

**GRANTHAM COLLEGE
FINANCE & RESOURCES COMMITTEE MEETING**

Minutes of the Meeting held on 22 June 2022, 17.00

In person, Conference Room, Grantham College and remote via Microsoft Teams

Present:

Mr N Manoussakis	Finance & Resources Committee Chairman / General Member
Mr G Brewis	General Member
Mr P Deane	Principal & Chief Executive

In Attendance:

Mrs A Harrison	Director of Finance
Mrs C Temprell	Vice Principal – HR and Student Services (for item FC/22/120)
Mrs J Taylor-Holmes	Clerk

Agenda: There were no changes to the agenda. The HR Dashboard was presented earlier in the meeting than planned, the minutes reflect the order of items considered.

	FC/22/112 - Apologies for absence	
1	Apologies were received from Mr B Addlesee, Lay Member	
	FC/22/120 –HR Dashboard	
2	Mrs C Temprell, Vice Principal – HR and Student Services provided the HR dashboard to cover the period March 2022 to May 2022.	
3	In relation to the cost of sickness absence, this was £10,000 less than in the previous report. Mrs Temprell explained that the top three reasons for absence were linked to COVID, sickness and diarrhoea and cough and colds.	
4	Mrs Temprell explained that the most common day for absence was now Tuesday.	
5	The total number days absence had increased; within the period there were three people off on long term sickness (over three weeks) of which two remained on sickness absence.	
6	In terms of individual frequency rate (the % of staff with one or more period of sickness absence) this was 24% of staff. Mrs Temprell confirmed that the Absence Policy does have trigger points which provides processes such as meetings with staff if trigger points are met to manage absence.	

7	In terms of training, Mrs Temprell explained that just over £5000 had been spent on staff training and in relation to mandatory training compliance; safeguarding and cyber security training were just under 100%.	
8	In terms of employee relations; there had been two disciplinary cases in the period. One capability case was currently ongoing.	
9	In terms of staffing head count; this had slightly increased to 305. 18 new starters and 26 leavers, because of the number of part time staff, FTE was 191. Mrs Temprell explained that turnover remained above target at 8.33%.	
10	Committee members reviewed the statistics regarding recruitment activity. Recruitment spend was over £24,000 which included £14,000 agency fees for converting agency staff to employee.	
11	Committee members asked about staff leaving and reviewed the reasons listed within the dashboard. It was noted that retirement was on the list due to an aging staff cohort. Mrs Temprell explained that all staff were offered an exit interview.	
12	It was noted that KPI targets had not been achieved in the period.	
13	Committee members asked for further information in relation to recruitment costs at the same time in the previous year. It was agreed that Mrs Temprell would provide this information.	Action: Mrs Temprell June 2022
14	Mr P Deane, Principal & Chief Executive referred to a discussion held at the Strategic Planning session on 21 June with the proposal to move to a four-day week as a measure to attract and retain staff. It was hoped that this would be cost neutral.	
15	Committee members discussed the pay award proposals. It was noted that during 2021/22 the College had awarded a 5% pay increase, current discussions were underway in relation to the 2022/23 pay award and a 2.5% pay increase had been suggested as negotiated through the Unions and AoC.	
16	Work was ongoing to review work being done to improve staff efficiency.	
17	It was agreed that the HR dashboard would be circulated to Committee members.	Action: Mrs Temprell June 2022

18	Resolved: Committee members received the update.	
	FC/22/113 – Confirmation of eligibility, quorum and declarations of interest	
19	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.	
	FC/22/114 – Minutes of the Finance & Resources Committee held on 9 March 2022.	
20	The minutes of the Finance & Resources Committee meeting held on 9 March 2022 were approved as a true and accurate record.	
21	There was no urgent business notified.	
	FC/22/115 - Matters Arising	
22	Committee members noted that a 72% increase in utilities costs had been included within the budget.	
23	All matters arising from the previous meeting were complete or on the agenda for consideration.	
	FC/22/116 - Finance Report including dashboard	
24	Mrs A Harrison, Director of Finance presented the Financial Report. The Report contained a number of appendices including; Income and Expenditure Account for period ending 30 April 2022, Balance Sheet at 30 April 2022, Cashflow forecast to July 2022, Finance Dashboard, Debtors Report to 30 April 2022.	
25	The April figures provided an operating deficit of just over £366,200 with a predicted financial health grade of 'requires improvement' at year-end.	
26	Resolved: Committee Members received the Financial Report to the 30 April 2022.	
	FC/22/117 – Forecast out-turn for the current year, Budget for 2022/23 and 2 year forecast.	
27	Mrs Harrison presented the forecast out-turn for the current year, Budget for 2022/23 and 2 year forecast.	
28	Committee members discussed the capitalisation of costs related to the Barracks site and the new software, read and write software. It was noted that capitalisation for the software would occur over three years.	

