

Kirklees College Corporation

## FINANCE COMMITTEE

### Minutes of a meeting held at 15.00 on 14 March 2023 in the Conference Suite, Waterfront Quarter and via Microsoft Teams videoconference

Present:

Mr C Robinson	Independent Member (Chair)
Ms C George	Independent Member
Mr P Singh	Principal & Chief Executive
Mr G Hetherington	Independent Member
Mr M Varyani	Independent Member

Attendance: 5/6 = 83% KPI 80% Quorum: 3

In attendance:	Ms J Arechiga	Vice Principal Curriculum
	Ms A Clegg	Financial Controller
	Mr P Doherty	Vice Principal Finance & Resources
	Ms J Green	Director of Governance (meeting clerk)
	Mr A Oldham	Head of Financial Performance
	Mr P Sugden	Director of Estates and Facilities

Item

Action/  
Report Item

PRELIMINARY ITEMS		
<b>0</b>	<b>WELCOME AND INTRODUCTIONS</b>	
i	The Chair welcomed everyone. No introductions were necessary.	
ii	It was noted that Committee Member Mr M Varyani was attending his final meeting of the Committee after nearly five years of service, as he was relocating abroad.	
iii	<b>Action:</b> Notify the People, Culture & Governance Committee of an impending vacancy on the Committee that must be filled.	JG
<b>1</b>	<b>APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST</b>	
i	Apologies were received from Co-opted Committee Member Mr E Croston who had not attended a Committee meeting since the previous March.	
ii	<b>Action:</b> Ascertain whether Mr Croston is able to continue on the Committee.	JG
iii	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.	
<b>3.1-3.2</b>	<b>MINUTES OF THE 22 NOVEMBER 2022 COMMITTEE MEETING</b>	
	<b><u>RESOLVED:</u></b>	
i	(i) To approve the 22 November 2022 minutes as an accurate record.	
<b>3.3</b>	<b>MATTERS ARISING NOT ON THE AGENDA</b>	
i	Nothing was raised that was not on the Agenda.	

Item		Action/ Report Item
3.4	<b>UPDATE ON AGREED ACTIONS</b>	
i	<u>Consider the Committee's comments about the breakdown of pay costs and staff FTE numbers in the management accounts, speak to HR about practicalities, and report to the next meeting:</u> This was on the Agenda.	
ii	<u>Discuss prospects for income growth further:</u> This action was not yet due.	
iii	<b>Action (rolled over):</b> Discuss prospects for income growth further (date to fix).	PD
<b>CORE BUSINESS</b>		
4	<b>MONTHLY FINANCIAL REPORT</b>	
i	The Head of Financial Performance Mr A Oldham ("AO") presented the accounts for the period 1 August 2022 to 31 January 2023, together with his commentary report. There were areas of overperformance and underperformance, which were noted, but AO said, once everything was accounted for, outturn EBITDA <sup>1</sup> was forecast to be higher than budget, which was a good result.	
ii	In response to a Member's questions, AO confirmed the contract value of the Adult Education Budget ("AEB") and the amount of AEB provision the College subcontracted. He said the College had gone through an appropriate process of due diligence and approvals before subcontracting and the subcontractors were delivering to contract and creating pathways into work in line with the College's ambition. Nonetheless, there was an ambition to reduce subcontracting and bring the work in house.	
iii	There was discussion about the need for a new strategic approach to full cost provision and the importance of accurate budget forecasting.	
iv	<b>Action:</b> Brief the Committee (and/or possibly the new Curriculum Strategy Group) on the strategic approach to full cost income for 2023/24 (possibly as part of the report on the prospects for income growth mentioned at minute 3iii above).	JA
v	A Member remarked on the level of pay savings to date, saying the gap between the budgeted number of full-time-equivalent staff and actual seemed quite considerable. AO said, while the College was carrying quite a high number of vacancies, this was not expected to be sustained as posts would be backfilled with agency staff and by other means. Reasonable gapping was to be expected given the time it took to fill posts and assuming staff turnover of 7-8%. The Principal Mr P Singh ("PS") said, nonetheless, the College could not continue to let pay manage the bottom line, rather than income.	
vi	<b>Action:</b> Chair of Finance Committee to be invited to observe a curriculum business planning meeting.	PD, CR
vii	<b>Corporation Report:</b> The Committee received and discussed a report which provided good assurance on the College's financial position.	Report Item 1
5	<b>MID-YEAR BUDGET REVIEW</b>	
i	AO said, historically, the College had spent the first six months of the financial year seeing how it was performing and had then undertaken a mid-year review, making significant adjustments if necessary. He said a greater focus on in-year forecasting in the monthly management accounts had more or less removed the need for this, so his report was more on the lines of an assessment of where the College was expected to outturn	

<sup>1</sup> Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) is a measure of a business's operating performance which is used by the College in its financial planning and reporting.



