

**Minutes of the meeting held at 4.00pm on 14 March 2018**

**Present:**                **S Clarke (Chair)**                                **D Wildridge (Vice Chair)**  
                              **C Higgins**    **K Golding**  
                              **S Healey Pearce**                                      **T Hunt**  
                              **N Savvas, Principal**

**In Attendance:**   **S Jones, Vice Principal Finance and Resources**  
                              **P Ewan, Head of Finance**  
                              **L Moody, Vice Principal Employer Engagement**  
                              **R Kirk, Assistant Principal Higher Education**  
                              **A Wright, Head of Admissions and Student Futures**  
                              **C Shaw, Vice Principal Quality and Student Experience**  
                              **J Bridges, Clerk**

No member declared an interest in relation to items of this agenda.

- 1        Apologies for absence**  
There were no apologies for absence.
- 2        Minutes of the meeting held on 6 December 2017**  
The minutes of the meeting were agreed as a correct record.
- 3        Matters Arising from the meeting held on 6 December 2017**
  - 3        Key Performance Indicators**  
The Committee is to receive a KPI Report on Treasury Management and a twice-annual update report on loans and rates.
  - 4        Finance Report – October 2017**  
Year to date risk is now shown and graded accordingly and forecast risk remains a separate column to the right hand side of the Income and Expenditure with a risk direction. This therefore enables the Committee to see risk trajectory for the year and what the current year to date risk is.
  - 5        Key Performance Indicators**  
As at the start of January 2018, enrolments stood at 2,902 compared to 2,781 in early January the previous year.
  - 6        Sub Contract Provision Performance**  
The Committee is to receive this report twice in the academic year (November and March meetings). This report is covered under agenda item 8 of this meeting.
  - 7        Annual Report and Financial Accounts 2016/17**  
The note concerning the Treasury Management Report to the Committee in the Annual Report and Financial Accounts was removed as requested.
  - 8        Bank Covenants**  
The bank has sent through the documents for signing. The Committee is to pass a resolution to amend the covenants under agenda item 9 of this meeting.

**Action**

**9 Property Strategy**

The Property Strategy was approved by the Corporation at the meeting held on 14 December 2017.

**10 Property Update**

The Corporation approved delegated power to the Chair of the Resources Committee to pursue the lease arrangements and Heads of Terms for the Haverhill and Ipswich premises.

**11.ii. Membership of the Property Task and Finish Group**

Contact has been made for this person to join the Property Task and Finish Group as a Third Party Adviser.

**Finance Items**

**4 Financial Regulations Review**

The Financial Regulations are reviewed annually to ensure that they remain relevant and up to date and where required they are modified accordingly. Before such modifications are made, the proposed changes arising from the review are brought to the Resources Committee for information, discussion and recommendation of approval to the Corporation.

There are no significant changes proposed to the regulations. There are some typographical changes required and some names and job title description changes are also proposed but in summary the document is only being modified so that it remains current and allows the College to operate effectively.

It was noted that it is the intention of the Vice Principal Finance and Resources who also hold the CFO post for the Suffolk Academies Trust to look at the appropriateness of perhaps combing the Financial Regulations of the College with the Financial Administration and Control Handbook of the Trust to align financial practice across both entities, given the intention to collaborate and combine our governance structure.

The Committee **approved** the proposed changes to the regulations and will put a recommendation to the Corporation to approve the document at the meeting to be held on 23 March 2018. **Proposed** by S Healey Pearce and **seconded** by C Higgins.

SClarke

**5 Applications 2018/19**

**i. Full Time**

At this stage, 16-18 applications are 6.6% less than at the same point last year. We know that we are in the second year of a challenging demographic and last year, despite this, we exceeded our 16-18 allocation, however early indications of curriculum areas with low recruitment are a concern.

