

GRANTHAM COLLEGE

Minutes of a meeting of the Finance Committee held on 29 February 2016 at 1800hrs.

Present	Graham Hayton-Hill Wade Rowlett	Mos Kalbassi	Nick Manoussakis (Chairman)
In Attendance	Paul Deane (DP)	Ralph Devereux (Clerk)	Anita Harrison (Mgt Acct)
Apologies	Linda Houtby (Principal)		

15/15 ELIGIBILITY, QUORUM, DECLARATION OF INTERESTS AND APOLOGIES

The apology was accepted. No notice had been received of any member becoming ineligible to hold office, the meeting was quorate and no interests had been declared.

15/15 MINUTES OF THE LAST MEETING AND NOIFICATION OF URGENT BUSINESS

- a. The minutes of the joint meeting (AC&FC) held on 15 November 2015 were confirmed and signed.
- b. It was agreed to consider an additional issue relating to Building 20 (20/15) as urgent business.

17/15 MATTERS ARISING

re. 05/15b (i). Fidelity Bond. As a result of the IAS comments surrounding the lack of a Fidelity Bond several colleges had been canvassed regarding their arrangements, which had proved inconclusive. Quotations had been received for:

- a. £500k cover at an annual premium of £788; or
- b. £1m cover at an annual premium of £858

each of the offers required an excess of £1k. The situation was then considered, even at a more realistic cover of £250k the overall cost was felt to be excessive in relation to the risk. Robust procedures were in place and had been scrutinised by the IAS and it was unanimously agreed that commissioning of a Fidelity Bond was unjustified.

A Fidelity Bond would not be established.

18/15 FINANCE REPORT

- a. Financial Health. Confirmation had been received from the SFA that they concurred with the self-assessment of current Financial Health as "Outstanding" but had upgraded the self-assessment of the financial forecast period also "Outstanding"; this was good news and would provide the Bank with some comfort in determination of the loan facility for the capital project.
- b. Management Accounts. The management accounts accurate to 31 January were then considered and discussed. The current situation was more positive than forecast and showed a favourable variance of c£247k against budget. Income, with all streams clearly explained in the accompanying papers and fully discussed, was unfavourable by c£18.7k with all variances clearly tabulated. Payroll expenditure was positive by c£214k. Tightly controlled non-payroll costs were favourable by c£52k; again all variances were clearly tabulated. The balance sheet remained positive with 93 cash days, a strong cash balance and the CR stood at 1.4. All FI remained satisfactory. The reforecast summary was then discussed, it was suggested that an accrual be introduced to account for FRS variations at year end and the reforecast was recommended to the Corporation for approval. The decision to retain £507k that had matured at the end of January but to hold it against the Building project was noted and approved. Compliance with Bank Covenants was noted.
- c. Pay Rise. The introduction of the national living wage (April 2016) had prompted a close scrutiny of the college wide pay position in the budget reforecasting process, although funds were extremely tight, a consolidated increase of 1% had been included in the reforecast and it was unanimously agreed to recommend that to the Corporation.

- d. Loan Facility. Indicative terms for the Building 20 £1m enabling loan facility had been received from Lloyds and were attached for reference. Essentially the offer of a 5-year facility at a margin of 2%pa, an arrangement fee of £7.5k and acceptable covenants were attractive and were commended to the Corporation for consideration together with the final written terms.
- a. **The information was noted and the Report was received.**
 - b. **The budget reforecast, including a 1% consolidated pay increase, was recommended to the Corporation.**
 - c. **The indicative loan facility terms were endorsed for a Corporation decision on the final proposal.**

19/15 FUNDING ALLOCATIONS

Overall funding allocations had been considered in the previous item

20/15 BUILDING 20

The GLLEP was currently completing Due Diligence on the Building 20 Project and it was hoped that their next meeting in March 2016 would be in a position to approve the grant.

- a. RG&P had been conditionally appointed as architects (pending GLLEP confirmation of the project): and
 - b. an additional paper was circulated detailing results of a formal tender framework which had been completed for the necessary Quantity Surveying (QS) and Principal Design (PD) work, RG&P clearly provided the best Value for Money (VFM) and it was unanimously recommended to the Corporation that they be (Conditionally) appointed.
- a. **The information was received.**
 - b. **It was recommended that RG&P were appointed to provide QS and PD services.**

21/15 TREASURY MANAGEMENT POLICY

Changes in the Chief Executive working pattern had reduced availability of SLT members for BACS/Cheque authorisation and it was suggested that the threshold for requiring a second signatory should be raised to £1000 (Currently £500). This was unanimously agreed as practical and the Treasury Management Policy would be amended accordingly.

- a. **The information was noted.**
- b. **The second signatory threshold was raised to £1000.**
- c. **The Treasury Management Policy would be amended to reflect the increase.**

22/15 INSURANCE

The insurance policy would expire at the end of July 2016, there were 3 practical options for renewal, all detailed in the accompanying paper. These were discussed individually and it was agreed that the uncertainty surrounding the outcome of the Area Based Review (ABR) together with the associated possibility of shared services with local colleges motivated to Option 3 (Extension of the existing contract for 12 months).

- a. **The information was received.**
- b. **The Insurance Contract would be extended for 12 months.**

23/15 IMPACT ON STUDENTS

The care being shown to the challenging financial situation would produce the optimum solution and continue to allow priority to provision and the student experience.

24/15 URGENT BUSINESS

Urgent business had been completed at 20/15.

25/15 DATE OF NEXT MEETING

The next meeting would be held at 1800 on 13 June 2016.