Item		Action/ Report Item
v	<p>elsewhere. The Barclays interest rate of 3.95% was more favourable than that of any other product currently on the market and the bank had an A-1 credit rating.</p> <p>The Committee debated what limit the Treasury Management Policy should place on the amount of cash that could be deposited in any one bank account, the current limit for any UK authorised bank or building society other than Lloyds being £2m. A Member said, if the limit was set too low, the College could miss out on the better interest rates, while managing three or four different banks with nothing to gain in terms of protection.</p>	
vi	<p><b>Action:</b> Review the £2m limit on the amount of cash that may be deposited with any UK authorised bank or building society and brief the Committee on plans for investing other surplus funds.</p>	PD, AC
vii	<p><b><u>RESOLVED:</u></b></p> <p>(i) To approve the proposed changes to the College Treasury Management Policy Statement and to adopt the new version with immediate effect.</p> <p>(ii) To approve the opening of the Barclays Bank savings account and the deposit of £2m.</p>	
viii	<p><b>Corporation report:</b> The Committee approved a new Treasury Management Policy Statement and the opening of a new savings account with Barclays Bank.</p>	Report Item 4
ix	<p><b>Action:</b> Brief the Committee on how treasury management performance might be measured.</p>	PD, AC
8	<p><b>FINANCIAL REGULATIONS APPROVALS</b></p>	
i	<p><b><u>RESOLVED:</u></b></p> <p>(i) To approve the use of a sole supplier as detailed in the report.</p>	
ii	<p><b>Corporation Report:</b> The Committee approved the use of a sole supplier.</p>	Report Item 5
9	<p><b>TAYLOR HILL REPTILE HOUSE PROGRESS</b></p>	
i	<p>The Director of Estates and Facilities Mr P Sugden (“PS”) presented a progress report on the Taylor Hill major capital programme. All planning requirements had been satisfied, good progress was being made on the build, and there were no concerns to report.</p>	
ii	<p>There was discussion about funding for the programme and whether any further capital funding the College received in the next round of allocations might be put towards it. A Member referred to the value engineering the College had done and said, if additional funding did become available, would any aspect of the project be revisited? PS said, with Structeco’s advice, the College had reduced costs without compromising on quality, so there was nothing to revisit. He said the only possible change might be solar panelling.</p>	
iii	<p>The Vice Principal Curriculum Ms J Arechiga said the one thing not on track was the delivery of the associated T-Level courses the new building had been designed for; this was on pause due to national decisions about the new qualification landscape. In response to a question, JA said there was no risk of clawback.</p>	
iv	<p><b>Corporation Report:</b> The Taylor Hill major capital programme is on track and on budget.</p>	Report Item 6
10	<p><b>GAS SUPPLY PROCUREMENT</b></p>	
i	<p>PS said good progress was being made on the competitive tender for the gas supply. A preferred supplier had been identified and, while another bidder had quoted a slightly</p>	

Item		Action/ Report Item
	<p>cheaper rate, it was fixed over a longer period and (although there were no guarantees) the expert opinion was that the market would stabilise and rates would come down. He said he was therefore recommending Zenergi Ltd be appointed, on the terms set out in his report.</p>	
ii	<p><b><u>RESOLVED:</u></b></p> <p>(i) To approve a new 12 month fixed contract with Zenergi Ltd procured via the Crescent Purchasing Consortium framework, to be effective from 1 April 2023.</p>	
iii	<p><b>Corporation report:</b> The Committee approved a new gas supply contract with Zenergi Ltd.</p>	Report Item 7
<b>GOVERNANCE, MATTERS TO NOTE AND ADMINISTRATION</b>		
11	<b>COMMITTEE TERMS OF REFERENCE AND SCHEDULE OF BUSINESS 2023-24</b>	
i	<p><b>Corporation report: The Committee has reviewed its Terms of Reference and recommends an amended version for Corporation approval, which includes a change of the Committee’s name to ‘Finance and Resources Committee’.</b></p>	
ii	<p>Proposed changes to the Committee’s business schedule were discussed. It was agreed that these would be revisited in June, in readiness for the 2023-24 financial year.</p>	Report Item 8
12	<b>DATE OF NEXT MEETING</b>	
i	<p>3pm on Thursday 29 June 2023.</p>	
13	<b>PUBLICATION OF AGENDA PAPERS</b>	
i	<p><b><u>RESOLVED:</u></b></p> <p>(i) All items marked confidential on the meeting Agenda shall not be published.</p>	
14	<b>VOTE OF THANKS TO OUTGOING COMMITTEE MEMBER AND CLOSE</b>	
i	<p>The Chair proposed a vote of thanks to outgoing Member Mr M Varyani, who had been a member of the Committee since June 2018. Members wished him luck for the future.</p>	
ii	<p><b><u>RESOLVED:</u></b></p> <p>(i) To record the Committee’s thanks to outgoing Member Mr M Varyani.</p>	
iii	<p>There being no other business, the Chair thanked everyone for their contributions and the meeting closed.</p>	

Items of Report for Corporation		
#	Details	Min
1.	The Committee received and discussed a report which provided good assurance on the College's financial position.	4vii
2.	The Committee received a comprehensive report on progress against budget targets and the status of financial health. Whilst it is apparent that the College will not achieve its income target, pay savings are such as to offset the impact of this and it is therefore anticipated that there will be a slight improvement to EBITDA and we will achieve 'Good' financial health and a staff-to-income ratio lower than 65%.	5xii
3.	To recommend to the Corporation that it approve and adopt the proposed 2023-24 fees policy.	6iv
4.	The Committee approved a new Treasury Management Policy Statement and the opening of a new savings account with Barclays Bank.	7viii
5.	The Committee approved the use of a sole supplier.	8ii
6.	The Taylor Hill major capital programme is on track and on budget.	9iv
7.	The Committee approved a new gas supply contract with Zenergi Ltd.	10iii
8.	Proposed changes to the Committee's business schedule were discussed. It was agreed that these would be revisited in June, in readiness for the 2023-24 financial year.	11ii