

FINANCE COMMITTEE**Minutes of the meeting held at 1.50pm on Friday 16 June 2017 at the Huddersfield Centre**

Present:	Mr J Williams	Independent member (Chair)
	Mr G Alvy	Independent member
	Mrs C George	Independent member
	Prof J Thompson	Independent member
	Ms M Gilluley	Principal and Chief Executive

Attendance:	5/6 = 83%	[KPI 80%, Quorum 3]
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Apologies:	Mr J Royle	Independent member
	Ms M Brooke	Vice Principal

Observer:	Mrs J Bracewell	Independent member
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In attendance:	Mr D Winward	Clerk to the Corporation
	Mrs R Meara	Director of Finance

49. Apologies for absence

Apologies for absence were received as listed above.

50. Declarations of Interest

There were no declarations of interest.

51. Minutes of the previous meeting

The minutes of the meetings of 24 March 2017 and 19 May 2017 were approved as a correct record.

52. Matters arising from the previous meeting

Lloyds Bank Credit Facility. Minute 32(b) refers. It was reported that the Legal Charge and Intercreditor Agreement had been approved by the LA.

Update on agreed actions

The Committee received an update on previously agreed actions:

Agency Costs

As requested at the previous meeting, the Vice Principal provided a report on agency costs including the service provided by a number of external agencies. Stafflex were the main providers of part-time / temporary staff agency workers as well as supporting the College on finding work placements. The report assured the Committee that this had presented no conflict of interest, however, the future relationship with all agencies was to be reviewed to ensure best value.

Members welcomed the report and noted this as a good example of governor challenge and management response. It was suggested that an increase in permanent staff be considered with a corresponding reduction in agency staff. It was confirmed that this would form part of the review.

The Principal viewed the relationship with Stafflex as having been helpful to the College but accepted that a review would be useful.

RESOLVED: to receive the report.

53. Financial Regulations: Items requiring approval

It was noted that the Corporation had approved the proposal to move out of the Highfields building at an indicative cost of £250k, some of which might fall within 2016/17 financial year. The Committee were informed of a severance payment of £30k, which had been made on standard terms.

RESOLVED: to receive the report.

54. Financial Report

RESOLVED: to declare Minute 54 as confidential under Clause 17(2)(d) of the Instrument of Government.

55. Budget Progress 2017/18

The Director of Finance presented a report which summarised the latest position on budget-setting for 2017/18. The Operating Surplus for Performance Ratio (OSPR) projection for 2017/18 had reduced by £5m since the Area Review financial plan had been prepared in 2016 and as a result a key feature of managing solvency during 2017/18 would be the outcome of the bid to the Restructuring Fund (RF) and the business case to the EFA for funding protection, the outcome of which was anticipated by 30 June.

The paper described the budget preparation process, actions being taken and the key assumptions, sensitivities and potential impact on solvency.

The Committee discussed how best to ensure that all governors had a good understanding of all the relevant issues. The exercise conducted as part of the Governor Strategy day in May 2017 was cited as an effective method.

For the purposes of setting a budget, it would be assumed that the application to the RF would be successful.

RESOLVED: to receive the report.

56. Restructuring Fund Application

The Director of Finance reported on the progress of the preparation of the application to the Restructuring Fund. This had been reported in detail to the Task & Finish Group at its meeting earlier in the day, the notes of which would be presented to the Corporation.

RESOLVED: to receive the report.

57. Estates Report

RESOLVED: to declare Minute 57 as confidential under Clause 17(2)(d) of the Instrument of Government.

58. Review of Committee Performance and Terms of Reference

Members were asked to consider the Committee's performance prior to the annual review of Corporation committees by the Search & Governance Committee under the following headings:

Quality and content of papers; Relevance of agenda items to the College's Strategic Objectives; Quality Content and relevance of contributions of the Executive / SLT and guidance offered to the Committee, how well the Committee had fulfilled its Terms of Reference and Suggested Developments for 2017/18.

