

Kirklees College Corporation

FINANCE & RESOURCES COMMITTEE

Minutes of a meeting held at 15.00 on 27 November 2023 in the Conference Suite, Waterfront Quarter and via Microsoft Teams videoconference

Present:	Mr C Robinson Ms C George Mr G Hetherington Mr P Singh	Independent Member (Chair) Independent Member Independent Member Principal & Chief Executive
Attendance:	4/5 = 80%	KPI 80% Quorum: 3
In Attendance:	Ms J Arechiga Ms A Clegg Mr P Doherty Ms J Green Mr A Oldham Mr P Sugden	Vice Principal Curriculum Head of Financial Operations Vice Principal Finance & Resources Director of Governance (meeting clerk) Head of Financial Performance Director of Estates & Facilities (Items 8-10)

Item		Action/ Report Item
PRELIMINARY ITEMS		
1	APPOINTMENT OF CHAIR, WELCOME AND INTRODUCTIONS	
i	<u>RESOLVED:</u>	
	(i) To re-appoint Mr C Robinson as Committee Chair.	
ii	The Chair welcomed everyone. No introductions were needed.	
2.1	NOTICE AND QUORUM	
i	Due notice of the meeting had been given and the meeting was quorate.	
2.2	APOLOGIES FOR ABSENCE	
i	There were apologies from Co-opted Committee Member Mr D Milton.	
2.3	DECLARATIONS OF INTEREST	
i	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.	
3.1, 3.2	MINUTES OF THE 29 JUNE AND 13 OCTOBER 2023 COMMITTEE MEETINGS	
i	<u>RESOLVED:</u>	
	(i) To approve the 29 June 2023 minutes and the 13 October 2023 minutes as an accurate record.	
3.3	MATTERS ARISING NOT ON THE AGENDA	
i	A Member referred to the report on insurance received in June 2023 and reminded the meeting that management had undertaken to continue discussions about the	

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ii	<p>adequacy of the level of flood insurance, as well as the total loss amount. There were some outstanding questions about mandatory risk improvements and the use of an allowance bursary from the insurers.</p> <p>Action: Bring a paper to the next Committee meeting closing down the insurance matter.</p>	AC
4	<p>UPDATE ON AGREED ACTIONS</p> <p>i <u>Convene a special meeting:</u> Actioned; this took place on 13 October 2023.</p> <p>ii <u>Involve Governors in Business Planning Meetings in 2023-24:</u> Actioned.</p> <p>iii <u>Bring an Action Plan to the next ordinary meeting showing key actions towards compiling the estate strategy and related strategies/programmes:</u> On this Agenda.</p> <p>iv <u>Explore whether the College has access to the Pubic Sector Deposit Fund:</u> Not yet actioned.</p> <p>v Action (rolled over): Explore whether the College has access to the Public Sector Deposit Fund.</p>	AC
ORDINARY BUSINESS		
5	<p>FINANCIAL REPORT</p> <p>i Head of Financial Performance Mr A Oldham (“AO”) presented the accounts for 1 August 2023 to 31 October 2023, together with his commentary report. He commented on the unusual amount of movement in the first quarter of the year; this was mainly due to the additional ESFA funding allocation for 2023/24, the approved pay review/award for 2023/24 and approval of the revised budget in October. There had been some other changes, for example pay savings had contributed to an improved EBITDA¹. Due to healthy 16-18 student enrolments, the College was on track to outturn above allocation at R04² and therefore was expecting to receive an additional in-year growth funding allocation. This position would not be confirmed until March 2024.</p> <p>ii In response to a question, AO said there would be hardly any additional demand on resource; most of the additional learners had been absorbed into existing classes.</p> <p>iii Members wished to better understand the potential impact of some anticipated national curriculum changes. T levels in some subject areas had been delayed but this would not significantly impact the College. A Labour Party pledge to delay the defunding of Level 3 qualifications had offered some comfort but the sector was still bracing itself to absorb the shock if and when the current proposals went ahead. Meanwhile, if the recently announced new plans for a new Baccalaureate-style qualification to combine and replace A levels and T levels went ahead, it would mean significant additional work and resource.</p> <p>iv The Committee discussed the headline data:</p> <ul style="list-style-type: none"> ➤ Despite a slightly slow start and an elevated risk score, management hoped to hit the Apprenticeships budget target. The Tuition Fee budget had been adjusted downwards in the revised budget due to reductions in Higher Education (“HE”) and 	

¹ 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.

² R04 is the fourth (of 14) Education & Skills Funding Agency (ESFA) individualised learner record (ILR) data collection periods for colleges during the financial year.

