

**GRANTHAM COLLEGE
FINANCE COMMITTEE MEETING**

**Minutes of the Meeting held on 5 March 2019, 17.00
Corporation Meeting Room, Grantham College**

Present:

Mr N Manoussakis	Finance Committee Chairman / General Member
Mr G Brewis	General Member
Mr P Deane	Principal & Chief Executive
Mr I Hyland	General Member
Mr M Kalbassi	General Member
Mrs A Mosek	Corporation Chair & General Member

In Attendance:

Mrs A Harrison	Director of Finance
Mrs J Taylor-Holmes	Clerk

Agenda: There were no changes to the agenda.

1	FC/19/101 - Apologies for absence Apologies were received from; Mr G Hayton-Hill, General Member	
2	FC/19/102 – 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.	
3	FC/19/103 – Minutes of the previous meeting on 28 November 2018 The minutes of the previous joint Audit and Finance Committee meeting held on 28 November 2018 were approved as a true and accurate record.	
4	There was no urgent business notified.	
5	FC/19/104 - Matters Arising All matters arising from the previous joint meeting were complete or on the agenda for consideration.	
6	FC/19/105 - Terms of Reference The Terms of Reference were considered, Committee members agreed the Terms of Reference and the change of the name of the Committee for recommendation to the	

<p>7</p> <p>8</p> <p>9</p> <p>10</p>	<p>Board for approval on 13 March 2019.</p> <p>Committee members discussed the role of the Committee in capital approval and the expanded role in terms of HR and other issues.</p> <p>It was noted that a number of issues contained within the new Terms of Reference such as HR issues were being reported to the Board directly through the dashboards, this would continue.</p> <p>It was agreed that an updated workplan would be brought to the next Committee meeting for consideration.</p> <p>Resolution – that the Terms of Reference be recommended to the Board for approval.</p>	<p>Action: Clerk to the Corporation June 2019</p>
<p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p>	<p>FC/19/106 - Finance Report</p> <p>Mrs Harrison, Director of Finance presented the Financial Report. The Report contained a number of appendices covering, Income and Expenditure Account for period ending 31 January 2019, Balance Sheet at 31 January 2019, Cashflow forecast to February 2021, Finance Dashboard, Debtors Report and Capital Expenditure and Details of Asset Additions 2018-19.</p> <p>Mrs Harrison explained that an operating surplus of £181,000 at year-end was forecast with the College predicting an outstanding financial health rating as graded by ESFA.</p> <p>Mrs Harrison explained that there was a £37,600 variance with apprenticeships performing better than forecast. 16-18 year-old, levy and engineering income had increased and the move the apprenticeship standards had been positive.</p> <p>In relation to Anglian Water, Mr Deane explained that the College had been guaranteed 26 apprenticeship starts for 2019/20.</p> <p>Mr N Manoussakis, Committee Chairman and General Members asked whether there were any additional costs as a consequence of additional numbers. Mr Deane explained that there were some additional registration costs but staffing costs had decreased due to the restructure. Staffing costs were now in line with the plan following the restructure. Mr Deane also explained that there were improved controls in place regarding agency staffing costs and the College was generally becoming more efficient and seeing the benefits of the restructure. Staff costs were forecast to be under budget at year-end.</p>	

16	<p>In relation to the SSW (Skills Support for Workforce) funding, Mr Deane commented that there was slight underperformance in this area. Mr Deane explained that Hull College had taken over from Calderdale College in delivering the SSW project going forward. The College would submit a tender to continue to deliver the project in the future.</p>	
17	<p>There were some other areas identified as potential other funding for next year including other ESF funding and BBO2.</p>	
18	<p>The College had also been successful in the capacity development fund application for T-Levels which would result in additional income of £97,000 this year and £82,000 next year.</p>	
19	<p>Student numbers are lower than forecast in financial plan which would equate to a decrease in forecast income of £200,000. Additional funding successes were therefore good news.</p>	
20	<p>Mr M Kalbassi, General Members asked about trends of student numbers. Mr Deane explained that the demographic information indicates that student numbers will increase again from 2020.</p>	
21	<p><i>Excluded due to commercial sensitivity.</i></p>	
22	<p>The Committee reviewed other key factors including;</p>	
23	<ul style="list-style-type: none"> - HE funding had decreased, which was in part due to the increase in HE apprenticeship funding. - High needs income was above budget – this was mainly local students with a small number of students from Nottingham and Lincolnshire. - LGPS – it is likely that contributions will not be increasing, the deficit payment is £80,000 per annum - Potential property sales would impact on income - Some water leaks had been located and fixed, all utility bills continued to be monitored by the Finance team. An energy comparison review was underway. The solar panels were performing well and other areas to site solar panels would be considered. - Other energy efficient schemes were being considered including the use of electric pool cars and the installation of electric charging points. 	

