

**GRANTHAM COLLEGE
FINANCE & RESOURCES COMMITTEE MEETING**

**Minutes of the Meeting held on 23 June 2021, 17.00
Remote via Microsoft Teams**

Present:

Mr N Manoussakis	Finance & Resources Committee Chairman / General Member
Mr B Addlesee	Lay Member
Mr G Brewis	General Member
Mr P Deane	Principal & Chief Executive
Mrs A Mosek	Corporation Chair & General Member

In Attendance:

Mr N Jones	General Member (Observer)
Mrs A Harrison	Director of Finance
Dr S Peacock	Vice Principal – Higher Education & Institute of Technology
Mrs C Temprell	Vice Principal – HR and Student Services
Mrs J Taylor-Holmes	Clerk

Agenda: There were no changes to the agenda.

1	FC/21/114 - Apologies for absence Apologies were received from Mr I Hyland, General Member and Mrs L George, General Member	
2	FC/21/115 – 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/21/116 – Minutes of the previous meeting on 10 March 2021 The minutes of the previous Finance & Resources Committee meeting held on 10 March 2021 were approved as a true and accurate record.	
4	There was no urgent business notified.	
5	FC/21/117 - Matters Arising All matters arising from the previous meeting were complete or on the agenda for consideration.	

	FC/21/118 – HR & IT Update	
6	Mrs C Temprell, Vice Principal – HR & Student Services provided the HR & IT update.	
7	Mrs Temprell explained that sickness absence costs were around £33,000 year to date with £5500 attributed to COVID, with either staff being off sick with the illness or as a consequence of the vaccination.	
8	Mrs Temprell commented that in relation to the sector, there were significant challenges with staffing in areas where the Delta variant was prevalent with some Colleges reporting higher staff absences now than in April during the second wave peak. The position would continue to be closely monitored.	
9	It was noted that 11.7% of total related to short term absence.	
10	Mrs Temprell confirmed that long term staff sickness was being managed closely and this figure would reduce further in future reports.	
11	Work had commenced to recruit kick starters; numbers had now increased to 15 this week and the target by the end of the year was 30.	
12	Staff development week was being held during early July, there was a focus on blended learning and the ethos in relation to the College and the Prevent agenda in safeguarding also including online safety.	
13	Following the IT update shared in March, Mrs Temprell explained that BullWall which is a ransomware software and Splunk, a cloud-based data security platform had been purchased and the College was working collaboratively with JISC about any potential hacking coming into the College. A number of systems were now in place and there had been no detection of any cyber security threats made as yet.	
14	One of priorities was about training and continuing to keep staff updated around safeguarding. A full update following the Ofsted review into sexual harassment would be provided to the Board in July.	
15	Mrs Temprell commented that furlough costs claimed to date since March were just over £400,500. There remained a very small number of staff flexibly furloughed.	
16	There had been a number of new staff recruited to help temporarily with the COVID test centre. If DoE was	

	encouraging testing onsite again, this would need to be reviewed again.	
17	As of 30 April, the College employed 344 staff, with a FTE of 204, there was a high number of part time staff at the College.	
18	Turnover was currently under target however, this may increase in the next report. Turnover was starting to increase, with staff re-evaluating their position following the pandemic.	
19	In relation to HR Priorities, Mrs Temprell explained that the staff survey would be circulated to staff at the end of June. Feedback would be shared in Autumn with the Board.	
20	The College was working in collaboration with <i>access to futures</i> and up to 9 months support was being provided to staff struggling with mental health.	
21	Now the cloud backup was in place further work would be done to ensure the College is protected against a potential cyber-attack. Penetration testing was part of the cyber essential plus accreditation by Jisc and this would seek to identify any areas of concern. Further preventative work was taking place along with training for all staff.	
22	Mr N Manoussakis, General Member and Committee Chairman asked whether students were testing at home. Mrs Temprell explained that there were a small number of students who were tested on site and it was those who were unable to do it themselves. There was a challenge to get students completing the tests at home confirming this back to the College. It was noted that random testing could be undertaken if needed.	
23	Mr G Brewis, General Member asked about the number of positive results. Mrs Temprell explained that there hadn't been any positive cases over the last month. Student mentors continued to work closely with students and HR with staff.	
24	In relation to the progress of the implementation of the new payroll system, Cintra, Mrs Temprell explained that a planned parallel pay for June had been postponed until July. There was a significant volume of work being created and information being supplied to the new system. In terms of resource, a project manager from Cintra and the College payroll officer were focused on implementation.	
25	Resolved – Committee members received the HR & IT update.	
	FC/21/119 - Finance Report including dashboard	
26	Mrs A Harrison, Director of Finance presented the Financial Report. The Report contained a number of appendices	