Item	Action/ Report Item
<p>v</p> <p>vi</p> <p>vii</p> <p>viii</p> <p>ix</p> <p>x</p>	<p>Full Cost.</p> <ul style="list-style-type: none"> ➤ Adult Education Budget fees were performing well, with high demand for English for Speakers of Other Languages courses. ➤ Following the Committee's work around treasury management, the accounts were reporting additional interest receivable on the funds the College had placed on account. <p>Action: Incorporate a note into future management accounts, summarising bank deposit details.</p> <p>Members remarked on the fact that the College had managed to buck a downward trend in the sector and more or less maintain its Apprenticeship numbers. AO agreed that it was an achievement; it was an inherently higher risk income line due to the complexity of the funding rules but the College's strong performance and the work it did in construction and engineering had helped it hold its position.</p> <p>Pay costs were down against budget and a Member asked if the forecast outturn of savings against budget was essentially the amount achieved to date. AO said it was; management was confident the pay budget would now be achieved but was taking a prudent approach and banking the savings made to date, essentially increasing the contingency. The additional pay costs arising from the pay award had been factored in.</p> <p>Due to pay cost savings and delays in capital spend, cash was higher than expected. There was discussion about the capital budget (Annex 7), which a Member commented was quite difficult to follow. AO said there was various capital grant funding; the majority of the items in the report were grant funded, as was the Taylor Hill project.</p> <p>Action: Review the capital expenditure note in the management accounts, to see if a more appropriate format could be used to identify grant funding.</p> <p>Corporation Report: The Committee discussed a report which provided good assurance on the College's financial position. The year is well on its way and we are in a strong position, with high expectations of achieving the revised budget. The next 12-18 months will be unpredictable and national policy changes might impact on recruitment, so it will be prudent to maintain a good level of reserves.</p>
<p>6</p> <p>i</p> <p>ii</p> <p>iii</p>	<p>ESFA FINANCIAL DASHBOARD</p> <p>Corporation report: The Education & Skills Funding Agency ("ESFA") Financial Health Assessment and Financial Dashboard has been received. Based on the College's CFFR³ submission, the ESFA had assessed the College's Financial Health as being:</p> <ul style="list-style-type: none"> • Good for 2022/23 (the latest outturn forecast year) and • Good for 2023/24 (the current budget year). <p>The ESFA has advised that its assessment of the level of risk to the College's financial health has concluded that the College should no longer be subject to post-intervention monitoring and support and we will no longer be required to submit management accounts and cash flow reports on an ongoing basis.</p> <p>Action: Draft a covering email to accompany the Financial Health Assessment and Financial Dashboard to send out to Governors. Also include them in the Consent pack.</p> <p>The Committee agreed to put on record its thanks to all staff and everyone involved in achieving this result, which was worth celebrating.</p>

³ The Corporation must submit a 3-year college financial forecasting return (CFFR) to the Education & Skills Funding Agency.

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<p>7</p> <p>i</p> <p>ii</p> <p>iii</p> <p>iv</p> <p>iv</p> <p>v</p>	<p>TREASURY MANAGEMENT AND BANKING UPDATE</p> <p>The College's deposit plans for financial year 2023-24 and the anticipated interest were discussed. The amount of money being held on account had increased significantly. The Committee agreed some further actions as follows:</p> <p>Action: Amend the Committee's business schedule to accommodate reporting on treasury management three times a year, in line with CIPFA recommendations.</p> <p>Action: Investigate whether there is an option to invest in overnight funds.</p> <p>RESOLVED:</p> <p>(i) To approve the new Treasury Management Policy Statement, as presented to the meeting.</p> <p>Corporation report: The Committee reviewed the Treasury Management Policy Statement and approved some amendments, the most significant being an increase to the deposit limits for both the nominated clearing bank and other approved banks and building societies, in each case to £7.5m.</p> <p>The College has increased the amount of money it is holding on account with Lloyds Bank and the Committee is satisfied that it is currently attracting interest at the most favourable rate available. The intention is to also deposit funds with Barclays Bank but the administrative work around establishing the account is taking longer than anticipated.</p> <p>15.50 <i>Director of Estates & Facilities Mr P Sugden joined the meeting.</i></p> <p>8</p> <p>FINANCIAL REGULATIONS APPROVALS</p> <p>RESOLVED:</p> <p>(i) To approve the requisition (Order PO17510) per the management report.</p> <p>A Member referred to the bad debt write-offs which had been made and asked how debt was managed by the College. There was discussion about the impact of debt on progression or re-enrolment. AC said the debt that had been written off was historical and subject to the policy that was in place at the time it was incurred rather than current policy.</p> <p>Corporation report: The Committee must note and/or approve certain actions taken under the Financial Regulations. At this meeting, it authorised one requisition that exceeded the financial threshold: for solar panel installation at the Springfield Centre, which was funded by the FE reclassification capital grant. It also noted three bad debt write offs and approved two new capital/revenue schemes over £100K.</p> <p>Action: Report to the next meeting on the total investment to date in solar energy and how well it is performing in terms of reducing overall energy costs.</p> <p><u>Capital expenditure proposal: Fit out of Taylor Hill</u></p> <p>Attention was drawn to a separate paper seeking approvals for capital expenditure to fit out the new building at Taylor Hill. The College's procurement partner Tenet had supported the tender process.</p> <p>The Director of Estates & Facilities Mr P Sugden ("PS") explained that the £0.7m T level funding the College had been awarded had been for the building work only; it did not include any fit-out costs. There was a separate specialist equipment allocation</p>	<p>JG</p> <p>AC</p> <p>Report Item 3</p> <p>Report Item 4</p> <p>PS</p>