The Clerk would prepare a report based on the discussion.

Members also reviewed the Committee's Terms of Reference. No changes were proposed.

RESOLVED: to recommend to the Corporation that the Committee's Terms of Reference be carried forward unchanged.

59. Publication of Papers and Declaration of Confidentiality

RESOLVED: that the papers relating to Estates be declared confidential under Clause 17(2)(d) of the Instrument of Government.

60. Date of next meeting

Friday 14 July 2017, 1.00pm at the Huddersfield Centre.

CONFIDENTIAL

Kirklees College Corporation

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54. Financial Report

RESOLVED: to declare Minute 54 as confidential under Clause 17(2)(d) of the Instrument of Government.

The Director of Finance presented the financial report for the period 1 August 2016 to 30 April 2017, highlighting the main changes since the previous report, including:

- the potential for a further reduction in the Operating Surplus for Performance Ratio (OSPR) due to a further shortfall on the Adult Education Budget, which was a problem for colleges nationally;
- the risk to the SFA's assessment of the College's financial health, currently rated as Amber;
- pay costs were £9k under budget (not £1k over budget as stated in the report);
- April 2017 was the quarterly measurement point for covenants and the delay to the sale of New North Road had caused a covenant to be breached. Lloyds Bank did not intend to issue a covenant waiver but had issued a Reservation of Rights – this effectively reserved their rights until a future point. The importance of satisfying the requirements of the financial statements auditors was noted by the Chair;
- having recast the cash-flow, Mrs Meara reported that without support from the Restructuring Fund, the College would be unable to meet its cash requirements by December 2017 and alternative support would be needed.

The impact of the Insolvency Regime due to come in from May 2018 was noted.

RESOLVED: to receive the report.

57. Estates Report

The Director of Estates was in attendance for this item and presented a report on several estates matters.

Sale of New North Road

Contracts had been exchanged with Rhodes Asset Management (RAM) and the 5% deposit had been paid. The completion date had been extended and an additional payment of £410k had been made by the purchaser. Completion was expected by 30 June 2017. Additional costs to be claimed from RAM were estimated including the costs of the covenant waiver with Lloyds Bank and further short-term borrowing via Lloyds Bank. Lloyds had declined to permit access to their facility for this purpose in the light of the covenant breach and therefore the Local Authority facility would have to be accessed.

Highfields Relocation

It was noted that the Corporation had agreed with the proposal to relocate the provision from Highfields to the Waterfront and plans were in place for the move to take place over the summer 2017.

Dewsbury Learning Quarter

Springfield Centre

Work was proceeding as planned and the project remained on target for the September 2018 opening date.

Pioneer Centre

Concern had been reported to the Core Steering Group about the limited progress with the council's landlord works. Meetings with the LA and contractors had taken place at which the College had expressed its grave concerns, following which a more pro-active approach had been observed. A revised programme had been requested and additional weekend working was being put in place. A further meeting was to take place on 4 July.

The two main issues related to the steel frame, for which further investigative tests were to be conducted, and the way the council's project was being managed. The College was not yet in a position to provide detailed options to this meeting of the Committee, as had been indicated in the paper. However, it was already clear that it was not possible to recover the lost time and the project timescales would slip.

A request had been made for the Corporation Chair and Vice Chair to meet with LA Chief Executive so that the concerns could be expressed personally.

Members discussed the option of withdrawing from the Pioneer House project and concentrating provision at Springfield, the additional costs of the delay and the impact on cash-flow, and whether the College should seek recompense. It was reported that the LEP was being kept informed of the position. It was noted that the LEP bid was based on apprenticeship growth in Pioneer.

Mr Webster reported that the programme timescales were being re-baselined and there would be bi-weekly monitoring by the College. Additional project manager resources had been allocated by the LA.

RESOLVED: to receive the report.

Mr Webster left the meeting at this point, 2.25pm