24	<p>Staff Pay Award – Committee members considered whether a pay award for staff could be approved. The Committee members noted that the AoC recommendation was 1% or £250 minimum and this was understood to be implemented by the majority of Colleges.</p>	<p>Action: Clerk March 2019</p>
25	<p>Resolved – a 1% pay increase (or a minimum of £250) would be awarded to all staff (excluding designated senior staff) was approved to be implemented in April 2019.</p>	
26	<p>Mrs Harrison confirmed that the cash balances in the Euro account were in relation to Erasmus and BBO expenditure.</p>	
27	<p>Committee members reviewed the Aged Debtors and asked the process in place to ensure debts are paid. Mrs Harrison explained that a debt collection agency was engaged to chase outstanding debts. It was noted that a number of outstanding debts related to HE students and day break students and were being followed up.</p>	
28	<p>Committee members considered what information should be provided to the Board from the meeting, it was agreed that the Finance report and the dashboard would be provided but not the appendices. The appendices would continue to be available to Governors electronically via the Finance Committee section on the Governors meeting library.</p>	
29	<p>Mr Deane confirmed that lots of information and support was available to students in relation to available loans and funding. It was noted that there was sometimes a delay with student funding.</p>	
30	<p>In the context of the turnover, it was agreed that there was not a large amount of debt written off.</p>	
31	<p>The cashflow position remained positive, with planned cashflow levels forecast to decrease by 2021. It was noted that the current position did not include any income from the sale of the Police Houses. It was noted that there was a requirement to submit approved plans to the Land Registry.</p>	
32	<p>Mr Deane confirmed that the College remained compliant with loan repayments and would be loan free in 6/7 years.</p>	
33	<p>There was underspend in relation to the capital budget, the spend against this was being carefully considered. This expenditure was an area which could be considered in future years if necessary.</p>	
34	<p>Mr Deane referred to the 'good' EBITDA which was based</p>	

<p>35</p> <p>36</p> <p>37</p> <p>38</p>	<p>on the year end forecast excluding exceptional items.</p> <p>Committee members received the financial dashboard and noted that work continued to develop the staff / estate utilisation performance indicators.</p> <p>Mrs Harrison explained that the ESFA indicators recommend that estate utilisation over 44% was good.</p> <p>Mr Deane explained that there had been an increase in the number of annual teaching hours with some flexibility for the Head's of Curriculum areas. The importance of staff wellbeing was noted.</p> <p>Committee Members received the Financial Report to the 31 January 2019.</p>	
<p>39</p> <p>40</p> <p>41</p> <p>42</p> <p>43</p> <p>44</p>	<p>FC/19/107 – Funding Allocations</p> <p>Mr Deane explained that the funding allocation in relation to 16-18 year-olds was £200,000 below the forecast.</p> <p>The impact of the devolution of the adult funding would potentially reduce funding in this area by £114,000. There was also some uncertainty whether some adult education and funding for free courses for those on a low income would continue.</p> <p>There were a number of positive indicators such as an increase in high needs students, BBO2 contract, ESF SSU funding, SSW funding and T Level funding.</p> <p>When assessing the overall position, Mr Deane explained that the potential deficit may be in the region of £150,000, if this was to increase to £250,000 this may reduce the ESFA assessment of the College to satisfactory. Work continued to try and achieve a balanced budget for 2019/20.</p> <p>Mr Deane also confirmed that applications to the College for 2019/20 were above the position at the same time in the previous year.</p> <p>Committee members noted the Funding Allocation update.</p>	
<p>45</p>	<p>FC/19/108 – Estates update</p> <p>Mr Deane explained that the sale of the Police Houses was going ahead, a revised offer had been put to SKDC regarding the Police Houses however, there had been no response as yet.</p>	

