



**MINUTES OF A MEETING OF:
THE CORPORATION'S FINANCE AND RESOURCES COMMITTEE
5.30PM TUESDAY 23 NOVEMBER 2021
In the Pengelly Room**

Members:	*Richard Barker; *Richard Bourne; *John Bullen; *Henry Cox (co-opted); *Robert Lasseter; *Graham Ledden (Chair); *Luke Rake (Principal); Dee Vickers
In attendance:	*Dan Knight (Chair of A*A Committee); *Anna Carvisiglia (Finance Director); *Vanessa Gifford (Clerk)

** 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 Dee Vickers.	
3.	MINUTES OF THE MEETING HELD ON 5 OCTOBER 2021 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 5 October 2021 were NOTED : <ul style="list-style-type: none"> • Minute 5: the Principal advised that there were no issues over accessibility on college buses and the college would be progressing a new tender exercise for transport services in the new year. • Minute 5; a response from the ESFA on the clawback was still awaited. The Principal advised that the ESFA were reviewing the additional evidence that the college had submitted and no timescales had been agreed, therefore he considered that should there be any clawback it was not imminent. The Committee questioned how much notice would be provided for any clawback and the Principal advised that in theory it was 28 days, however the ESFA would not want to destabilise the college. It was agreed that the Committee would wait for a further update. The Principal also advised that the clawback for the Adult funding was usually in December, however a case had been put forward for consideration and the decision was awaited. The Principal agreed to pursue in the meeting with the ESFA on 15 December. It was agreed that the Principal would share the notes from the ESFA meetings with the Corporation. 	LR LR/VG

	<p>The Principal also advised that some colleges had continued to trade if their accounts had been qualified, or not signed.</p> <ul style="list-style-type: none"> • Minute 15: The Principal advised that no additional funding had been awarded from the Colleges Improvement Fund. • The work on the Risk Register was on-going. 	
<p>5.</p>	<p>MANAGEMENT ACCOUNTS TO 31 OCTOBER 2021</p> <p>The Management Accounts to 31 October 2021 were SCRUTINISED, and the following points NOTED:</p> <ul style="list-style-type: none"> • The I&E account was showing a surplus of £416K at 31 October 2021, in comparison with a budgeted deficit of £15K. • It was agreed that the re-forecast to be carried out by the 15 December was key and the £416K surplus should be consolidated and put into the contingency fund. • The Finance Director advised that the commercial income would be included going forward, and considered that the variance deficit was due to phasing and there was potential for optimism. • The Committee questioned why staffing costs were showing a positive variance and the Finance Director advised that as she was reasonably new when the budget had been set, she had taken managers' word on the budget figures and this now appeared to have been inflated. She added that the re-forecast would be more accurate to take forward. • The update on Payroll provision was considered, noting that it had been driven by several factors: <ul style="list-style-type: none"> ➢ The ability to carry out reporting ➢ Internal Audit recommendations ➢ The Payroll Office had resigned. <p>The HR Team would now lead the changeover and update going forward. The new software would provide a self-service portal for staff so should cut down on the number of queries dealt with by the HR Team. It was noted that the Internal Auditor would follow up the review in 2022. An absence portal was also included and this would be operational in February 2022.</p> <p>It was noted that three companies had tendered for the provision and the successful company also provided the current HR system. The initial cost was £20K, then £12K a year going forward, with staff savings.</p> <ul style="list-style-type: none"> • The balance sheet was noted and the Committee were pleased that the drawdowns and invoicing for the University Centre were on track with the LEP. • It was confirmed that the Auditor was content with the balance sheet and had discussed the VAT situation with the VAT consultant, who considered that the VAT would be paid. The Committee hoped that the VAT issue reached a conclusion in this financial year as it did not want to be having the same conversations next year. It was agreed that if there was no resolution in the spring the Committee should consider how it should be dealt with going forward. • The Committee questioned whether there were any curriculum areas that were too much of a risk following the review by the NLFE. The Principal advised that Apprenticeships generally were high risk, along with franchised sub-contracting, and this should be the focus for strategic decisions in January 2022. The Principal was asked if the issues within the Apprenticeship Team would have been ameliorated by additional resource and he advised that resource was not the issue; it was compliance which had now been resolved. • It was questioned whether the VAT issues would affect the facility with the bank and the Principal advised that it would not be included in the 	<p>AC</p>