	covering, Income and Expenditure Account for period ending 30 April 2021, Balance Sheet at 30 April 2021, Cashflow forecast, Finance Dashboard, Debtors Report to 30 April 2021.	
27	Mrs Harrison explained that the May Finance report would be provided to the Board in July.	
28	Mrs Harrison explained that the College was currently forecasting a deficit of just over £713,000 with a predicted financial health grade of requires improvement at year-end.	
29	The current operating deficit of £480,000 was favourable against budget and income was also better than the original budgeted position of £184,000 partly due to re-opening areas sooner.	
30	A breakdown in terms of funding updates for new students was provided.	
31	Further information regarding additional funding received by the College, link higher was also provided. Mrs Harrison confirmed that the Erasmus funding and expenditure removed.	
32	Mrs Harrison referred to the favourable variance on payroll of £65,000 and it was noted that there was a favourable variance also against non-payroll costs.	
33	Cash days were referred to along with debtor information.	
34	Cashflow was being closely monitored and it was noted that this included projects funding.	
35	Mrs Harrison explained that the loan payments were being made and the report now included the remaining balances on the loans. Committee members agreed that this was a positive inclusion.	
36	Mrs Harrison explained that the fixed asset amount was higher than forecast due to the purchase of additional equipment for remote learning, costs associated with survey work and work on the Barracks.	
37	Original budget from February 2020 was revised in January 2021 and the position stated is in April.	
38	In relation to the financial health rating, it was noted that as the EBITDA automatically scored 0 this means that the College falls within the Requires Improvement financial health rating.	
39	Mrs Harrison confirmed that the bank were aware of the position and that it is due to the lack of income due to COVID.	

	<p>The bank had not made any proposals regarding covenants however, this may be reviewed should the financial position continue.</p>	
40	<p>Mr Manoussakis asked when the loans were due to be settled. Mrs Harrison confirmed that the accommodation loan was due to be settled in April 2023, and the second remaining loan was due to be settled in April 2026.</p>	
41	<p>Mr Brewis asked where furlough income was seen. It was noted that the costs go against payroll but income shown separately. Payroll costs had been increased by kick starters and staff for COVID testing. Kick starter costs in year were expected to be around £50-60,000.</p>	
42	<p>Further information was requested in relation to the Barracks. Mr P Deane, Principal & Chief Executive confirmed that the matter would be brought back to the Committee once planning permission had been obtained. Mr Deane explained that there may be additional costs regarding further surveys of around £4000 which had been requested. The matter will then go to consultation and planning, the earliest a decision could be provided would be in August 2021. On receipt of the planning decision (if successful) a valuation of the land with planning granted would be considered.</p>	
43	<p>Further information was provided by Mrs Harrison in relation to debtors, it was noted that a number of these related to HE and tuition fees. The cases had now been forwarded to debt collectors and repayments were now being made.</p>	
44	<p>It was noted that the additional expenditure was in relation to spending more now students were back onsite, purchasing of materials and getting work complete on the site, also energy costs had increased now more staff and students were back on site.</p>	
45	<p>Resolved: Committee Members received the Financial Report to the 30 April 2021.</p>	
	<p>FC/21/120 – forecast out-turn for the current year, budget for 2021/22 and 2-year forecast.</p>	
46	<p>Mrs Harrison referred to the forecast outturn for current year and confirmed that this was currently showing deficit of £667,100 and requires improvement on the financial health grade.</p>	
47	<p>Mrs Harrison reported figures for June which were impacting on the current position; Nearly £31,000 had been received in relation to COVID testing and Kick start funding was starting to be received. Mrs Harrison explained that there may be</p>	