Our ESFA 16-19 allocation for 2018/19 has been released and has increased by 85 students compared to this year. Demographically the number of potential students for 2018/19 continues to be low. We have intensified our current applications, with detailed analysis undertaken to identify the previous school, level applied for, age and curriculum area. In addition, we are analysing conversion rates from enquiry through to commencement of the course. This has allowed us to be well informed, which ensures the whole College can address these concerns and work towards ensuring a stable position.

Current full time application numbers (ages 16-18) are 110 less than the same time last year (6.6% decline). Encouragingly, despite low applications, our current 'offers' are higher than the same point last year. This indicates that the students who have applied are attending their interview and we would envisage from this a stronger conversion rate for the 2018/19 academic year.

A Wright left the meeting at 4.20pm

Agenda item 6 preceded this agenda item (5.ii)

ii. **HE**

There are 292FTE applications for degrees. This is an increase of 31.5 at the same point last year. We have 55.5FTE accepted offers, again an increase on the number at the same point last year which was 28FTE.

The College has set a target of 257FTEs for September 2018 which will include enrolments with providers other than the UoS, for instance the London Institute of Banking and Finance (LIBF).

It is estimated that the conversion rate for continuing students will be approximately 98% (354FTEs) of the current enrolled numbers (361.38FTEs). Assuming that we hit our target of level 4 enrolments of 257FTEs the total anticipated enrolments for September 2018 should therefore be 611FTEs. It was noted that retention of students is high and the student experience is positive, although this has yet to be tested through the national survey.

R Kirk left the meeting at 5.20pm

**6 Finance Report – January 2018**

At month six, the actual net surplus of £579K is higher than expected budget YTD surplus of £399K.

Although there are variations on individual income lines, combined actual income is at budget. The increase in surplus is due to staff costs being lower than budget by £248K, offset by higher than budget YTD costs for non-pay of £68K.

The SFA income adult line (1.03) is showing as £193K under budget as at January YTD. It is anticipated that projected income will be on budget by the end of the year as the remainder of the AEB (Adult Education Budget) allocation is consumed.

SFA income 19+ apprentices (line 103a) reflects the apprentice levy 19+ income which is now showing on a separate income line (103.b). Actual income of £560K includes income for higher apprenticeships (level 4 and 5) of £36K. Line 103b (apprenticeship levy 19+) is £73K better than profiled budget. Actual income of £173K includes income for higher apprenticeships (level 4 and 5) of £75K.

SFA income 16-18 apprentices (line 104a) is showing as £214K under budget as at January 2018 YTD which is an improvement on December 2017 YTD income. Enrolments of course continue throughout the year.

Fee income (line 1.05) is £269K over budget as at January 2018 YTD. The forecast income for the year has been increased by £262K. Most of this increase is due to £115K relating to increased vocational fee income from companies, and £190K relating to increased element 3 additional learning support income from local authorities.

Full cost course income (line 1.06) is £22K under budget as at January 2018 YTD and the forecast income has been reduced by £30K for the year. It is anticipated that Gas and Oil will be under budget compensated to some extent by over performance in other areas.

Commercial activities (line 1.07) is £28K under budget as at January 2018 YTD. The forecast income for the year has been reduced by £50K, this has been offset by a change to the forecast to show a reduced spend on cost of sales commercial activities (line 1.19) of £20K.

Other Grant income (line 1.08) is £214K over budget as at January 2018 YTD. The forecast income has been increased by £115K for the year for additional project income, offset by an increase to forecast non-pay costs (line 1.20) for project costs of £83K.

Staffing costs are £248K lower than budget January 2018 YTD. The largest variance is still on Line 1.13 student support staff where actual costs are £165K less than budget January 2018 YTD. The student support costs in the Learning Support team accounts for £72K of this variance, and £66K is an under spend on the hourly paid student support budget.

Other non-pay costs (line 1.20) are £126K higher than budget January 2018 YTD. Forecast costs have been increased for the year of £92K. An amount of £83K can be matched to an increase in other grant income (line 1.08), and legal and professional costs have been increased by an anticipated £9K.