	<p>cashflow until notification had been received in writing and the College had confidence. It was suggested that the HMRC would not put anything in writing so it was prudent not to include in the cashflow until any sum had been received. Although there were verbal assurances that receipt would be January the Committee required assurance. It was agreed that all the conversations around the VAT would be relayed to the VAT consultant, as it was key for management of the college cash position and the Corporation required assurances. The Committee was surprised that the Auditor had accepted that the funding would be received in January, and had suggested that the £600K be incorporated in the accounts. It was noted that no sum had previously been included in the cashflow. The Committee agreed that the Corporation was responsible for the Final Accounts and if the money was not in the bank by 1 February decisions would have to be made.</p> <ul style="list-style-type: none"> • The Committee questioned whether the £428K possible Apprenticeship clawback was included in last year's accounts. The Finance Director advised that it had not been included as the College had no idea when it would be payable or the profile of any payment plan agreed. This was agreed that it should be for the Corporation to note at this stage. • The Chair of the Audit & Assurance Committee advised that there was a them across reports on evidence, systems and controls, and he considered there to be risks not just on Apprenticeships. The Principal agreed, and suggested there were several factors: <ul style="list-style-type: none"> ➢ Cultural issues ➢ Challenges of delivering and evidencing during a pandemic ➢ The need to ensure that systems and processes were robust as there had been instability in several areas over the last couple of years. • The Principal was challenged that going forward he was comfortable that controls were in place for Apprenticeship funding. He advised that due to the pandemic; a new manager; and the interpretation of the rules, he could not be 100% comfortable and considered that Apprenticeships were still a risk to the College. • It was agreed that the re-forecasting due on the 15 December for the ESFA was key as it was important to have a robust forecast going forward. It was agreed that the Committee required sight of the cashflow at the earliest opportunity after this date, therefore it was agreed to have a Zoom meeting prior to Christmas to review. It was also agreed that the Principal would also pursue negotiations with the ESFA for emergency funding if necessary. • The Principal confirmed that further discussions were on-going with Southampton University and even though validated programmes would not be ready for September 2022 there was other activity in the pipeline. • The Finance Director was requested to include a vertical total in the cashflow report. • It was emphasised that it was important to stay within the current range of 48.82% staffing costs as a % of income. 	<p style="text-align: center;">AC</p> <p style="text-align: center;">VG</p> <p style="text-align: center;">AC</p>
<p>6.</p>	<p>DRAFT FINAL ACCOUNTS TO 31 JULY 2021</p> <p>The Finance Director advised the numbers for the final accounts were now complete, however there were still some issues which were under consideration by the Auditor. These had been set out in a report produced by the Auditor for the Audit & Assurance Committee but shared with this Committee for information.</p> <p>The following further points were NOTED;</p>	

