

Kirklees College Corporation

FINANCE COMMITTEE

Minutes of a meeting held at 14.00 on 4 March 2022 via Microsoft Teams videoconference

Present:

| | |
|-------------------|-----------------------------|
| Mr H Linn | Independent Member (Chair) |
| Mr E Croston | Co-opted Member |
| Ms C George | Independent Member |
| Mr P Singh | Principal & Chief Executive |
| Mr G Hetherington | Independent Member |
| Mr C Robinson | Independent Member |
| Mr M Varyani | Independent Member |

Attendance: 7/7 = 100% KPI 80% Quorum: 3

| | | |
|----------------|-----------------|-------------------------------------|
| In attendance: | Ms J Arechiga | Vice Principal Curriculum |
| | Mr M Bennington | Vice Principal Corporate Operations |
| | Ms A Clegg | Financial Controller |
| | Ms J Green | Clerk to the Corporation |
| | Mrs R Meara | Executive Finance Director |
| | Mr A Oldham | Financial Analyst |

| Item | Action/ Report Item |
|--------------------------|---|
| PRELIMINARY ITEMS | |
| 0 | WELCOME AND INTRODUCTIONS |
| i | The Clerk confirmed that due notice had been given; the requirement for all persons participating to be able to communicate with one another was satisfied; and the meeting was quorate. The Chair welcomed everyone and declared the meeting open. |
| 1 | APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST |
| i | Apologies for lateness were received from Committee Member Mr M Varyani, who would be joining at about 3pm. |
| ii | All confirmed that, other than items previously disclosed and placed on record, they had no direct or indirect interest in any way in the business to be transacted at the meeting which they were required to disclose. |
| 2.0 | MINUTES OF THE 20 NOVEMBER 2021 COMMITTEE MEETING |
| i | It was noted that item 5 in the minutes referred to 2020 instead of 2021 and item 11 referred to 2021 instead of 2022. It was agreed that these errors should be corrected. |
| ii | <u>RESOLVED:</u> (i) Subject to amending all references to “2020” at Item 5 of the minutes to read “2021”, and amending Item 8 to state “4 March 2022”, to approve the 20 November 2021 minutes as an accurate record. |
| 2.1 | MATTERS ARISING NOT ON THE AGENDA |
| i | No matters were raised. |

| Item | Action/ Report Item |
|--|------------------------|
| 2.3 UPDATE ON AGREED ACTIONS | |
| i <u>To add detail to the Financial Statements about Governor interactions with learners:</u> This had been actioned. | |
| ii <u>In future Financial Reports, to add headings to the tables and graphs to assist Members reading in:</u> This had been actioned. | |
| DECISIONS | |
| 3 MID-YEAR BUDGET REVIEW | |
| i Executive Finance Director Mrs R Meara (“RM”) presented her paper, saying she was proposing some mid-year revenue budget changes, as well as the release of £250k of withheld capital for allocation. | |
| <u>Proposed revenue budget changes</u> | |
| ii In the paper, RM had listed the expected outturn figures for the revised budget alongside those of the original budget agreed in July 2021 and the financial targets set in the application for Restructuring Fund Support. With the exception of the staff-to-income ratio target, which was forecast to be missed by a small margin (0.2%), the College was on track to achieve all targets. The Committee agreed that the overall position was improving, with accelerating improvement financial health scores, healthy forecast cash balances and lower risk of covenant non-compliance. | |
| iii In preparing the revised budget, RM had adopted her usual approach of taking a pessimistic view on income and a prudent view on indicative cost savings, with a view to achieving a slight over-performance. Members agreed this was appropriate. | |
| <i>The detail of and rationale for the proposed budget adjustments are considered confidential at this stage and therefore the discussion is recorded in a confidential annex.</i> | |
| <u>Proposed release of withheld capital for allocation</u> | |
| xiii RM provided a report on the capital position saying, in the light of all the proposed changes, she was recommending the released of £250k of withheld capital to fund some capital resources to support the College’s operations in planning for 2022/23. After discussing the proposal, the Committee agreed to support it. | |
| xiv Corporation report: The Committee received a comprehensive report from the Executive Finance Director to inform the mid-year budget review. Having discussed it in detail, it recommends to the Corporation that it approve: <ul style="list-style-type: none"> ➤ the proposed revised budget, as presented to the Committee; and ➤ the proposed release of capital funding held back in case of cashflow concerns. | Report Item 1 |
| 4 FEES POLICY | |
| i The draft Fees Policy for 2022/23 was discussed. RM summarised the proposed changes to the 2021/22 policy, drawing attention to a paper in which Financial Analyst Mr A Oldham (“AO”) had summarised the research undertaken to support them, including local benchmarking to ensure the College was not an outlier and an exploration of the relationship between fees and demand. The Principal, Mr P Singh, said AO’s paper highlighted a four-year declining trend on certain income lines and this would need to be addressed. | |
| ii Noting that pricing and value fed into a wider discussion about income generation and growth, a Member commented that the April strategic planning session would be an opportunity to discuss where the College was heading and how the Executive team had | |