	clawback of up to £260,000 due to non-achievement of AEB and the revised tolerance to 90%.	
48	It was noted that the Board approved salary increase of 1% awarded to staff had also been included.	
49	The table within the report showed where the College currently was in relation to financial health ratings. It was noted that the College was currently rated as requires improvement. The forecast out-turn for the current year, also included the SOCI and financial health grade schedule.	
	Draft budget for 2021/22 and 2022/23.	
50	It was noted that the draft budget was required to be submitted to the ESFA along with out-turn and 2-year budget. In relation to the draft future budgets, the College was forecasting a surplus in both 2 years and was set to achieve an outstanding financial health grading. Committee members discussed the assumptions made.	
51	Mrs Harrison explained that, in February 2020, Colleges had to complete a financial model in relation to the budget to be submitted to the ESFA. Mainly due to feedback, this had now changed and reverted back and the ESFA required budget submission in July. Attached to the report was the SOCI showing the current year and next two future years. It was noted that this excluded the pension scheme.	
52	Mrs Harrison commented that the income showed an increase of £1million which was lower than originally planned in February 2020 but showing income returning to normal pre-COVID level. It was noted that 16- 18 funding showed a reduction due to lagged funded.	
53	In relation to catch up funding, it had been assumed that this would continue at the same level. The budget was showing an increase in adult funding, BBO and advance funding loans (based on allocation). Refectory income was also forecast to increase due to footfall.	
54	The Erasmus scheme was referenced in income and expenditure as it was hoped that some visits take place.	
55	Staff costs were forecast to reduce, the College was looking at a more efficient way of delivering and lowering agency costs.	
56	Mr Deane commented that this would include not replacing some managers that have left and not necessarily changing contracts but changing how we deliver some support. In relation to some elements, a different member of staff would	

	be delivering some topics / elements which would free up some staff delivery time.	
57	Increased IT and maintenance costs had been forecast due to investment this year and ongoing licence costs.	
58	Increased utility costs had been forecast due to the Stonebridge house and IoT delivery.	
59	Mrs Harrison referred to the appendix and it was noted that this provided the detailed budget against the budget agreed in February 2020.	
60	Committee members asked about contingency within the budget and whether there was any movement to maintain good financial health within the budget. Mrs Harrison explained that insurance costs were already going to be higher than forecast.	
61	It was positive that 16+ applications had increased by about 10% this year. Mr Deane also commented that there had been no increase in funding rates for 16-18 year olds and adults. It was hoped that the Spending Review in the Autumn would consider this. There had been 10 years without an increase for adults.	
62	There was hope that the College would return to the pre-pandemic position. The approach to growth had been modest and sensible and was less than the budget agreed in February 2020.	
63	It was noted that this would form part of the strategic conversation with the ESFA in terms of capacity within the College and whether there would be an increase of applications due to people wanting to retrain and demand.	
64	The estate would be considered and how the College could improve the site to increase delivery in areas such as a new campus for construction and automotive and bid for transformation fund. The College would be looking at the estates plan to ensure that that a proposal for capital funding is available when any opportunities arise.	
65	It was agreed that the budget would be amended and Mrs Harrison would build in a small contingency of around £30,000 to still maintain a small surplus and a good financial health rating. This would be updated and presented to the Board in July.	Action: Mrs Harrison July 2021
66	Resolved - Subject to the amendment above, Committee members approved the budget for recommendation to the Board in July.	

	<p>FC/21/121 - Financial Regulations & Treasury Management Policy 2021/22</p> <p>67 Mrs Harrison provided a summary of the amendments.</p> <p>68 Committee members asked for further information regarding the payment of employees and contractors. Mrs Harrison explained that there had been instances where someone becomes an employee and is also a contractor for example, through the provision of yoga tuition and services as an employee.</p> <p>69 Self-employed people are required to submit a declaration form to state that they are responsible for their own tax and NI. This had been referenced through an internal audit report.</p> <p>70 Resolved – Committee members approved the Financial Regulations & Treasury Management Policy 2021/22</p>	
	<p>FC/21/122 – Funding Allocation</p> <p>71 Mr Deane provided a summary of the current position. The 16-18 allocation had reduced by around £110,000 based on lag funding model, he was hopeful that there would an increase the following year based on applications.</p> <p>72 Adult funding remained the same. There was some increase for the allocation for supporting adults who have not yet got a level 3 qualification. The allocation equates to £36,000, this resulted in reduced loan funding however, the College could apply for an increase in year.</p> <p>73 The High needs allocation had increased as referenced in the budget.</p> <p>74 Mr Deane reiterated that information on catch up funding was yet to be received. Information was due in July.</p> <p>75 In relation to ESF allocations, many had been extended into 2023 with some are increasing slightly.</p> <p>76 The College had applied to be a subcontractor on LEAP project with Grimsby College which may be positive.</p> <p>77 OfS allocation is flat around £80,000.</p> <p>78 In relation to clawback of AEB funding. Mr Deane explained that the College was forecasting 68%, which would result in clawback of around £250,000 in January 2022 to the tolerance of 90%. It was noted that the Combined Authorities were not applying the clawback.</p>	