	<ul style="list-style-type: none"> • Going Concern had not been included as this would have to be fully considered by the Corporation when it had all the information to review. • The Finance Director advised that all adjustments had now been made and included. • A waiver letter had just been received from Barclays Bank and would be shared with the Corporation via GVO for the views of all governors. This detailed that a contingent waiver would be agreed with security in place by 31 January 2022. The Committee agreed that this timescale was not achievable. It was noted that the Business Case with NatWest was being progressed. • The Committee asked if the College required permission with the ESFA to provide security and the Principal advised that he had asked the ESFA and was awaiting a response. • The outstanding loan value was questioned and the Finance Director advised that it was £800K with repayments to 2032. It was noted that the break clause would cost £200K. • It was agreed that the key factor was cashflow and getting the accounts signed. The waiver was not helpful but the college had to meet the conditions. It was agreed that the view of the Auditor on the Waiver letter would be interesting and the Principal also agreed to discuss with the College solicitors. • It was noted that NatWest bank required the reforecast before firstly considering the overdraft facility, and secondly the consolidated debt package. 	LR
7.	<p>ESFA CORRESPONDENCE</p> <p>The letter from the ESFA dated 22 September 2021 was NOTED, and the following points made:</p> <ul style="list-style-type: none"> • The Clerk drew the attention of the Committee to the clause detailing new requirements that a Governance Professional should be suitably qualified. It was noted that this would have to be considered with any succession plan, and the Clerk advised that, in her opinion, she held a relevant qualification in local authority administration. • It was also noted that the Finance Director had undertaken the Further Education CFO programme when she had commenced with the college. 	
8.	<p>MANAGEMENT ACCOUNTS: GOOD PRACTICE GUIDE FOR COLLEGES</p> <p>The Management Accounts: Good Practice Guide for Colleges was NOTED and agreed that the College should move towards adhering to the guidance. The Chair of the F&R Committee offered his support in taking this forward.</p>	
9.	<p>FEC REPORT</p> <p>The July 2021 Report had been presented as a reminder, however the FEC Team had visited the previous week for a further follow up. The following points were noted from that visit:</p> <ul style="list-style-type: none"> • The College was making good progress and should continue to look at its cash position. • It had been recommended that the College should undertake a Structure and Prospects Appraisal (SPA) in January 2022, as expected. It was noted that the outcome of this would take several months, however the College was master of its own destiny eventually. • The SPA would enable strategic conversations triggered as part of the process. 	

	<p>funding on time. The Principal advised that there was a good relationship between all parties and he was not concerned on that front, with discussion continuing on repercussions if planning permission was not forthcoming in time.</p> <ul style="list-style-type: none"> It was agreed that it was valuable to have the Chair of the Estate Committee monitoring both projects. 	
11.	<p>COMMERCIAL UPDATE</p> <p>The Commercial update was NOTED, with the following additional points:</p> <ul style="list-style-type: none"> The Principal suggested that it was clear what income lines were weather reliant. Staffing continued to be difficult with the Cellar Bar currently closed. The Commercial financial data would be included in the Management accounts going forward. The data had been formulated based on the NLFE's work. 	
12.	<p>VAT CLAIM</p> <p>The VAT Report was NOTED, with no further discussion as it had arisen several time during the meeting.</p>	
13.	<p>PROCUREMENT/TENDERS/VALUE FOR MONEY/CONSULTANCIES</p> <p>It was noted that the Chair of the Estate Committee had requested a Register of Consultants that were currently in place for the next Corporation meeting.</p>	LR
14.	<p>PROJECTS/CAPITAL BID UPDATE</p> <p>There was nothing to report under this item.</p>	
15.	<p>RISK MANAGEMENT</p> <p>It was noted that the Audit & Assurance Committee had requested work on the Risk Register and the Board Assurance Framework and the Risk Management Group was taking this forward, to ensure that it was a usable document. It would be a 'live' document filtered into management areas and committee oversight. It was noted that this would be available from January 2022 going forwards, with the Audit & Assurance Committee reviewing at its next meeting. The Principal advised that it could take longer operationally as the College was a 'flat' organisation, however the Audit & Assurance Committee had to be assured that the process was working.</p> <p>It was agreed that it would be instructive if the Corporation and Managers were requested to submit what they considered to be the Top Five Risks of the College. The Clerk agreed to carry out a Survey and report back.</p>	VG
16.	<p>ANY OTHER BUSINESS</p> <p>The following further business was NOTED:</p> <ul style="list-style-type: none"> The Chair of the Audit & Assurance Committee advised that the earlier committee meeting had considered that the Debtors Report that had been presented to that committee was more appropriate for this committee. It was agreed that Work Programmes would be amended going forward. 	VG
17.	<p>2021/22 MEETING DATES</p>	

	The following dates were NOTED : <ul style="list-style-type: none">• 1 March 2022• 3 May 2022• 21 June 2022	
	<i>Meeting closed at 8.25pm with no further business.</i>	

APPROVED 01 March 2022