

## HARTLEPOOL COLLEGE OF FURTHER EDUCATION

**Minutes of a meeting of the Finance & General Purposes Committee held on Wednesday 2<sup>nd</sup> July 2019 at 5.30pm in room 2.35b**

**Present:**

Mr M Ward  
Mrs L Watson  
Mr D Hankey

**Also in attendance:**

Mrs K Dales [Assistant Principal, Finance]  
Mrs Lesley Monaghan [ESFA]  
Mr A Theakston [Clerk]  
Mrs C Menzies [Minute Clerk]

**1 Apologies for absence**

Apologies received from P Mitchell.

**2 Declarations of Interest relevant to business of meeting**

None.

**3 Minutes of previous meeting held on 8<sup>th</sup> May 2019**

The minutes of the meeting held on 8<sup>th</sup> May were approved and signed by the Chairman.

**4 Matters arising and action points**

The Memorandum of Understanding was sent to the Board at the meeting on 16<sup>th</sup> May 2019.

**5 FE Commissioner intervention draft report**

DH informed that responses have been given by the college in terms of factual accuracy of the report and an acknowledgement of receipt given. LW queried the timescales of the final report and recommendations. LM stated factual accuracy changes should be quite quick but ministerial approval timescales are unknown.

MW and LW advised that they and other governors involved at the interview were concerned about the negative conclusion of the report particularly as some of their comments had been misunderstood or taken out of context. Whilst they totally supported the very positive comments for the new AP for curriculum they felt that this should have been equally extended to all of the Executive and finance team all of whom had worked conscientiously and tirelessly during the year.

MW discussed the measures in place to judge the finances of the college based on debt to income ratio and the issues with sustainability and cash reserves moving forward. MW explained that if income is not increased in the short to medium term cash reserves will not increase quickly enough. MW suggested, as part of the governor led strategy recommendation, that budget cuts to staffing are made in order to increase cash surpluses to £150k in the short to medium term and then the following strategic decisions could be made:

1. How much to invest in capital expenditure
2. Whether to support a faster rate of debt repayment
3. To build bigger cash reserves

MW stated this recommendation was easy to achieve arithmetically but could equate to the loss of 2-3

full-time staff, was a difficult decision which would go against the good working relationship achieved with staff and unions and would need to be risk assessed against quality of teaching and learning and the move of the college towards an outstanding grading. KD explained that this would likely mean cuts to some areas of curriculum as staff utilisation is good but still being reviewed further.

Executive Committee to discuss this option and to take to the Board meeting next week for consideration.

## **6 To review College consolidated management accounts to May 2019**

KD informed that additional detail has been added to the narrative of the accounts and provided the following overview of period 10 accounts:

- The college has responded to the FE Commissioners recommendations by adding a forecast balance sheet and academic school contributions to the management accounts. Details of student headcount have also been added to the narrative
- A positive forecast improvement overall from £50k to £100k
- A new cohort of NHS apprentices and some backdated enrolments equating to around £20k
- A 2<sup>nd</sup> cash allocation for HE has brought in £30k more than expected due to bad debts being paid and work is ongoing with the university to chase up the £94k of bad debts which is deducted from the allocation however it was noted money will come in eventually as learners cannot claim their degree until fees are paid
- Commercial has increased by £20k for work with High Tunstall
- Some costs have been added for work in relation to the valuation and bank fees
- Salaries is showing forecast underspend of £155k although the actual is £172k as at May but there will be some VL/agency costs to be added
- Bank – pricing review for the loan covenant has not progressed neither has the revised loan covenant but the security element is progressing. L Robson at RSM confirmed at Audit Committee that in the absence of a new loan covenant agreement we will continue to be assessed against the existing one
- Financial health rating remains good
- Income and headcount figures are both up compared to this time last year
- KD confirmed with MW that a pay award for budgeted for next year as well as an increase to national living wage. MW suggested, should this be affordable, payment be held back until the end of the year and backdated. KD confirmed that enrolment figures are key to determining affordability of a pay award
- Cash flow as at 31<sup>st</sup> May was £2.2m and forecasted at £1.8m as at year end

## **7 To review HBDCL to May 2019**

KD reported a break even position is expected as the end of the year.

## **8 Financial plan**

*Commercially sensitive.*

## **9 Budget and forecast outturn for 2018/19 and draft budget 2019/20**

*Commercially sensitive.*

## **10 To consider debts in excess of three months old**

KD reported debts over 3 months have reduced for the BDC and College noting the increase in companies exhausting Levy funds. Finance continue to chase outstanding debts.

## **11 To consider the risk register and any risk issues to report to Audit Committee re:**

- **non achievement of contract income levels**
- **deterioration of financial health**
- **staffing performance issues**

- **HBDCL**

KD reported the risk register has been reviewed and refreshed and was approved at Audit Committee last week to go to the Board meeting next week.

**12 Any other business**

It was requested that a copy of the resolution for the bank be taken to the Board meeting next week.

**13 To note the date of the next meeting**

**Wednesday 13<sup>th</sup> November 2019 following Audit Committee meeting to which F&GP members are invited – 5.30pm in Conference room 4**

..... **CHAIRMAN**

**Action points from the meeting held on 2<sup>nd</sup> July 2019**

Minute	Action	By Whom	By When
5	Recommendation to the Board of budget cuts for staffing to increase cash reserves in the short to medium term	M Ward	9 <sup>th</sup> July 2019
8	Bank to discuss revised costs with F&GP	K Dales	December 2019
9	Funding guidance publish date for Adult Learner Loans to be checked	L Monaghan	ASAP
12	Resolution from the bank to go to the Board	K Dales	9 <sup>th</sup> July 2019