

## GRANTHAM COLLEGE

Minutes of a meeting of the Finance Committee held on 13 June 2016 at 1800hrs.

<b>Present</b>	Nick Manoussakis (Chairman)	Linda Houtby (Principal)(not 33/15)	Graham Hayton Hill
	Mos Kalbassi	Wade Rowlett	
<b>In Attendance</b>	Paul Deane (Act Principal)(not 33/15)	Ralph Devereux (Clerk)	Anita Harrison (Mgt Acct)(27-33/15 only)

### 26/15 ELIGIBILITY, QUORUM, DECLARATION OF INTERESTS AND APOLOGIES

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

### 27/15 MINUTES OF THE LAST MEETING AND NOIFICATION OF URGENT BUSINESS

- a. The minutes of the meeting held on 29 February 2016 were confirmed and signed.
- b. There were no requests for urgent business.

### 28/15 MATTERS ARISING

There were no matters arising.

### 29/15 FINANCE REPORT

- a. Accounts. The management accounts accurate to 30 April were considered and discussed. The current situation showed a favourable variance of c£185k against budget, Income, with all streams clearly explained in the accompanying papers, was unfavourable by c£88k with all variances clearly tabulated. Payroll expenditure was positive by c£216k and during discussion, it was noted that the percentage against total income was incrementally and steadily increasing and stood at 67.2%. Non-Payroll costs, tightly controlled were favourable by c£56k; again all variances were clearly tabulated. The balance sheet remained positive with 89 cash days, a strong cash balance and the CR stood at 1.7. All FI remained satisfactory. Compliance with Bank Covenants was noted. The Solar Panels had now returned £8k to the bank account and this was welcomed and thanks were recorded to the Mgt Acct and the Estates department for their joint work in reducing the rates bill by £43k. It was also noted that the ESF Big Lottery Bid had been successful.
- b. A letter had been received from the SFA relating to the recent investigation into a subcontractor; the letter stressed the necessity for rigorous compliance with the SFA Funding Rules. Although the College had not been directly criticised some necessary lessons had been learned through the experience and a clawback of c£92k had been the outcome; the letter had been considered by the SC earlier that day and it was agreed that the findings should be passed to the Police for consideration and a press statement should be drawn together as a contingency. The action was note and endorsed.
- c. The information was noted and the Report was received.

**The information was received.**

### 30/15 DRAFT BUDGET 2016/17 AND 3 YEAR FINANCIAL FORECAST 2015-18

- a. The first draft of next year's budget, worked with a total income increase of £.95m, however expenditure had also risen by around the same number, fully explained in the accompanying paper. The budget currently showed a £494k surplus (Underlying £16k). An analysis of the elements of both income and expenditure was included and the numbers were closely scrutinised and fully discussed. This was a fair and balanced budget and included a 1% pay rise (dependent on college performance) and focus would be maintained during the coming days to finalise the numbers. The 3-Year Financial Forecast was also in draft and set to the revised format taking account of FRS 102; once again late receipt of the SFA Financial Planning Spreadsheet had put pressure on planning, the first year would be represented by the finalised 2016/17 Budget. However, whilst a

surplus budget for 2016 would be achieved, on current information solid challenges for the years beyond remained, these would be met and accepted and it was noted that the financial health grading, under the revised parameters, remained at "Good" throughout.

- b. There was then some consideration of whether the Financial Targets remained appropriate and after discussion it emerged that a simple system, for example.... "To ensure that no more than one of the 3 SFA Financial Health parameters fell below 'Good'" could be preferable. It was agreed that the suggested revisions would be electronically circulated and agreed. The SFA comparative performance tables were presented and these would also be circulated for study out of the meeting.
- a. **The information was received.**
  - b. **The revised draft Budget and Financial Forecast would be presented to the Corporation meeting.**

### **31/15 CAPITAL PROPERTY UPDATE**

- a. Summary. Capital/Property information was discussed, the total allocation was c£477k, actual spend was c£290k with c£186k remaining, approval was sought and received for an increase of £14k in the College Funds to allow disabled toilets to be added to the sports changing rooms over the summer break.
  - b. Building 20. Full tabulated detail of the Building 20 Summary was included in the accompanying document and was discussed, members noted that it was unlikely that the revolving finance facility arranged with Lloyds Bank would be necessary although discussions would continue as a contingency. Demolition of redundant buildings was proceeding well and an objection by a neighbour that there could be collateral damage had been resolved though WR personal intervention. The LEP contract was in the final stages of agreement and when these were completed the tendering process would begin. Members would be fully informed of developments.
- a. **The information was received.**
  - b. **Increase of £14k for summer works was approved.**
  - c. **The revolving finance facility would be retained as a contingency.**

**All staff left the meeting.**

### **32/15 INSTRUMENT AND ARTICLES (I&A) OF GOVERNMENT**

The I&A had been revised to reflect best practice and to enable establishment of the separate posts of Chief Executive and Principal; the purpose was to regularise the situation after the successful outcome of the approved 6-month trial period, which had been welcomed across the College. The variations were agreed and were unanimously recommended to the Corporation for immediate implementation. In view of the unavoidable delay of the verification of the leadership arrangements the Corporation Chairman approved both the documents and the arrangements.

- a. **The information was received.**
- b. **The revised I&A were recommended to the Corporation.**
- c. **Leadership arrangements were recommended to the Corporation.**

**The Chief Executive and the Principal re-joined the meeting.**

### **33/15 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.

### **34/15 URGENT BUSINESS**

There had been no urgent business requested.

### **35/15 DATE OF NEXT MEETING**

The date of the next meeting would be in November 2016 (Joint with Finance Committee)