| Item | | Action/ Report Item |
|---|---|------------------------|
| iii | <p>arrived at its recommendations in that regard. It was noted that the need to plan for growth was strongly emphasised in RM's Item 7 financial forecast paper.</p> <p>Corporation report: To recommend to the Corporation that it approve and adopt the proposed fees policy for 2022/23.</p> | Report Item 2 |
| 5 | FINANCIAL REGULATIONS APPROVALS | |
| i | <p><u>RESOLVED:</u></p> <p>(i) To approve a requisition (Order PO12044) particularised in the Executive Finance Director's report.</p> | |
| ii | <p>Corporation Report: The Committee approved a requisition for a gift card support scheme for students funded by the Local Authority.</p> | |
| PERFORMANCE MONITORING | | |
| <i>15.10 Mr M Varyani joined the meeting.</i> | | |
| 6 | MONTHLY FINANCIAL REPORT TO 31 JANUARY 2022 | |
| i | <p>AO presented the accounts for the period 1 August 2021 to 31 January 2022. He said all financial key performance indicator targets were on track and comparison with January 2021 indicated improved performance on all measures.</p> | |
| ii | <p>Corporation Report: The Committee received and discussed a report on the financial position.</p> | Report Item 3 |
| 7 | FINANCIAL FORECAST ASSESSMENT | |
| i | <p>RM's paper provided a long-term financial forecast to July 2025. She said it would form the basis for a capital bid being submitted in March. She drew attention to headline key assumptions around income, pay costs, non-pay costs and capital expenditure and outlined the rationale for those.</p> | |
| ii | <p>The paper provided projected financial health scores, applying the new measures. RM said based on the assumptions, the College would maintain 'Good' financial health up to 2025, at which point increasing pay costs combined with frozen income would create a dip in performance, meaning a strategy for growth was necessary. She said achieving a minimum 8% EBITDA from 2023-24 onwards would be an effective tool for planning.</p> | |
| iii | <p>Corporation report: The Committee discussed a long-term financial projection. Based on a series of plausible assumptions, Good financial health is expected to be maintained until 2025, at which point, without interventions to grow income or reduce expenditure, increasing pay costs will begin to erode the position. The Corporation should act now to address this, exploring the case for growth and possible growth strategies in detail.</p> | Report Item 4 |
| OTHER MATTERS AND ADMINISTRATION | | |
| 8 | APPOINTMENT OF NEW CHAIR | |
| i | <p><u>RESOLVED:</u></p> <p>(i) To appoint Independent Committee Member Mr C Robinson as Chair of the Finance Committee with effect from 26 March 2022.</p> | |
| ii | <p>Corporation report: Independent Committee Member Mr C Robinson will take on the chair of the Finance Committee with effect from 26 March 2022.</p> | Report Item 5 |

| Item | | Action/ Report Item |
|------|---|------------------------|
| 9 | DATE OF NEXT MEETING | |
| i | 2pm on Friday 1 July 2022. | |
| 10 | PUBLICATION OF AGENDA PAPERS | |
| i | <u>RESOLVED:</u> (i) All items marked with an asterisk on the meeting Agenda shall not be published. | |
| 11 | VOTE OF THANKS TO OUTGOING CHAIR AND CLOSE | |
| i | The Chair of Corporation Mr G Hetherington proposed a vote of thanks to outgoing Chair Mr H Linn, who had steered the Committee exceptionally well since taking on the chair in 2020, having served on the Committee since June 2018. | |
| ii | <u>RESOLVED:</u> (i) To record the Committee's thanks to outgoing Chair Mr H Linn. | |
| iii | There being no other business, the Chair thanked everyone for their contributions and the meeting closed at 15.35. | |

| Items of Report for Corporation | | |
|--|---|------|
| Item | Details | Min |
| 1 | The Committee received a comprehensive report from the Executive Finance Director to inform the mid-year budget review. Having discussed it in detail, it recommends to the Corporation that it approve: <ul style="list-style-type: none"> ➤ the proposed revised budget, as presented to the Committee; and ➤ the proposed release of capital funding held back in case of cashflow concerns. | 3xiv |
| 2 | To recommend to the Corporation that it approve and adopt the proposed fees policy for 2022/23. | 4iii |
| 3 | The Committee received and discussed a report on the financial position. | 6ii |
| 4 | The Committee discussed a long-term financial projection. Based on a series of plausible assumptions, Good financial health is expected to be maintained until 2025, at which point, without interventions to grow income or reduce expenditure, increasing pay costs will begin to erode the position. The Corporation should act now to address this, exploring the case for growth and possible growth strategies in detail. | 7iii |
| 5 | Independent Committee Member Mr C Robinson will take on the chair of the Finance Committee with effect from 26 March 2022. | 8ii |