<p>46</p> <p>47</p> <p>48</p> <p>49</p> <p>50</p> <p>51</p> <p>52</p> <p>53</p>	<p>Mr Deane explained that there was potential to sell the Barracks to support the development of an engineering and construction hub on the Stonebridge site, the aim would be to apply for additional funding from the LEP and discussions were underway as to the potential in this area.</p> <p>In terms of potential cost, in 2008, the hydraulic workshop build costs were £290,000 however, it was expected that power supply and groundwork costs may be more expensive.</p> <p>An update regarding the sale of the Barracks would be provided to the next meeting.</p> <p>In relation to estate utilisation, Mr Deane commented that he was unsure whether all of Stonebridge House was included as this was not all usable space.</p> <p>Committee members expressed caution around ensuring that income received from the sale of assets was utilised for capital improvements and to ensure that there are positive changes for the College and students.</p> <p>Mr Deane explained that the timing of any potential sale was important as alternative workshop space would be needed to ensure that there was no negative impact on students.</p> <p>Committee members asked about covenants and access to the estate being sold. Mr Deane explained that it had been agreed that access would be off the College access.</p> <p>Committee members noted the Estates update.</p>	<p>Action: Principal June 2019</p>
<p>54</p> <p>55</p> <p>56</p> <p>57</p>	<p>FC/19/108 – Relevant Sector Information</p> <p>Mrs A Harrison, Director of Finance provided an update on sector developments.</p> <p>Committee members received the Department of Education Further education bodies: insolvency guidance issued in January 2019 and discussed the current challenges in the sector.</p> <p>Committee members also received the Association of Colleges briefing on the College Insolvency regime and noted how the FE Commissioner Intervention reports could be accessed.</p> <p>Mr Deane also referred to the comprehensive spending review and the Love Colleges campaign which aimed to</p>	

58	<p>lobby Government to recognise the challenges faced by Colleges and champion the excellent work of Colleges to support and develop the current and future workforce.</p> <p>Committee members received the update.</p>	
59 60 61 62	<p>FC/19/110 Matters for Specific Report to the Corporation</p> <ol style="list-style-type: none"> 1. Terms of reference and change of name of the Committee recommended to the Board for approval 2. Received and reviewed the Finance report to end of January 2019 with all appendices. It was agreed that the Finance report would be sent to all Governors along with the dashboard for consideration at Board meetings. It was agreed that the appendices would not be circulated to Governors with Board papers as these were accessible on the Governors meeting library if needed. 3. 1% pay increase (subject to a minimum of £250) to all staff (excluding designated senior staff) was approved to be implemented in April 2019. This was in line with the Association of Colleges recommendation and with what the majority of Colleges were planning to make. 4. Committee members had a very interesting discussion about the current state of the sector. Including receiving information on the new Insolvency Regime. 	
63	<p>FC/19/111 Impact on Students of Items Discussed / Agreed</p> <p>The capital improvements planned and the improvement of student experience through these was important. The improvement of staff morale through the approval of a pay increase was also of benefit to students.</p>	
64	<p>FC/19/112 Urgent Business / Any other Business</p> <p>There being no further business the meeting closed.</p>	

Date of next Meeting:

The Finance Committee would meet on Wednesday 19 June 2019, 17.00 in the Conference Room.

Signed as a true and accurate record

Chairman

Date

Agenda Item	Description	By whom	By when
FC/19/105 - Terms of Reference	It was agreed that an updated workplan would be brought to the next Committee meeting for consideration.	Clerk	June 2019
FC/19/106 - Finance Report	it was agreed that the Finance report and the dashboard would be provided but not the appendices. The appendices would continue to be available to Governors electronically via the Finance Committee section on the Governors meeting library.	Clerk	March 2019
FC/19/108 – Estates update	An update regarding the sale of the Police Houses and Barracks would be provided to the next meeting.	Mr Deane	June 2019