

## GRANTHAM COLLEGE

Minutes of a meeting of the Finance Committee held on 4 July 2017 at 1800hrs.

<b>Present</b>	Graham Hayton-Hill	Linda Houtby (Chief Exec)	Mos Kalbassi
	Nick Manoussakis (Chairman)	Wade Rowlett	
<b>In Attendance</b>	Paul Deane (DP)	Ralph Devereux (Clerk)	

### **26/16 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.

### **27/16 MINUTES OF THE LAST MEETING AND NOTIFICATION OF URGENT BUSINESS**

- a. The minutes of the last meeting held on 28 February 2017 were confirmed and signed.
- b. There was no urgent business requested.

### **28/16 MATTERS ARISING**

There were no matters arising.

### **29/16 FINANCE REPORT**

- a. Management Accounts. The management accounts accurate to 31 May were then considered and discussed. The current situation was an unfavourable variance of c(£214k) against budget including the provision for FRS 102 (£249k); Income, with streams and allocations clearly explained in the accompanying papers and fully discussed, was also unfavourable by c(£253k) with all variances clearly tabulated and explained. Payroll expenditure was positive by c£206k and (again included the FRS 102 provision c(£149k); non-payroll costs, despite tight controls remained unfavourable by c(£166k) (again included the FRS 102 provision c(£100k), again all variances were clearly tabulated. The balance sheet remained positive with 83 cash days, a strong cash balance and the CR stood at 2.2. All FI remained satisfactory. Capital Expenditure stood at c£251k with projected at c163k; after consideration it was agreed to accept the Ext Auditors advice that the c£248K expended on enabling works for the now postponed Building 20 Project be written off in this year's accounts. Bad debt write offs to date (£1200) were listed although a listing of (120 day) possibilities was discussed, recovery measures were explained and noted. The cash flow remained positive and in line with expectations and the vulnerable areas were noted. The accounts were recommended to the Corporation. **(Action 1)**
- b. Loans and Covenants. Existing Loans and Covenants had been considered with Lloyds Bank and the revisions, fully detailed in the paper, were confirmed as being met in all respects. However, it was necessary to amend the "Facility Letter" dated 24 December 2012, which was attached at Annex and read by all; it was unanimously agreed to recommend the amendments and the Facility Letter to the Corporation as follows **(Action 2)**:

“At a meeting of the Directors of Grantham College (The College) held at the College on the 11 day of July 2017 the following resolutions were passed.

**It was resolved that** the Term Loan Facility of up to £1,375,000 and Bridging Loan Facility of up to £740,000 arranged with Lloyds Bank plc (the Bank) in a letter dated 24th December 2004 (the “Facility Letter”) be amended in the manner proposed in a letter from the Bank date 24<sup>th</sup> April 2017 (the “Amendment Letter).

It was further resolved that Mr Paul Deane be authorised to make the necessary arrangements with the Bank and to sign on behalf of the Governors the Amendment Letter which was produced to the meeting and its terms and conditions approved.

We certify that this is a true copy of the Resolutions which have been entered in the Minute Book and that they were passed in accordance with the Instrument and Articles of Government of the College. We confirm that the signatures furnished to the Bank with these resolutions are those of the duly authorised officials at the date of the resolutions.

(Chair of the Corporation and the Clerk)

- c. Regulations. Attached at Annex were also marked up copies of the:
  - (i) Financial Regulations;
  - (ii) Treasury Management Policy; and
  - (iii) Capitalised Assets & Depreciation Policy and Procedure.

All had been amended to incorporate, (but not limited to) IAS comments, job title changes, the renaming of the SFA to ESFA and changed procedures. All were considered and recommended to the Corporation for approval. **(Action 3)**

- a. **The Information was received.**
- b. **Actions had been identified. (see 34/16 below)**

### **30/16 DRAFT BUDGET 2017/18 AND 3 YEAR FINANCIAL FORECAST 2017-20**

The draft of next year’s budget had been worked with a total income decrease of £308k all detailed in the accompanying paper, expenditure had been reduced by £305k, also fully explained in the accompanying paper; the budget currently showed a £11k surplus (0.1% of income). 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, which did not have sufficient scope for a general staff pay increase from April 2018 (although the pay increase for April 2017 to March 2018 is included), indeed close focus on pay costs would necessarily be maintained throughout the year. The draft 3-Year Financial Forecast 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 2017/18 Budget. Generally, the challenges presented were discussed, it was agreed as a challenging target and the plan would require close and determined attention. Objectives noted in the “Schedule 2” were noted as the same as the previous year and the financial health grading, under the revised

parameters, remained at “Good” throughout. The Budget 2017/18 and the Financial Forecast were recommended to the Corporation. **(Action 4)**

- a. **The information was received.**
- b. **Actions had been identified. (see 34/16 below)**

**31/16 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.

**32/16 URGENT BUSINESS**

There had been no urgent business requested.

**33/16 DATE OF NEXT MEETING**

The provisional date for the next meeting was TBD (Joint with Audit Committee).

**34/16 ACTIONS**

Action Table		Resp	By
<b>Action 1</b>	29/16a. Management accounts recommended to the Corporation.	<b>NM</b>	<b>11.07.17</b>
<b>Action 2</b>	29/16b. Amended covenant and Facility Letters recommended.		
<b>Action 3</b>	29/16c. Financial Regulations Policies (et al) recommended.		
<b>Action 4</b>	30/16. Budget 2017/18 and 3 year FF recommended.		