The balance sheet shows that the bank balance has reduced by £418K in the month to £5,157K. This is mainly due to a reduction in current liabilities this month. The current bank balance of £5,157K compared to the balance of £4,233K as at January 2017.

## 7 **Key Performance Indicators**

There are currently 2,941 16-18s enrolled against the target of 2,910. This is 31 up on target but enrolments continue to happen in year. The Committee asked to receive the KPI data for FE applications to the report as these are included for HE but not FE. Comparisons with previous years' papers would also be useful to know in the KPI report for FE and HE stats.

The forecast surplus has been reviewed this month and has increased the surplus by £282K. Forecast income has been increased by £297K and overall costs increased by £15K.

The staff cost to income ratio calculation for January 2018 YTD is at 63.9% which is better than the budget target of 68.6%. The forecast for year end has improved from 67.8% to 66.9% based on the revised forecast figures.

R Kirk joined the meeting at 5.00pm

AWright  
RKirk

Loan covenant calculations have been based on the old agreed covenants and are all compliant.

The forecast cash balance has been increased in line with the revised forecast income and expenditure and has been increased by £600K. The lower than expected cash balance is a continuation of the situation as at December 2017.

The balance of debtors is also still higher than anticipated at January 2018 YTD (i.e. cash is lower) and this is due, in the main to SCC high needs funding owed of £250K and Vinten rent of £115K. Both of these debts were settled in early February 2018. The minimum cash requirement has been set based on the contours of the actual cash balance in 2016/17 with a £500K de minimus added in.

The Bank of England base rate is currently 0.5%. The three month LIBOR rate is 0.52231% (as at 1 February 2018). The College receives an interest rate of base rate less 0.25% for credit balances held in the current and reserves accounts. The College also received 0.57% for its 32 day notice deposit account and 0.70% for its 95 day notice deposit account. The Committee felt that the interest rates being obtained on the Colleges deposits were low and that further research should take place to obtain details of savings rates available from other institutions in which the College could invest without undue additional risk to its funds.

Loan balances were detailed in the report and the fixed rate of the £1,836,258 loan is due to end in June 2018 and at this point it would revert to the bank's variable rate. If the College decided to repay the loan or any part of it there would be no additional penalty other than the loan balance. Consideration is to be given to either reduce the loan balance in part or in full or paying a new variable rate as we approach the maturity date. The Committee questioned if the College should seek financial advice to assist in securing better rates for our deposits and a contact known by a Committee member will be passed to the Vice Principal Finance and Resources. A fuller report will be brought back to the Committee for the meeting to be held in June 2018 with all of the information required to enable decisions to be made on both increasing the income from deposits and the possible repayment of some of the Colleges loan debt.

SHealey  
Pearce

SJones

Agenda item 5.ii. preceded agenda item 8

**8 Sub Contract Provision Performance**

Sub Contract performance is in line with expectations. The funding rules for sub-contracting have now changed as of 1 January 2018. We will need to own the relationship with the employer and complete a significant amount of delivery to the employers for those apprentices. Moving forward it is planned that all of our sub contracted provision will be local and provide a range of bespoke Apprenticeships that we, WSC, do not deliver ourselves at this time (therefore a longer list of sub contractors on smaller pots of the income). The Vice Principal Employer Engagement will provide an update report to the Committee at the meeting to be held on 16 May 2018.

LMoody

Predicted success rates for sub contracted provision is 76.7% best case combined.

**9 Covenants Resolution**

As reported at the December meeting of the Committee the revised proposed covenants received from the bank are much better than the initial ones offered but do not result in exactly the same degree of tolerance as the current UK GAAP covenants. Having considered the risk presented by those revised proposed covenants, it is concluded that they still provide sufficient tolerance to enable the College to exist without breaching covenants.

It was noted that a query has been raised against a line in the 'Agreement Letter' that we wait to receive a response from the bank to clarify the point. Subject to a satisfactory response the Committee was asked to pass the resolution to agree the amendment of the bank covenants as follows:

At the meeting of the Resources Committee of West Suffolk College (the "College") held at the College on the 14<sup>th</sup> day of March 2018 the following resolutions were passed.

