice would be sought in due course when details were known.</p> <p>The Committee asked if the claim was subject to interest, and the Principal advised that it was for the 6 year period of the claim.</p> <p>The Committee had previously agreed that action would have to be taken before year end, on the potential bad debt that was accumulating within the accounts. It was now agreed that the case should reach a conclusion before year end, therefore there would be no action at this point in time.</p>	<p>LR/AC</p>
<p>8.</p>	<p>COMMERCIAL UPDATE</p> <p>The Principal updated the Committee on commercial activity and the following points were NOTED:</p> <ul style="list-style-type: none"> There was currently no commercial activity being undertaken due to the 	

	<p>lockdown restrictions.</p> <ul style="list-style-type: none"> • A skeleton staff on the Conference and Weddings Team had been maintained to ensure there was communication with current bookings. • SMT was taking the opportunity to undertake a full review of all commercial activity, to ensure that the margins were acceptable, to ensure that the activity was worth doing, and profitable. Meetings with relevant Budget Holders would be re-convened to review and monitor. • The Principal had strong ideas on the way forward for the Animal Park, but advised it was necessary to review all the data before sharing. • The Committee questioned whether all weddings affected by the pandemic had postponed to another date, and the Principal advised that a few were considering cancellation, with the Committee noting the exposure of £65K in deposits. The legal position on the deposits was being sought, but the Principal considered that a case by case decision would be taken to ensure the College's reputation remained. The College had previously invested heavily in weddings, and it could now be the right time to approach a review on which weddings were accepted to ensure quality and margins. This would also be carried out for conferences. It was agreed that this would be embraced in all strategy discussions. Members agreed that the reputation of the College had to be considered, as awards had been received for the wedding service, and the provision had to be made to work for the College, utilising its assets. 	
<p>9.</p>	<p>CARRY FORWARD FROM PREVIOUS MEETING</p> <p>It was agreed that the following items would be carried forward:</p> <ul style="list-style-type: none"> • Reserves Policy • Tuition Fees Policy • Annual Treasury Report <p>The Finance Director assured the Committee that these items would be presented to the next meeting.</p>	<p>AC</p>
<p>10.</p>	<p>PROCUREMENT/TENDERS/VALUE FOR MONEY/CONSULTANCIES</p> <ul style="list-style-type: none"> • University Centre and Business Hub (UCBH) The Principal advised that the main work was around the UCBH. He advised that the Property Strategy Working Group had met and received presentations from the Project Manager and Project Consultants. The Project had now been submitted to the Local Authority for planning consent, and the Principal would update the Corporation at its next meeting. Further meeting dates for the Property Strategy Working Group were being organised. The Committee questioned whether the project was on track, and the Principal advised that it was within appropriate margins of error, but any slide was due to the pandemic, but it was within a reasonable comfort zone. It was suggested there could be further issues around supplies due to Brexit. The Committee asked if the LEP had been approached about any possible extension to funding. The Principal advised that he had been in contact, although funding was set by central government, and had to be allocated, not completed, by March 2022. He considered that the LEP would be flexible as there was a good working relationship. The Principal advised that he would be presenting papers to the next Corporation meeting, including financial details, Project Management Plan; cost base; timelines; and cashflow. The Committee questioned the match funding required and the Principal, advised there was nothing in the cashflow, and he had approval to backfill with land and time being 	

	<p>part of the match. The Principal considered there to be flexibility to amend the ratio which would be covered in his papers to the Board. The Committee were also interested in the marketing strategy and plans to enrol the appropriate students, and the Principal advised that there were good opportunities for potential partnership working and course which would be provided as an addendum.</p> <ul style="list-style-type: none"> • External Audit Tender The Committee were reminded that the External Auditor had been extended for a year due to Covid-19 and changes in the Finance Lead. It was considered to be good practice to re-tender and this would be initiated in due course. • Insurance The Principal advised that a tender process had commenced through the CPC • Transport The Committee questioned when the Transport service should be reviewed and the Principal advised that OJEU regulations had to be clarified. An operational review would then be undertaken, and it was noted that the College had a good relationship with Nordcat, a community partnership. Considerations would also be given to taking the provision in-house if there were benefits to gain, but a full review would be undertaken with the Corporation updated in due course. 	
11.	<p>PROJECTS/CAPITAL BID UPDATE</p> <p>This item had been covered in the previous item.</p>	
12.	<p>RISK MANAGEMENT</p> <p>It was AGREED that there were no additional items not already on the Risk Register.</p>	
13.	<p>ANY OTHER BUSINESS</p> <p>The following further business was NOTED:</p> <ul style="list-style-type: none"> • ESFA Funding Audit – this item was minuted confidentially. • Apprenticeships – the Deputy Principal agreed to share the list of approved Standards for the Committee to see the funding. • Applications – following the virtual open events current applications were questioned. The Deputy Principal advised that the current number was 380 against 500 at the equivalent time the previous year. It was agreed that in the current circumstances this was understandable and it was hoped that in the summer young people would make last minute decisions, when face to face sessions could resume. It was noted that the challenge in Dorset was that the 6th forms were persuading their students to stay with the current situation. It was noted that the report on current applications would be reported to the Quality & Standards Committee the following day. • It was noted in previous minutes that three further bids had been submitted to the LEP and it was questioned whether they had had any success. The Principal advised that they had not been considered but the College had achieved a lot recently with the UCBH. • Members asked if Bournemouth University had shown any interest in partnering with the UCBH, and the Principal advised that the current potential partners were: <ul style="list-style-type: none"> ➢ Southampton University ➢ Royal Agricultural University 	

	<p>➤ Exeter University.</p> <ul style="list-style-type: none"> • It was noted that £100K of catch up funding had been received for English and maths provision at the end of November 2020. The Principal advised that the previous week an additional 90 laptops had been received, and this was good news however very late in the day. Other small grants had been achieved to support students as well. • The Principal confirmed that the IT provision contract had been signed. • The Principal advised that he would be updating on the Dorset Studio School capital progress at the Corporation meeting. • It was noted that Salix was public funding to assist with the reduction of the carbon footprint. The Principal updated the Committee on the current issue with the chimneys which had affected the heating system in the Main House. It was noted that this was likely to be a significant cost to resolve, which was not insurable. • The Deputy Principal shared the live report on applications, showing that an additional 8 had been received that day. • It was noted that there had been some uptake on the new Rural Business Management Programme with the Deputy Principal taking an interested caller that day. It was hoped that this was reaching the right audience with the earlier caller advising that she would probably wouldn't have come to KMC without that course being provided, and it was hoped that a degree level would be ready at the appropriate time. It was questioned whether marketing was a bigger challenge in the current circumstances and the Principal suggested that young people were always using their phones etc to find information, and schools were now regulated to provide careers advice. 	
14.	<p>2020/21 MEETING DATES</p> <p>The following dates were NOTED:</p> <ul style="list-style-type: none"> • 27 April 2021 • 22 June 2021 	
	<p><i>Meeting closed at 7.20pm with no further business.</i></p>	

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