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vii	<p>which had not yet been received due to the delay to the T Level. In response to a question, PS said, while it might be possible to allocate that funding to the fit-out, or some of it, retrospectively, there was no guarantee that it would be received, so if the College went ahead with the works, it would be accepting that risk. This was noted.</p> <p><u>RESOLVED:</u></p> <p>(i) To approve the proposed capital spend (as per the appendix to the Item 9 report) noting that it is within the capital budget for 2023-24.</p>	
9	<p>ESTATES AND FACILITIES REPORT</p> <p><u>Capital Projects</u></p> <p>i The Director of Estates & Facilities Mr P Sugden (“PS”) presented his report. A very ambitious programme of work had been completed during the summer, including the major capital project at Taylor Hill, which had completed on schedule and on budget.</p> <p>ii Corporation report: The Committee is pleased to report that the construction project at Taylor Hill has completed within the £1.742m budget and on schedule. The internal fit out remains to be done.</p> <p><u>Grant Funds</u></p> <p>iii The College had received two substantial capital grants and, having spent some small amounts, was at the stage of planning and costing larger projects. A Member commented that, in order to position the College to win and make optimal use of any new capital grants, it was important to complete the condition survey and the Estates Strategy, to give a clear line of sight to works that needed doing as part of the strategy and any capital ambitions.</p> <p><u>Kirklees Build Project</u></p> <p>iv The meeting was updated on developments in the Kirklees Build project, a development in Dewsbury that College construction students would work on (i.e.it was not one of the College’s capital projects). After repeated delays, the project would go to planning in December or January.</p> <p><u>Other Matters</u></p> <p>v The Committee noted as follows:</p> <ul style="list-style-type: none"> ➤ The College was struggling to recruit to two critical maintenance roles. PS had considered procuring an electrical and mechanical planned maintenance contract but this was not his preferred option; ➤ Gas prices continued to fluctuate with little consensus as to what direction they would go in. Electricity prices seemed more stable; <p>vi The Committee reflected on its role and remit with regard to estates reporting.</p> <p>vii Action: Finance & Resources Committee Terms of Reference to be further reviewed.</p>	<p>Report Item 5</p> <p>CT</p>
THE STRATEGIC CONVERSATION		
10	<p>ESTATES STRATEGY DISCUSSION</p> <p>i The new estates strategy was at an early stage of the ‘visioning phase’. Members emphasised the need to place students and the needs of the curriculum at the heart of decision-making. A sustainability thread would run through the strategy; it would also build in accessibility, safety and wellbeing by design. It would need to deliver a</p>	

