

**GRANTHAM COLLEGE  
FINANCE COMMITTEE MEETING**

**Minutes of the Meeting held on 20 June 2018, 17.00  
Corporation Meeting Room, Grantham College**

**Present:**

Mr N Manoussakis	Finance Committee Chairman / General Member
Mrs L Houtby	Chief Executive
Mrs A Mosek	General Member

**In Attendance:**

Mr P Deane	Principal
Mrs A Harrison	Finance Manager
Mrs J Taylor-Holmes	Clerk

*Agenda: There were no changes to the agenda.*

1	<b>FC/18/110 - Apologies for absence</b>  Apologies were received from; Mr G Hayton-Hill, General Member Mr I Hyland, General Member Mr M Kalbassi, Corporation Chair	
2	<b>FC/18/111 – Confirmation of eligibility, quorum and declarations of interest</b>  No notice had been received of any member becoming ineligible to hold office.	
3	The meeting was quorate and there were no declarations of interest in agenda items.	
4	<b>FC/18/112 – Minutes of the previous meeting on 6 March 2018</b>  <b>The minutes of the previous Finance Committee meeting held on 6 March 2018 (for Governors and for publication) were approved as a true and accurate record</b>	
5	It was noted that redacted minutes would be reviewed annually by the Governance, Remuneration and Search Committee to check whether the information contained remained confidential. This would commence in 2018/19.	<b>Action: Governance, Remuneration &amp; Search Committee Autumn 2018</b>
6	There was no urgent business notified.	

	<p><b>FC/18/113 - Matters Arising</b></p> <p>7 The Estates update scheduled for agenda item FC/18/118 was considered as part of this section of the agenda;</p> <p>8 Mrs L Houtby, Chief Executive explained that the sale of Newlodge was progressing well and it was likely the College seal would be used to seal the contract and the deed transfer relating to the sale in the coming weeks. There were some minor points of clarification required which had been raised by the buyers solicitors regarding changes made by Gravity FM.</p> <p>9 Mrs Houtby confirmed that two private individuals were purchasing the property.</p> <p>10 Mr P Deane, Principal explained that the proceeds of the sale would contribute to cash reserves. In the 2018/19 financial plan £300,000 had been allocated to capital investment, the proceeds would contribute to this allocation.</p> <p>11 Paragraphs have been removed due to commercial 12 sensitivity 13</p> <p>14 Mrs Houtby confirmed that the access and egress of the site had been considered so that there was no impact on Stonebridge House.</p> <p>15 Paragraphs have been removed due to commercial sensitivity</p> <p>16 Mr Deane further explained that he and Mr M Kalbassi, Chair, were meeting with the Council and would confirm the College intention to sell the land Paragraphs have been removed due to commercial sensitivity</p> <p>17 In relation to the Barracks, Mr Deane explained that local estate agents had been approached to assess whether there was a suitable local option available to lease to transfer the equipment and learner facilities too should the Barracks be offered for sale. No suitable alternative had been located.</p> <p>18 Committee members agreed that the sale of the Barracks was less urgent and consideration would be given to erecting a purpose built workshop.</p> <p>19 Mrs Houtby confirmed that the College had enough classroom space and it was agreed that the ideal solution would be to build a workshop on the Stonebridge House</p>	
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	site.	
20	Mr Deane confirmed that there was a 75% chance that the Institute of Technology (IoT) bid would progress to stage 2. If successful, capital funds would be available (linked to engineering (clean)). It was noted that the outcome of the IoT bid would be known in the Autumn term.	
21	Committee members discussed potential options and it was agreed that an up to date valuation would be obtained for the Barracks and the cost of building a unit on the Stonebridge site would be explored. Mr N Manoussakis, Finance Committee Chair and General Member offered to source support to seek some advice to create workshop space and build a unit on Stonebridge Site. It was agreed that this would be sought. It was agreed that there were two potential sites available which would be explored.	<b>Action: Mr N Manoussakis November 2018</b>
22	It was agreed that a further benefit of bringing all staff and students to the Stonebridge site would be to improve the experience of staff and students and ensure they feel part of the College.	
23	It was noted that there may be some cost implications should the Barracks be sold due to the investment made previously in respect of the classrooms (EU), this would be further considered. It was noted that the investment at Stonebridge House was conditional (SFA Condition funding).	
24	It was agreed that the Estates Committee would be reconvened when needed to ensure that matters are considered in a timely manner. It was agreed that Mrs J Taylor-Holmes, Clerk would look to convene a meeting if there was any interest shown in the purchase of the land and five houses.	
25	Mrs A Mosek, General Member asked to visit the site in advance of the Estates Committee meeting.	<b>Action: Mrs J Taylor-Holmes TBC</b>
26	There were no further matters arising.	
	<b>FC/18/114 - Finance Report</b>	
27	Mr Deane presented the Financial Report. The Report contained a number of appendices covering, Income and Expenditure Account for period ending 30 April 2018, Balance Sheet at 30 April 2018, Cashflow forecast to May 2020 and Capital Expenditure and Details of Asset Additions 2017-18.	
28	Mr Deane explained that an operating deficit of £222,000 at year end was forecast with the College maintaining a good	

