



**MINUTES OF A MEETING OF
THE CORPORATION'S FINANCE AND RESOURCES COMMITTEE
4.00PM TUESDAY 21 JUNE 2022
Held in the Pengelly Room, Main House**

Members:	*Richard Barker; *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 Bowen (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 There were no apologies for absence NOTED .	
3.	MINUTES OF THE MEETINGS HELD ON 3 MAY 2022 The Committee AGREED the minutes of 3 May 2022 as a true and accurate record subject to one slight amendment, and APPROVED the non-confidential minutes for website publication.	
4.	MATTERS ARISING The following matters arising from the meetings of 3 May 2022 were NOTED : <ul style="list-style-type: none"> • The Principal confirmed that sub-contracting was sufficiently covered on the Risk Register. • The Finance Director confirmed that the re-financing one-off costs could be excluded from EBITDA as advised by the External Auditor. It was noted that the FEC Team required this in writing. • It was agreed that Pensions would be considered in the new academic year. • The Committee questioned whether there had been any progress with sub-contracting as detailed in item 7 of the minutes. The Principal advised that he anticipated that the College would not be entering into an agreement with Learning Curve at the present time. The ESFA was dissuading colleges from sub-contracting and the Adult budget had been reduced. He suggested that the Corporation should discuss strategically in due course. It was noted that the current work with the Princes Trust would amount to over the £100K threshold and would require auditing in 2022/23. It was agreed that this would be monitored 	

	by the Q&S Committee.	
5.	<p>MANAGEMENT ACCOUNTS TO 30 APRIL 2022</p> <p>The Management Accounts to 30 April 2022 were CONSIDERED and the following points NOTED:</p> <ul style="list-style-type: none"> • The variances were discussed and agreed that the Budget for 2022/23 would be prepared with improved knowledge now that the Finance Director had been in post for over a year. • It was agreed that the Commercial Working Group would reconvene once the SPA was complete to consider commercial income. • The deficit variance under Premises was due to the challenges on the estate. • It was confirmed that the transport company had been spoken to about advising the College of changes too late in the day. It was also noted that the transport contract was due for renewal in 2023 and a tender exercise would be carried out. • It was confirmed that both the major capital projects had been cash positive throughout and the slight overspends were included in the cashflow. • Cashflow would be extended to 24 months when the 2022/23 budget had been finalised. • The Committee suggested there would be a cash issue in March 2023 if the capital developments did not occur. • It was acknowledged that the Financial Health rating was a moving issue, with current data forecasting 'Inadequate' for the current year and a £460K deficit. 	
6.	<p>DRAFT BUDGET 2022/23</p> <p>The draft CFR for 2022/23 was CONSIDERED and the points NOTED during discussions:</p> <ul style="list-style-type: none"> • It was noted that the presented document was the first draft with a lot of value engineering to be undertaken. The document required approval by the Corporation for submission to the ESFA on 31 July 2022. • It was agreed that a narrative should be included that 900 students were forecast for this September 2022. • Detailed work had been included for the Farm with thanks to the Farm Manager and Velcourt. • The Committee questioned why Premises costs had increased and Central Administration decreased. It was noted that this was due to a reallocation of costs with consultancy and refinancing costs with associated legal costs. The Committee requested that these were checked to ensure that the figures were consistent. • It was suggested that the Adult Skills forecast was bold and the Principal advised that the Apprenticeship Manager was undertaking a piece of work around government funded and full cost recovery programmes. • Commercial Income was also considered to be bold and it was understood that the FEC Team had also requested a breakdown. It was requested that 'Other Income' be split as per the Management Accounts and shared with the Committee. The Marketing Manager was undertaking some work on current bookings to provide some assurance. • The current applications were 1033 compared with 900 at the same time last year, with a further 200 received before enrolment. It was understood that the Deputy Principal was currently modelling the data. The Finance Director was requested to provide a sensitivity analysis if 900 student were not enrolled in September 2022. 	<p>AB</p> <p>AB</p>