It was resolved that the following loan facilities be amended in the manner proposed in a letter from Lloyds Bank Plc ("the Bank") dated 30 January 2018 (the "Amendment Letter"):

- (i) A letter dated 5<sup>th</sup> March 2012 in respect of a EIB loan of up to £3,500,000 ("Facility 1"),
- (ii) A letter dated 19<sup>th</sup> April 2006 in respect of a loan of up to £2,000,000 ("Facility 2"), and
- (iii) A letter dated 19<sup>th</sup> April 2006 in respect of a loan of up to £3,500,000 ("Facility 3").

It was further resolved that Mr Stephen Jones be authorised to make the necessary arrangements with the Bank to sign on behalf of the College the Amendment Letter which was produced to the meeting and its terms and conditions approved.

We certify that this is a true copy of Resolutions which have been entered into the Minute Book and that they were passed in accordance with the Instrument and Articles of Government of the College. We confirm that the signatures furnished to the Bank with these resolutions are those of the duly authorised officials at the date of the resolutions. Signed and dated at the meeting by the Chair of the Resources Committee, S Clarke and the Secretary, J Bridges.

Subsequent to this meeting a resolution is to be passed by the Corporation at the meeting to be held on 23 March 2018.

SClarke

**10 ESFA Funding Allocations**

The ESFA allocation is up on the previous year by £528K setting the student number target at 2,995 (85 up on this year).

**11 Property Items  
Property Update**

The occupation of the Hollands Road site in Haverhill from MENTA has now been surrendered further to the private sector company serving notice to the College prior to Christmas. The alternative venue now secured is in a better location and has enabled the College to have better quality and more accommodation within the same budget as Hollands Road. The College also

has an opportunity to expand further within this location and a viability assessment of this is currently being undertaken.

Following the finalisation of a formal Property Strategy for the College approved by the Corporation at the meeting held on 14 December 2017, work on a successor strategy is underway to attempt to incorporate all of the opportunities currently available, how to accommodate the curriculum priorities and address the re-shaping of spaces created by the move of staff to Vintens in the summer of 2019. Review of the first draft will be considered by the Property Task and Finish Group when it is scheduled to meet next in April 2018.

Vitec Videocom has commenced moving out of the Vintens property and they will have vacated the site by the end of term of the lease. The next stage of the technical design work with room layouts and specifications and the College's planning application was 'validated' on the 6 February 2018 with a decision to be 'determined' before 8 May 2018.

An exciting development at the Milburn Centre is being prepared in partnership with Morgan Sindell and over 10 other employers with other grant funding to create the 'Milburn Innovation Park' which will facilitate civil engineering courses and work in partnership with many employers giving students highly relevant training and experience both in the practical trades and also opportunities to develop High Level skills both on the degree programmes and for Higher Apprenticeships. The project will be a blend of heritage skills and the latest technologies used within construction including 'off site' construction methods, 3D printing, use of drone technologies right back to the very traditional heritage building methods.

As part of the Western Way development, the College is still working closely with the Borough Council to facilitate the construction and provision of student related accommodation within the development funded by the Council.

The plan for summer works is being pulled together in tandem with the operational planning process which is in progress. The next stage is to pull the budget for 2018/19 together and determine the works required for the summer. At this stage it was noted that there are no emerging issues of concern.

It was noted that the College has submitted an application for an Institute of Technology and dependent on our success with the tender process for capital funding the Committee at some point of course will need to factor this funding and associated financial commitments into its business discussions and decisions.

**12 Committee Meeting Times**

The Clerk will look to convene meetings of the Committee in the 2018/19 academic year on a Wednesday at 4.00pm.

**13 Any other business**

There were no other business items to discuss.

**Date of next meeting**

Wednesday 16 May 2018 at 4.00pm. Room TG1.16.

The meeting closed at 5.50pm

JBridges