

**GRANTHAM COLLEGE
FINANCE COMMITTEE MEETING**

**Minutes of the Meeting held on 6 March 2018, 17.00
Corporation Meeting Room, Grantham College**

Present:

Mr N Manoussakis	Finance Committee Chairman / General Member
Mr G Hayton-Hill	General Member
Mr I Hyland	General Member
Mr M Kalbassi	Corporation Chair
Mrs L Houtby	Chief Executive

In Attendance:

Mr P Deane	Principal
Mrs J Taylor-Holmes	Clerk

Agenda: There were no changes to the agenda.

1	FC/18/101 - Apologies for absence Apologies were received from; Mrs A Harrison, Finance Manager	
2	FC/18/102 – Confirmation of eligibility, quorum and declarations of interest No notice had been received of any member becoming ineligible to hold office. The meeting was quorate and there were no declarations of interest in agenda items.	
4	FC/18/103 – Minutes of the previous meeting on 20 November 2017 The minutes of the previous joint Audit and Finance Committee meeting held on 20 November 2017 were approved as a true and accurate record.	
5	There was no urgent business notified.	
6	FC/18/104 - Matters Arising There were no matters arising. All matters arising from the previous joint meeting were for consideration by the Audit Committee.	
7	FC/18/105 - Finance Report Mr Deane presented the Financial Report. The Report contained a number of appendices covering, Income and Expenditure Account for period ending 31 January 2018, Balance Sheet at 31 January 2018, Cashflow forecast to	

	January 2020, Debtors Report and Capital Expenditure and Details of Asset Additions 2017-18.	
8	Mr Deane explained that an operating deficit of £290,000 at year end was forecast with the College maintaining a good financial health rating as graded by ESFA. Mr Deane explained that although the College was forecast to maintain a good financial health rating this was very close to becoming a satisfactory rating (£5,000 to £10,000 increase in deficit).	
9	Mr Deane explained that it was extremely important for the College to maintain a good rating as a satisfactory rating may result in increased intervention by the ESFA and the FE Commissioner. The intervention may result in a two day visit from the FE Commissioner and a full review of the financial sustainability of the College.	
10	Mr Deane explained how the rating was formulated and referred Governors to section 4.1 of the report. Mr Deane explained that any score of 0 would result in a satisfactory rating and that this was close in the sector EBITDA as a % of income.	
11	As a result of the challenges identified, Mr Deane explained that a number of actions had been implemented including the requirement of either the Chief Executive or Principal to sign off non-pay expenditure (prior to spend) and the full and proper scrutiny of the pay bill with consideration being given to whether a position needs replacing when a member of staff leaves.	
12	The Committee reviewed the breakdown of income.	
13	Mr Deane explained that the 16-18 student enrolment numbers were positive and exceeded the target. Although would become payable in 2018/19, there would be further income of £88,000 to reflect extra student numbers (currently 22 students). There would also be an extra £33,000 payable in respect of additional high needs students.	
14	In relation to adult learners, consideration was being given to put on additional courses however, there may be extra costs associated with this, however this depends on the specialism and capacity of existing staff.	
15	It was noted that the 19+ Advanced Learner Loan income was below forecast and was likely to be £65,000 below forecast at year end. This was the first year that this area of income has not grown and reflects the national position. The ability of courses such as AAT to be funded through apprenticeships has impacted on this.	

16	Mr Deane explained that the position regarding apprenticeships was positive and the College has requested additional non-levy funding for 16-18 year olds to at least cover the growth.	
17	Growth had also been seen in the adult non levy funding. the challenges regarding remittances, invoicing and income receipt were discussed. Mr Manoussakis, Chair of the Finance Committee and General member also commented on the challenges faced by employers in administering the apprenticeship paperwork and funding.	
18	It was noted that Nationally apprenticeships were down in the UK and that the position in Grantham was positive.	
19	Mr M Kalbassi, Chair of the Corporation asked about HE income. Mr Deane commented on the increased competition with Universities, with Universities making unconditional offers to students without the need to complete Level 3 provision.	
20	The Committee noted the threat of the levy as College provision was being threatened by school and university apprenticeship provision in a very competitive market.	
21	In relation to project funding, Mr Deane also referred to the timing of income in relation to the BBO project, explaining that income may be delayed until 2018/19 due to the delay in drawing down income in relation to the project and the challenges of working with those furthest from the labour market.	
22	In relation to the SSW (Skills Support for Workforce) funding, Mr Deane explained that the College was a sub-contractor for Calderdale College who had been awarded the contract for provision. A request to extend the deadline had been submitted.	
23	It was noted that there was an increase in applications for High Needs students for 2018/19.	
24	In summary the forecast was that income would be £323,000 below budget, pay expenditure would be £110,000 above budget, although this included exceptional restructuring costs and non pay expenditure would be £68,000 below budget. A forecast deficit of around £290,000 against a planned surplus of £70,000 was now forecast for year end.	
25	Mr Deane explained that there were currently no significant demands on the capital budget and that hopefully there would be an underspend on the capital budget at year end.	

26	Pay costs of redundancy and pay in lieu of notice in year totalled £121,000, this had previously been considered an exceptional item but was now treated differently.	
27	Committee members discussed the cashflow forecast and various options for improving the cash position in 2020 were discussed and agreed.	
28	Some sections of the minutes have been redacted due to commercial confidentiality, the ongoing confidentiality of these sections would be considered annually by the Governance, Remuneration and Search Committee.	
29	There were no major concerns with regard to debtors. Bad debt write off of £290.59 was proposed relating mainly to unreturned library material.	
30	In relation to cashflow, reference was made to the apprenticeship levy and how it may be a challenge to reconcile this with Skills Funding Agency income.	
31	Mr Manoussakis asked for further information about pensions which Mr Deane provided.	
32	There had been a change to IFS 102 and items were being treated differently in the accounts, it would be treated as a non-cash charge.	
33	Work was ongoing to continue to control agency staff spend, the Finance Manager was working to support HR in this area. Committee members noted that VAT was applicable with agency spend and how consideration was being given to temporary or short term contracts.	
34	A number of actions were agreed which have been removed from these minutes due to the confidential nature of the business discussed.	
35	Committee Members received the Financial Report to the 31 January 2018.	
	FC/18/106 – Funding Allocations	
36	Mr Deane explained that the College would receive £97,500 in August from the Capacity Development Fund to support work placements and in preparation for T-levels. It was permitted to use & account for this income from April.	
	FC/18/107 Matters for Specific Report to the Corporation	
37	A number of actions were agreed which would be reported to the Board, as above, these have been	

	removed from these minutes due to the confidential nature of the business discussed.	
38	FC/18/108 Impact on Students of Items Discussed / Agreed The College could not continue to be a going concern without sound financial management, this is core to the function of a successful College.	
39	AFC/17/114 Urgent Business / Any other Business There being no further business the meeting closed.	

Date of next Meeting:

The Finance Committee would meet on Wednesday 20 June 2018, 17.00 in the Conference Room.

Signed as a true and accurate record

Chairman

Date