	<ul style="list-style-type: none"> • It was noted that the additional growth did not require additional staffing except in a couple of areas eg Equine and Construction. • It was noted that a pay award had been included for the next three years. • It was hoped that the refinancing package could be concluded by 31 July 2022. It was noted that the new agreement did not include any covenant provision as security was being sought by the bank. • The VAT claim had not been included, with no cashflow implications from the Adult Clawback as it had not been agreed to date. It was suggested that if the clawback was not included in the accounts the Financial Health of the College would be 'Good'. • It was agreed that the College needed to show an improvement in its financial health position without the capital disposals. The Committee requested what the impact and implications would be for a 'Requires Improvement' rating. <p>It was AGREED that further work would be undertaken, therefore the Budget 2022/23 was not RECOMMENDED to the Corporation at this time. It was agreed that the Chair and Vice Chair would be informed if the Budget 2022/23 could not be revised ready for approval at the 5 July Corporation meeting.</p>	LR/AB
7.	<p>BARCLAYS: FIXED RATE BREAK COSTS</p> <p>The Break Costs Report was NOTED with a current cost of £88.4K but with live movement on the £750K loan. It was agreed to obtain Corporation approval that it was content with the costs and to give delegated power to the Principal to agree the final figure on the repayment date.</p>	
8.	<p>NATWEST BANK: LOAN AGREEMENT</p> <p>It was noted that the current figures for the loan agreement had increased to an additional £14K a year, and that the College should continue to arrange a Fixed Term agreement as the figure was now fixed for 3 months.</p> <p>It was noted that the Audit & Assurance Committee could not currently recommend the KME accounts to the Corporation for approval, as it required the re-finance package to be in place before it could agree 'Going Concern'. An extension to 3 July 2022 had been sought with Companies House. It was agreed that the A&A Committee should be able to take comfort from the SPA process and the Committee Chair agreed to liaise with the Chair of the A&A Committee the following day.</p>	
9.	<p>VAT CLAIM</p> <p>It was noted that there was no further progress with the VAT claim, although the HMRC had been invited to the site to understand land-based provision.</p>	
10.	<p>CAPITAL PROJECT UPDATE</p> <p>It was noted that both major capital projects were now winding up and nearing completion. The Estate Committee had met previously and reported that there was a slight overspend on both projects, which was small against the whole project:</p> <ul style="list-style-type: none"> • GSHP - £35K with a completion date around 30 June 2022 • University Centre - £50K with a completion date around 12 August 2022. <p>The Financial update from SG Financial Associates had been shared with this</p>	

	<p>Committee.</p> <p>It was agreed that this was a good result with two challenging projects. It was noted that the over-spends were included in the management accounts and cashflow. The Estate Committee and its Chair were thanked for the hard work.</p>	
11.	<p>COMMERCIAL UPDATE</p> <p>This item had been covered earlier in the Budget conversations. The Principal confirmed that the College was back to pre-Covid activity and was building to improve efficiency.</p>	
12.	<p>PROCUREMENT/TENDERS/VALUE FOR MONEY/CONSULTANCIES</p> <p>It was NOTED that the bus contracts would be reviewed in 2023.</p>	
13.	<p>PROJECT BID UPDATE</p> <p>The Principal confirmed that the outcome of the bid for £1m for T Level capital funding to replace the Outdoor Adventure building was due in July 2022.</p>	
14.	<p>RISK MANAGEMENT</p> <p>The Committee's allocated risks were considered and the following points noted:</p> <ul style="list-style-type: none"> • The security of the estate for the NatWest loan was considered to be a new risk. The Committee also questioned whether the Bank's consent would be required if the SPA process recommended a merger. • It was agreed that inflation was inherently within the current risks but requested that it be considered whether it was appropriately positioned within the register. • It was noted that Financial Controls had been followed up by the Audit & Assurance Committee covering fraudulent activity. 	LR/AB
15.	<p>ANY OTHER BUSINESS</p> <p>The following further business was NOTED:</p> <ul style="list-style-type: none"> • It was confirmed that a 24 month rolling cashflow would be included in the end of May Management Accounts. 	
	<p><i>Meeting closed at 5.55pm with no further business.</i></p>	

APPROVED: 4 October 2022