79	Mr Deane confirmed that the AoC are campaigning vigorously in relation to this and had got a lot of support from MPs. Mr Deane had raised this issue with the local MP and would raise again at the next meeting.	
80	Committee members expressed concern again about the approach being taken and how this did not match to commitments about the support for FE.	
81	Resolved: Committee members noted the funding allocation update	
FC/21/123 – Estate's update		
82	Mrs Harrison explained that the condition survey had now been completed which had supported the Transformation fund application.	
83	The Transformation bid had been submitted for almost £4.5million. Notification had been expected on 21 May however, this had been delayed. The Stage 2 deadline was likely to be extended to end of September.	
84	In relation to LEP funding. A bid had been submitted for £5.5million, for Centre for Skills for Enterprise (COSE). The LEP had assessed all bids and the application had scored really highly on delivery, it was in the pipeline now awaiting funding. There was some discussion about the funding of LEPs and whether this would continue or whether an alternative vehicle would be developed.	
85	Mrs Harrison confirmed that the capital bid for T-levels for £1.5million had been submitted, with the decision due at the end of July.	
86	Work had commenced on the energy centre, tenders had gone out for refurbishments, two interested, three declined to tender, including Woodheads.	
87	The College had received the first payment on Monday.	
88	Mrs Harrison referred to the difficulties in relation to temperature fluctuations on the link block temperature low solar gain on the windows was being considered. Work was continuing to complete capital improvements in year.	
89	As noted previously, Mrs Harrison confirmed that the planning permission in relation to the Barracks had been delayed.	
90	Should planning permission be received, Committee members can then consider what steps to take in relation to the Barracks, whether this was in relation to selling the site or	

91	<p>building accommodation or potentially looking at using the income to match fund any future bid.</p> <p>Committee members asked about other potential options regarding expansion. Committee members discussed alternative places to build on the Stonebridge House site. Committee members discussed the difficulties with the current site with space. Potential lease options were available and could also be considered. Recently a site behind M&S had been released for a lease of £80,000. Access would need to be considered but there was the potential for a lot of delivery on the site.</p>	
92	<p>Resolved: Committee members noted the Estates update.</p>	
	<p>FC/21/124 – Report on Capital Programme (IoT)</p> <p>In relation to the Institute of Technology (IoT) progress, Mrs Harrison provided an update on work completed (confirming work had commenced regarding the extension over the ice pit), the spend, and the revised completion date of the middle of August.</p> <p>Mr Dean referred to the annexe of the report and the latest contractors report which had photographs included.</p> <p>Committee members noted the challenges on site.</p> <p>Resolved: Committee members noted the update.</p>	
	<p>FC/21/125 – Relevant Sector Information</p> <p>Mrs Harrison explained that she would share the spreadsheet to be submitted to the ESFA and explained the requirements to report. Mrs Harrison commented that despite claims that this was a simpler, there was still a lot of work to complete before the submission.</p> <p>Mr Deane commented that the fact that the February 2020 submission had not been reviewed by the ESFA would be raised as part of the strategic discussion. Mrs Harrison was hopeful that College input into the process would make it more useable.</p> <p>Resolved: Committee members received the update.</p>	<p>Action: Mrs Harrison June 2021</p>
100	<p>FC/21/126 Matters for Specific Report to the Corporation</p> <ol style="list-style-type: none"> 1. HR& IT update received. 2. Received and reviewed the Finance report to end of April 2021 with all appendices. A deficit of just over 	

	<p>£730,000 with a predicted financial health grade of requires improvement at year-end</p> <p>3. Budget recommended for approval subject to the inclusion of the contingency.</p> <p>4. Committee had approved amendments to the Financial Regulations and Treasury Management Policy 2021/22.</p> <p>5. Allocation update received.</p> <p>6. Estates update received.</p> <p>7. IoT update received.</p>	
	FC/21/127 Urgent Business / Any other Business	
101	There being no further business the meeting closed.	

Date of next Meeting:

Joint meeting with Audit Committee - Wednesday 1 December 2021, 6.00pm

Signed as a true and accurate record

Chairman
Date

Agenda Item	Description	By whom	By when
FC/21/120 – Budget	It was agreed that the budget would be amended and Mrs Harrison would build in a small contingency of around £30,000 to still maintain a small surplus and a good financial health rating. This would be updated and presented to the Board in July.	Mrs Harrison	July 2021
FC/21/115 – Relevant Sector Information	Mrs Harrison explained that she would share the spreadsheet to be submitted to the ESFA and explained the requirements to report.	Mrs Harrison	June 2021 COMPLETE