



**MINUTES OF A MEETING OF:
THE CORPORATION'S FINANCE AND RESOURCES COMMITTEE
3.00PM TUESDAY 21 DECEMBER 2021
Held virtually by Zoom**

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 Henry Cox and Dee Vickers.	
3.	THREE YEAR FORECAST The Finance Director was thanked for her work in completing the forecasts for the ESFA, with the support of Becky Edwards from the FEC Team for the submission of the revised CFFR. It was agreed that it was important that data between all documents was consistent and it was a great achievement that the CFFR had been submitted on time. It was noted that the accounts were not being presented for approval as the External Auditors still had the known issues, with the biggest concern being 'Going Concern'. It was noted that the ESFA were being kept fully informed although much of the issues related to ESFA decisions which have yet to be made on their side. The Finance Director advised that notice had been received that the £600K loan contract for the Agri-Tech Centre ended on 31 December 2021. She advised that the bank had been supportive and had offered an extension for a further three months to 31 March 2022, to be agreed, due to the late notice. It was noted that the amount outstanding was £420K and the loan should have been re-financed or repaid at 31 December 2021. Work on the agreement would be undertaken in the new year however the Committee questioned how this had just come to the College's attention as this figure had not been included in the cashflow report, although there was only a small risk of repayment. The Chair of the Audit & Assurance Committee was concerned that this was a material sum and there should be a record of debts and renewal periods as this could	

completely de-rail the financial plans. There were no guarantees that the loan would be re-financed. The Chair of Corporation suggested loan renewals should be reported within the Annual Treasury Report. On investigation it was noted that the information was within the last report in the Spring however had been missed, primarily due to more immediate concerns, additional workload from the FEC interventions and the Finance Director being relatively new in post. It was suggested that appropriate measures should be undertaken to ensure that this did not occur again.

AC

Draft Year-End Accounts and 3 year Forecast

The following points were **NOTED** during scrutiny of the reports:

- It was noted that the documents presented had been submitted to the ESFA and the forecasts were prudent.
- It was noted that the new funding rate had not been included, and was an additional significant sum. This increased the base rate by just over 8% per student was welcome, and there could be further additional funding for high needs.
- It was noted that the Budget 2020/21 data did not include FRS 102 amounts.
- The Committee questioned staff costs being flat across the 3 years and noted that curriculum efficiencies would be carried out as per the NLFE recommendations. It was also noted that the doubling of central administration costs would net out in due course as it related to the allocation of cost centres.
- It was noted that budgets would be more specific going forward.
- It was agreed that stock taking the commercial areas regularly was a good move.
- It was noted that the EBITDA included the £600K VAT income as agreed with the auditors.
- The Finance Director confirmed that the increase in National Insurance due in April 2022 had been included.
- The Balance Sheet was considered and noted that the banks would consider the Net current assets for any re-structure, reviewing all debtors and creditors.

Cashflow Sensitivity analysis

- The four scenarios were noted.
- The Principal advised that a request had been made to the ESFA for re-profiling of the core funding to mitigate the cashflow challenges.
- The Finance Director advised that the Cashflow Report would be reviewed on a monthly basis.

Management Accounts to 30 November 2021

- The Committee considered that the I&E Statement highlighted that expenditure was being rigorously managed.
- It grant draw down for the Ground Source Heat Pump project was noted on page 6, and drawdowns were being carefully managed. There had been issues with the December drawdown from SALIX but this had been resolved and was down to the Christmas break.
- The Principal advised that student catering was being reviewed, and a Student Survey would be undertaken to assist with the review.
- The Committee Chair advised that he would have preferred to see the original budget figures rather than the forecast but was pleased that staff costs as a % remained between 50-55%.
- The Principal advised that the Farm income was positive with milk performance good.

	<p>Further discussion points</p> <ul style="list-style-type: none"> • It was noted that a letter had been received from NatWest Bank that it could not deliver an overdraft facility in the required time but it would be considered in the whole re-package negotiations, and this information had been passed to the ESFA. The Committee was advised that this was not an outstanding issue with the auditors for the 2020/21 accounts, but the Corporation would be required to consider 'Going Concern', including twelve months after sign off, when considering these accounts. • Clarity was also required on the ESFA clawback for the 2020/21 accounts. Also the timescales to comply with the conditions of the Barclays Bank Waiver letter were also unrealistic. The Committee questioned what steps could be taken to resolve the issues. The Principal advised that he had met with Barclays Bank and had pushed back on the timescales, and until he received a response he had not instructed the College lawyers to respond to the security issue. It was agreed that the wording of the letter needed to be understood before work on any valuations was undertaken. The Principal agreed to explore with the Barclays and report back to the Committee, he would also have initial conversations with the College lawyers. • The Chair of the Corporation put forward his views on the Clawback issue to gauge other members' views before meeting with the ESFA. He had discussed with the College Regional ESFA Director informally who had been helpful. The Chair of the Corporation considered there were potential arguments to put to the ESFA in the case, and the Corporation had to agree how best to respond. The Principal confirmed that no contact had been received from the PMO team regarding Apprenticeship clawback since September and this uncertainty was the prime cause of issues with banks and presenting the accounts. • It was agreed that any negotiations should wait until a formal request, detailing the sum to be repaid, had been received from the ESFA. Then a case could be considered as to why the College felt it was being considered unfavourably. It was agreed that the Corporation should do all it could to argue the case that the rules were unclear, when appropriate, to ensure that future students were not penalised. The College had educated the apprentices that were the subject of the clawback, and they had achieved. The issue was an administrative failure. It was agreed that a credible argument had to be put forward, but it was difficult to argue before the full details were known. It was evident that processes had been strengthened, and the College could demonstrate that the 'house was now in order'. It was noted that there were other colleges in the same position and considered at what point political pressure should be sought, however acknowledged that each case was specific. It was also agreed that there could be a role for the AoC as well, so a number of angles to pursue. The Committee endorsed the route that the Principal was currently taking, and supported him in the actions and would be fully informed to take any further steps should they be necessary. The Principal welcomed this support. • The low points in Cashflow were noted and it was questioned that if the college was successful in its request for re-profiling would an overdraft facility still be necessary. The Principal considered that it would still be negotiated with the re-package of banking facilities. It was agreed that there were a lot of unknowns of which the College had to be mindful. 	<p style="text-align: center;">LR</p>
<p>4.30pm</p>	<p><i>Richard Barker left the meeting and it remained quorate.</i></p>	

4.	<p>RISK MANAGEMENT</p> <p>There were no additional items noted for the Risk Register.</p>	
5.	<p>ANY OTHER BUSINESS</p> <p>The following further business was NOTED:</p> <ul style="list-style-type: none"> • The Clerk reported that NatWest Bank required Corporation approval to allow the external company, appointed for payroll services, access to BACs services. It was agreed that this would be obtained via GVO. • It was agreed that the recent Estate Valuation would feed into discussions at the upcoming Strategy Day to inform future consideration of land/property sales. • The Committee requested that a map of the estate was uploaded to GVO for information. 	VG
17.	<p>2021/22 MEETING DATES</p> <p>The following dates were NOTED:</p> <ul style="list-style-type: none"> • 1 March 2022 • 3 May 2022 • 21 June 2022 	
	<i>Meeting closed at 4.45pm with no further business.</i>	

APPROVED 01 March 2022