29	Committee members also discussed debtors over 180 days. It was noted that this included HE fees. It was noted that student finance services had challenges with resolving matters quickly. Mrs Harrison explained the process in place for students to access student finance for HE and how the loans are scheduled for payment throughout the year.	
30	In relation to the out-turn; the position was forecast to be £363,700, the biggest impact was in relation to clawback of the AEB funding in the region of £300,000. It was noted that the tolerance remained high in this area and lobbying was continuing to try and develop a process to make a business case, as in the previous year, to try and address this. The impact of COVID, and some nervousness about adult enrolment was still in place during the Autumn and Winter term of 2021/22.	
31	Mrs Harrison explained that in previous years, the clawback was spread over a number of instalments. It was noted that if this item was removed, the College would be forecasting a small deficit.	
32	Committee members discussed the impact of the financial position and the financial health rating. It was noted that the College could forecast a small deficit and remain rated as good for financial health.	
33	Mrs Harrison explained that the cashflow included £400,000 for the roof repairs which would create a drop in cash to £350,000 in March to April which does result in some nervousness. A small loan would prevent the impact on cash and would not impact negatively on the borrowing assessment and therefore financial health rating.	
34	Mr Deane explained that the risk had been mitigated in relation to the roof and it was agreed that repairs to the roof would not progress until a loan or condition funding was available.	
35	Mr Deane provided a map in relation to the land at the rear of the IoT there were discussions around the land. the discussion has been removed from the published minutes due to the commercial sensitivity of the discussion.	
36	In terms of raising cash, Mr Deane explained that there may be options available to re-mortgage one of the properties on site (a four bedroom detached which was currently let).	
37	It was noted that the previous bid was available to re-submit for condition funding and this would also be explored.	

38	The option of a Salex loan (containing energy efficient measures) may also be an option however, would need to reach beyond the re-roofing for window replacement etc.	Action: Mr Deane June 2022
39	Committee members discussed the land available behind the IoT and whether there were any options to sell other land around which may provide more flexibility and income.	
40	It was agreed that Mr Deane would respond to the agents around the specifics of the size of the plot.	
41	In relation to the investigative work for the Barracks; it was noted that if there was a requirement to write off the spend of around £30,000, the £366,000 deficit would increase to £396,000. A further increase of around £5000 if other bad debts were to be written off.	
42	This would result in the College moving to a financial health grade of 'requires improvement' due to the EBITDA score and because this was red rated (inadequate) (less than 1%) the College is therefore automatically 'requires improvement'. Without this the College would be rated as 'good'.	
43	It was noted that the College was scoring as 190 which was 'good' however due to the red rating, could not score good.	
44	It was agreed that cash and the impact would be monitored.	
45	Committee members reviewed the draft budget forecasting an operating surplus of £5,400 at year end for 2022/23.	
46	Committee members noted that the budget was compared to 2018-19; the last pre-COVID year.	
47	Mr Mannousakis referred to the 73% staff costs against income and how in future years this had been budgeted on the basis of 70% of income. Committee members asked whether this was achievable based on previous years. Mrs Harrison referred to the 8% funding rate increase in 16-18-year-old income (approximately £250,000). Mr Deane commented that the College was trying to deliver additional hours as cost effectively as possible and in creative ways. A % increase for staff pay had been included.	
48	Committee members also asked whether the reduction in expenditure was realistic. It was noted that items such as Erasmus were excluded from both the income and expenditure.	
49	It was agreed that there was a risk was in relation to achieving the forecast income in terms of recruitment, particularly in relation to adult education. Curriculum plans	

	were being considered to ensure that popular courses were available and that those unpopular courses where there was a cost to the College would be reviewed.	
50	Mr Deane reported that numbers of 16–18-year-old applications were above the same time last year which was positive.	
51	Committee members discussed areas of growth such as HE and apprenticeships. In relation to apprenticeships; there was a focus and work underway to ensure a timely completion.	
52	Additional income was included for bootcamps which had been agreed.	
53	Mr Deane commented that there was a strategy in place to ensure that accommodation was full and income maximised.	
54	Committee members challenged whether the budget was realistic. Mrs Harrison and Mr Deane referred to the assumptions within the budget and that there were many areas of certainty particularly in relation to income.	
55	Committee members discussed the increase in pay proposal (not all pay increase) and whether this could be amended to a lower % or move to a one-off payment to support the cost-of-living crisis. It was agreed that this would be considered.	
56	It was noted that in the commentary explanation would be provided including the rational for comparing the position to the 2018-19 year and the income increase was mainly in relation to the 16–18-year-old fee increase.	
57	Committee members reviewed the history of the ESFA assessment of the College actuals against the budget position.	
58	It was noted that there was a significant amount of online learning in the market, there was demand in courses in construction.	
59	It was agreed that a sensitivity analysis would be considered throughout.	
60	It was noted that one of the conditions of the ESFA funding contract was that the College needed to have achieved the Cyber Essentials accreditation. The College had achieved the accreditation, however, investment in this area would be required.	
61	Committee members asked if there was the option to maybe reduce expenditure against the budget due to the energy	

