

# Priestley College - Finance & General Purposes Committee

## Minutes of the Meeting Held on 4.7.2016

**Present:** Andrew Cannell (Chair, via telephone), Matthew Grant, Mark Salmon

**Apologies:** Tim Date, Reg Haslam, Danny Hudson, George Hill, Paul McGerty, Damian McGuire

**In Attendance:** Julie McCann, Dr. Carsten Kressel (Minutes)

### Membership

Mr. Salmon had been co-opted to the committee by the Chair of Governors.

### Quorum

Mr. Cannell participated in the meeting via telephone. The meeting was quorate.

### Declarations of Interest

No declarations of personal or pecuniary interest in the matters to be discussed were made.

### Minutes

The minutes of the meeting held on 27.4.2016 were **agreed** as a true and accurate record, for signature by the Chair.

### Matters Arising

Mr. Grant reported that the recommendations of the area review will need to be approved by the FGB before they are submitted to the steering group for approval on 19.7.2016. Staff have been briefed. Formal consultation will take place at some time after 19.7. 2016.

**Governors asked** what the response from staff has been. Mr. Grant answered that staff appeared generally positive. They had been encouraged to put questions to Mr. Grant before the meeting, which were taken up and dealt with in the briefing session.

### Finance Reports

Governors noted the finance report for period 10. Mrs. McCann explained that the final outturn depends largely on the amount of ICT investment before the year-end.

**Governors asked** what the financial health score is and if there is any cause for concern that it may drop. Mrs. McCann answered that under the old accounting rules, it is still outstanding, albeit by a smaller margin than before. Under the new rules, it would be good. Decisive factors in this respect are the size of the loan and the balance of the amount of depreciation, due to previous investments being written down at the moment. However, this is not viewed as a reason for concern, as it would be very difficult to gain an outstanding score under the new rules.

**Action 1:** *Mr. McGuire to present an analysis of the college finances in the light of the new financial scoring system, following its confirmation.*

## **Budget 2016/17**

Mrs. McCann reported the following points: -

- The budget has been set to break even, with a small surplus of £6k.
- The salary budget has been set with sufficient funding to cover eventualities. There may be potential for savings in this budget.
- No VAT savings or in-year funding increases have been included. There is potential for further in-year income or savings in these positions.
- The budget is based on the anticipated reduced funding income.

**Governors asked** the following questions: -

- What are the anticipated costs of academisation? - Answer: The college can apply for a transition grant of up to £50k after 19.7.2016. It has already formed a contingency and also formulated an audit task in respect of due diligence. Work is under way to obtain prices for legal and accountancy advice.
- What is the financial impact of withdrawing from the adult and community learning contract? - Answer: The contract only covered the actual teaching costs but made no contribution to overheads. It is possible to identify how much has been saved in staff costs.

**Action 2:** *Identify the staff savings due to withdrawal from the adult and community learning contract.*

- What is the situation in relation to bursaries? - Answer: The funding for FSM and bursaries has been reduced. As demand for such support is expected to increase, this reduction will produce financial pressure. The college is allocating additional resources to alleviate the strain in the first instance.
- What is causing the reduction in financial grading? - Answer: It is a result of the reduced surplus.
- When will the change to the new accounting rules take place? - Answer: Probably next year.
- Does the reduction of the financial grade from outstanding to good have an adverse impact on plans to form a MAT? - Answer: No.

Governors **approved** the draft budget for ratification by the FGB.

## **Change of Accounting Policy Relating to Capital Grants**

Mrs. McCann reported that the bank had agreed in writing to redraft the banking covenant. The new covenant is required to enable the change of accounting policy relating to capital grants, as demanded by FRS 102 and also required when converting to academy status.

Governors **approved** the proposed change of accounting policy for grant income and deferred capital grants in line with the SORP and FRS 102.

## Policy Review

Governors **approved** the following policies **for ratification by the FGB**: -

- **Health & Safety Policy** - Statement of Intent and full policy. Governors noted that amendments reflect new legislation and changes in personnel.
- **Fee Policy** - Governors noted that there is still a lack of guidance on the application of fees for learners above the age of 19. Fees can be waived at the Principal's discretion, and it is proposed to review the situation next year. **Governors asked** how many students are potentially affected by the new rules and what the budget implications of fee waivers would be. They were informed that there are five art foundation students, who would be affected and that work is under way to establish how many other students would also be liable to pay, either because they had breaks in their studies or because they joined from other colleges. There would not be any budget implications due to fee waivers in the coming year, but it remains unclear what will happen in future years.
- **Travel and Hospitality Policy** - **Governors asked** how the college deals with the variability in rail fares. They were informed that the college encourages all staff to book rail tickets through the finance team.

## Any Other Business

Mrs. McCann reported that the college credit card had been the subject of attempted internet fraud, apparently perpetrated from a computer abroad. It had, therefore, been stopped by the bank, and a new card will be issued. Certain planned orders using the credit card have been delayed, with a potential impact on the year-end position, depending on the length of the delay.

## Date and Time of the Next Meeting

28.9.2016, 4.30 pm.

*The meeting was closed at 1.33 pm.*

## Action Log - July 2016

No.	Description	Responsible
1	<i>Present an analysis of the college finances in the light of the new financial scoring system following its confirmation.</i>	Mr. McGuire
2	<i>Identify the staff savings due to withdrawal from the adult and community learning contract.</i>	Mr. McGuire