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ii	<p>college estate that could adapt to, and accommodate, shifts in the ways students used artificial intelligence ("AI") and the inevitable accompanying curriculum design and pedagogy changes.</p> <p>A Member observed that sustainability would clearly be an important theme. The Member said, it was important to establish the College's ambitions in that regard, not just from the perspective of 'estates' but also 'hearts and minds' and curriculum. Questions arose as to where it fit from the governance perspective and it was noted that, while the Committee had an important role (for example, the existing estate and resources would constrain what could be achieved in the curriculum space), the curriculum strategy would drive the estates and finance strategies to a large extent, so the Curriculum Strategy Committee would lead the conversation. Estates and sustainability would need to feature on both committees' agendas.</p>	PS Report Item 6
iii	<p>Action: Bring to the next Committee meeting a draft strategy, which at the minimum, considers the requirements of the existing estate.</p>	
iv	<p>Corporation report: The Committee received a progress report on the development of the next College Estates Strategy. Sustainability will be a key part of this project and, at our next meeting, we will assess 'where are we now' in relation to estates management.</p>	
17.10 Mr P Sugden left the meeting.		
11	DRAFT FINANCE STRATEGY	Report Item 7
i	Members thanked PD for an excellent paper, agreeing that it had captured the themes discussed at the previous meeting very well. By agreement, it did not attempt to look far into the future but focused on the period to the end of the corporate strategic plan.	
ii	The Chair talked through each section of the draft strategy, highlighting the key points as he did so. An issue would be identifying whether there was any surplus cash in the absence of a reserves policy and an estates strategy. The Chair warned that a lack of clarity in this regard could potentially create tensions between the College and external stakeholders such as the funding body and the trades unions, who might see a surplus where there was none. The relationship between depreciation of capital assets and capital investment was also critical: was the investment amount adequate, given depreciation and target EBITDA?	
iii	It was agreed that the strategy was almost ready for board approval. PD ran through the outstanding steps to complete it. He said it could be complete in time for the Corporation's December meeting if the Committee was minded to take it forward. Following a brief discussion, in which PD was urged to reflect on the risks around reserves and cash surplus, it was agreed that the strategy, once complete, should be presented to the Corporation for approval at the December meeting.	
iv	<p>Corporation report: The Finance Strategy is recommended for approval.</p>	
GOVERNANCE, MATTERS TO NOTE AND ADMINISTRATION		
12	REVIEW OF FINANCIAL REGULATIONS: PROPOSAL TO TRANSFER RESPONSIBILITY TO FINANCE & RESOURCES COMMITTEE	
i	The Committee was open to taking on the work of maintaining a continuous review of the Financial Regulations from Audit Committee, should it be deemed appropriate.	

Item		Action/ Report Item
13	DATE OF NEXT MEETING	
i	Monday 11 March 2024 at 3pm.	
14	PUBLICATION OF AGENDA PAPERS	
i	<u>RESOLVED:</u> (i) All items marked confidential on the meeting Agenda shall not be published.	

Items of Report for Corporation		
#	Details	Min
1.	The Committee discussed a report which provided good assurance on the College's financial position. The year is well on its way and we are in a strong position, with high expectations of achieving the revised budget. The next 12-18 months will be unpredictable and national policy changes might impact on recruitment, so it will be prudent to maintain a good level of reserves.	5x
2.	The Education & Skills Funding Agency ("ESFA") Financial Health Assessment and Financial Dashboard has been received. Based on the College's CFFR ⁴ submission, the ESFA had assessed the College's Financial Health as being: <ul style="list-style-type: none"> • Good for 2022/23 (the latest outturn forecast year) and • Good for 2023/24 (the current budget year). The ESFA has advised that its assessment of the level of risk to the College's financial health has concluded that the College should no longer be subject to post-intervention monitoring and support and we will no longer be required to submit management accounts and cash flow reports on an ongoing basis.	6i
3.	The Committee reviewed the Treasury Management Policy Statement and approved some amendments, the most significant being an increase to the deposit limits for both the nominated clearing bank and other approved banks and building societies, in each case to £7.5m.	7v
4.	The Committee must note and/or approve certain actions taken under the Financial Regulations. At this meeting, it authorised one requisition that exceeded the financial threshold: for solar panel installation at the Springfield Centre, which was funded by the FE reclassification capital grant. It also noted three bad debt write offs and approved two new capital/revenue schemes over £100K.	8iii
5.	The Committee is pleased to report that the construction project at Taylor Hill has completed within the £1.742m budget and on schedule. The internal fit out remains to be done.	9ii
6.	The Committee received a progress report on the development of the next College Estates Strategy. Sustainability will be a key part of this project and, at our next meeting, we will assess 'where are we now' in relation to estates management.	10iv
7.	The Finance Strategy is recommended for approval.	11iv

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Agreed Actions				
#	Who	Action	Min	By
1.	AC	Bring a paper to the next Committee meeting closing down the insurance matter	3.3ii	March
2.	AC	Explore whether the College has access to the Public Sector Deposit Fund.	4v	March
3.	AO	Incorporate a note into future management accounts, summarising bank deposit details.	5v	Next accounts
4.	AO	Review the capital expenditure note in the management accounts, to see if a more appropriate format could be used to identify grant funding.	5ix	Next accounts
5.	PD	Draft a covering email to accompany the Financial Health Assessment and Financial Dashboard to send out to Governors. Also include them in the Consent pack.	6ii	asap
6.	JG	Amend the Committee's business schedule to accommodate reporting on treasury management three times a year, in line with CIPFA recommendations.	7ii	Actioned
7.	AC	Investigate whether there is an option to invest in overnight funds.	7iii	asap
8.	PS	Report to the next meeting on the total investment to date in solar energy and how well it is performing in terms of reducing overall energy costs	8iv	March
9.	CT	Finance & Resources Committee Terms of Reference to be further reviewed.	9vii	March
10.	PS	Bring to the next Committee meeting a draft strategy, which at the minimum, considers the requirements of the existing estate.	10iii	March