	efficiency of areas where there had been capital investment and the reduction in use of the site on Fridays.	
62	It was agreed that solar panels would be considered on the new roof and the Salex scheme would be reviewed to explore any options in this area.	
63	Mrs Harrison agreed to reduce the payroll costs and reduce some of the income targets to make the budget less ambitious to provide more of a contingency. It was noted that a significant level of inflation had been added to non-pay costs. Expenditure for 2024 (which were less than 2023) would also be considered. It was noted that BBO funding was not in place in 2024 which would impact on income and expenditure.	
64	It was agreed that a detailed commentary would also be provided to the Corporation meeting.	
65	It was noted that there was some uncertainty about the UK Prosperity Fund income and whether this would result in a replacement for the current ESF funding. Committee members noted that the Bootcamps were progressing well.	
66	Resolved - Subject to the review above, Committee members approved the budget for recommendation to the Corporation meeting in July.	Action: Mrs Harrison July 2022 taking into account the points above
	FC/22/118 – Approval of Financial Policies	
67	Committee members reviewed the financial Policies noting the amendments highlighted within the Policies.	
68	Resolved: Committee members approved the following Policies; Draft Financial Regulations 2022-2023 Draft Treasury Management Policy 2022-2023 Draft Capitalised Assets & Depreciation Policy & Procedure	
	FC/22/119 – Estates & Capital Update	
69	It was noted that some discussion on estates had taken place under item FC/22/117, particularly in relation to the roof repairs.	
70	Mr Deane commented that the Energy Centre capital project was on time and on budget and nearing completion and that the IoT project was now complete.	
71	Mr Deane commented that work would be underway to consider any options around bids and more information would be provided to the Corporation meeting.	Action: Mr Deane July 2022

72	Committee members referred to the investment in marketing on billboards. Mr Deane agreed to ask Dr Peacock where the billboards were sited.	Action: Mr Deane July 2022
73	Resolved: Committee members noted the Estates and Capital update.	
74	FC/22/121 – Relevant Sector Information Mr Deane explained about the current discussions around the reclassification of colleges as public sector. The challenges of this were being considered.	
75	Mr Deane also commented on the role of the FE Commissioner and how this was moving to provide a more supportive stance.	
76	Resolved: Committee members received the update.	
77	FC/22/122 Matters for Specific Report to the Corporation The Committee had;	
78	<ol style="list-style-type: none"> 1. Received and reviewed the Finance report to end of April 2022 with all appendices. an operating deficit of just over £366,200 with a predicted financial health grade of 'requires improvement' at year-end. 2. Reviewed the forecast outturn, budget for 2022/23 and the two-year forecast and additional information had been requested before recommendation to the Corporation meeting on 5 July. The budget included a significant increase for utilities. 3. Received the Estates & Capital update and had discussed options in relation to the replacement of the roof. 4. Received the HR dashboard and noted changes since the last review in March. 5. Approved a number of financial policies. 	
79	FC/22/123 Urgent Business / Any other Business There being no further business the meeting closed.	

Date of next Meeting:

Joint Audit and Finance & Resources Committee – Tuesday 29 November 2022,
6.00pm

Signed as a true and accurate record

Chairman
Date

Agenda Item	Description	By whom	By when
FC/22/120 – HR Dashboard	Committee members asked for further information in relation to recruitment costs at the same time in the previous year. It was agreed that Mrs Temprell would provide this information.	Mrs Temprell	June 2022 COMPLETE
FC/22/120 – HR Dashboard	It was agreed that the HR dashboard would be circulated to Committee members.	Mrs Temprell	June 2022 COMPLETE
FC/22/117 – Forecast out-turn for the current year, Budget for 2022/23 and 2 year forecast.	Re; potential sale of land behind the IoT - It was agreed that Mr Deane would respond to the agents around the specifics of the size of the plot.	Mr Deane	June 2022
FC/22/117 – Forecast out-turn for the current year, Budget for 2022/23 and 2 year forecast.	Resolved - Subject to the review above, Committee members approved the budget for recommendation to the Corporation meeting in July.	Mrs Harrison	July 2022 COMPLETE
FC/22/119 – Estates & Capital Update	Mr Deane commented that work would be underway to consider any options around bids and more information would be provided to the Corporation meeting.	Mr Deane	July 2022
FC/22/119 – Estates & Capital Update	Committee members referred to the investment in marketing on billboards. Mr Deane agreed to ask Dr Peacock where the billboards were sited.	Mr Deane	July 2022 COMPLETE