	financial health rating as graded by ESFA. Mr Deane explained that this was better than the position presented to the last meeting.	
29	Mr Deane confirmed that it was now likely the College would maintain a good rating with the ESFA at the end of July 2018.	
30	The payroll costs has been forecast along with other areas of expenditure to year end and there was now some certainty that these would be on target.	
31	Committee members discussed in detail the timing of the application of some expenditure to potentially draw these into this financial year. Mr Deane explained that this was being considered in relation to the capacity fund for T Level implementation. Some staffing was already in place and the income is available for use from April 2018, a pre-payment may be possible. However, it was noted that this would have a negative impact on the plan for 2018/19.	
32	Capital items would be reviewed to ensure that these are appropriately collated and recorded.	
33	Mr Deane confirmed that the cost savings from restructuring were being realised which can be demonstrated by payroll costs in the previous year.	
34	If the sale of Newlodge completes before the year end although it improves the cash position it does not relate to the activities of the College and will be deemed as an extraordinary item.	
35	Consideration had been given to the restriction in place regarding some funds such as BBO and Erasmus, this would be lifted as the liabilities and cost are already within the expenditure.	
36	A positive cash position was forecast assuming all assumptions were realised.	
37	<b>Committee Members received the Financial Report to the 30 April 2018.</b>	
	<b>FC/18/115 – Forecast out-turn for the current year, budget for 2018/19 and 3 year forecast</b>	
38	Mr Deane presented the budget for 2018/19 and the 3 year forecast.	
39	In relation to income, an increase of £255,000 (2.8%) had been assumed, Committee members noted the key areas where a rise was forecast.	

40	Specifically in relation to non-levy apprenticeships, Mr Manoussakis asked whether the forecast increase (13% in 2019 and 20% in 2020) was achievable. Mr Deane explained that the figures had not been broken down into levy and non-levy and this would be further considered. It was felt that the increase would be in adult apprenticeships as there was little increase in 16-18 year-old apprenticeships.	
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42	Further in relation to the £96,000 increase in ESFA Non-Apprentice Adult funding; Mr Deane commented that there was a small risk that this figure may be rebased down due to a change in rules, however, this may only result in a minimum impact.	
43	Committee members noted the commentary at page 2 of the report, in relation to the Lincolnshire SSW programme, another ESF round was likely.	
44	Mr Deane explained that it was too early to say regarding student numbers on HE courses, access numbers were not looking positive currently however, work would continue to attract students.	
45	In relation to the expenditure notes on page 2, Mr Deane explained that there was an error in the paper and the paper should read that Staff costs <b>including</b> restructuring costs rise.....	
46	In relation to the reduction in non-pay costs, Mr Deane explained that this resulted from the move out of the George and the partial sub-contracting arrangements in place regarding the BBO contract.	
47	Mr Deane confirmed that there was forecast approximately £50,000 of restructuring costs in 2018/19.	
48	The budget forecasts a £128,000 surplus in 2018/19. Consideration would be given to wage increases in April 2019.	
49	Mr Deane confirmed that there was some contingency in the budget.	
50	Mrs Mosek asked whether the curriculum plan supports the student numbers assumed. Mr Deane explained that the 16-18 year old income is guaranteed for 2018/19. All staff in all curriculum areas are being encouraged to support recruitment in their areas.	
	Mrs Mosek asked whether a summary of the curriculum plan was usually presented to the Corporation. Mr Deane	<b>Action: Mr P</b>

	explained that this was not usually presented however, could be in the future.	<b>Deane TBC</b>
51	There was some discussion around conversion rates and the internal progression of students from Level 2 to Level 3, some of the shortfall was demographic and some due to progression.	
52	The message to staff was clear, staff need to recruit more, convert more, progress more and lose less students in the first six weeks of the course.	
53	Work was ongoing to ensure that staff were motivating students to attend. Mr Deane explained that the demographics do improve in coming years.	
54	Committee members challenged the surplus of 2018/19 and the reduction of expenditure to bring it to a more comparable level to 2017/18. Mr Deane agreed to consider this further in advance of the budget being provided to the Corporation for approval.	
55	Committee members confirmed the need to retain at least a good financial rating.	
56	<b>Committee members recommended the Budget 2018/19 and 3 year financial forecast for approval by the Corporation Board.</b>	
<b>FC/18/116 – ESFA Financial Planning checklist</b>		
57	Mr Deane presented the ESFA Financial Planning checklist. Mr Deane confirmed that there is no requirement to provide the completed checklist to the ESFA however, the guidance states that the checklist should be shared with the governing body to provide assurance that they have considered all relevant matters.	
58	Mr Deane provided the responses to the checklist. Additional comments made were in relation to the staff wages; Mr Deane explained that a review of national minimum wage had been considered. In relation to sub-contractor arrangements, this related to the BBO contact. In relation to underlying assumptions, Mr Deane explained that further detail regarding apprenticeships would be added to the final version.	
59	The Committee noted the current financial targets that had been approved by the Finance Committee and Corporation as follows;	
60	❖ To achieve an overall SFA financial health grade of “Good” or better	

	<ul style="list-style-type: none"> <li>❖ To ensure no more than 1 of the 3 SFA financial health sub grades falls below "Good" and none are rated "inadequate"</li> <li>❖ To ensure pay expenditure is no more than 74% of income unless the above can still be achieved with a higher percentage</li> </ul>	
61	Committee members agreed that the current financial targets remained appropriate. It was further agreed that this may be considered again when considering financial targets as part of the strategic plan.	
62	<b>Committee members confirmed that they were assured that all relevant matters had been considered and that the commentary was prepared with due regard to the checklist.</b>	
	<b>FC/18/117 - Financial Regulations and Treasury Management Policy 2018/19</b>	
63	Mr Deane presented the revised Financial Regulations and Treasury Management Policy 2018/19.	
64	The proposed changes were in track changes within the document presented and mainly related to the change in the roles of the Principal and Chief Executive being brought together into one role. The Committee noted there was one more significant change to improve the robustness of the process in place regarding the use of agency staff.	
65	<b>Committee members approved the Financial Regulations and Treasury Management Policy 2018/19. It was agreed that approval from the Corporation was not required due to the level of changes made.</b>	
	<b>FC/18/118 – Estates Update</b>	
66	See agenda item FC/18/113	
	<b>FC/18/119 Matters for Specific Report to the Corporation</b>	
67	<p>The following items would be reported to the Corporation;</p> <ul style="list-style-type: none"> <li>• The progress of actions regarding the College estate; Newlodge, 5 houses and Barracks</li> <li>• The fact that the Estates Committee had been reconvened.</li> <li>• That the Committee had approved the budget and recommended this for approval by the Corporation.</li> <li>• That the Committee had approved the revised Financial Regulations and Treasury Management</li> </ul>	

	Policy 2018/19.	
68	<b>FC/18/120 Impact on Students of Items Discussed / Agreed</b>  The College could not continue to be a going concern without sound financial management, this is core to the function of a successful College. The work being undertaken to ensure a good financial rating (by increasing cash level) was appropriate for the College to ensure that capital investment can be made in future years and to avoid the additional requirements which would be implemented with a reduced rating.	
69	<b>AFC/17/121 Urgent Business / Any other Business</b>  There was no urgent business notified or any other business.	
70	The meeting closed.	

**Date of next Meeting:**

The Joint Audit and Finance Committee would meet on Wednesday 28 November 2018, 17.00 in the Conference Room.

Signed as a true and accurate record

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Chairman

Date

Agenda Item	Description	By whom	By when
<b>FC/18/112 – Minutes of the previous meeting on 6 March 2018</b>	It was noted that redacted minutes would be reviewed annually by the Governance, Remuneration and Search Committee to check whether the information contained remained confidential. This would commence in 2018/19.	Mrs J Taylor-Holmes	Autumn 2018
<b>FC/18/113 – Matters Arising</b>	Mr N Manoussakis, Finance Committee Chair and General Member offered to source support to seek some advice to create workshop space and build a unit on Stonebridge Site. It was agreed that this would be sought	Mr N Manoussakis	November 2018
<b>FC/18/113 – Matters Arising</b>	It was agreed that the Estates Committee would be reconvened when needed to ensure that matters are	Mrs J Taylor-Holmes	TBC



	considered in a timely manner. It was agreed that Mrs J Taylor-Holmes, Clerk would look to convene a meeting if there was any interest shown in the purchase of the land and five houses.		
<b>FC/18/115 – Forecast out-turn for the current year, budget for 2018/19 and 3 year forecast</b>	Mrs Mosek asked whether a summary of the curriculum plan was usually presented to the Corporation. Mr Deane explained that this was not usually presented however, could be in the future.	Mr P Deane	TBC