

Minutes of the meeting held at 4.00pm on 16 May 2018

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

In Attendance: **S Jones, Vice Principal Finance and Resources**
 P Ewan, Head of Finance
 A Wright, Head of Admissions and Student Futures
 J Bridges, Clerk

No member declared an interest in relation to items of this agenda. Governor S Healey Pearce declared that she has taken up an employment opportunity with effect from Monday 21 May 2018 with the firm of internal auditors contracted by the College. Her role with the firm is in no way connected with the audit department and therefore independence and conflict is not an arising concern for her as a Governor or for the College and should a decision be required concerning reappointment of the firm S Healey Pearce is not be eligible to vote or take part in such a discussion.

1 Apologies for absence

Apologies for absence were received from T Hunt and L Moody, Vice Principal Employer Engagement.

2 Minutes of the meeting held on 14 March 2018

The minutes of the meeting were agreed as a correct record subject to amending the word 'down' to 'up' in the second sentence of the first paragraph under Key Performance Indicators and changing the word 'expend' to 'expand' at the top of page 7.

3 Matters Arising from the meeting held on 14 March 2018

4 Financial Regulations

The Corporation approved the Financial Regulations at the meeting held on 23 March 2018.

7 Key Performance Indicators

Two year comparative data for FE is provided for in the FE Applications Report. The trend data for HE applications is included in the HE Application Report.

7 Key Performance Indicators – Treasury Management

The contact details of a financial advisor recommended by a member has been passed to the Vice Principal Finance and Resources to make contact.

8 Sub Contract Provision Performance

A fuller report has been added to the agenda for the meeting to be held in June 2018 as the Vice Principal Employer Engagement is unable to attend this meeting of the Committee.

9 Covenants Resolution

The resolution has not been passed as we await clarification from the bank. This has been chased with our relations manager and we await their response

Action

JBridges

SJones

anticipated to be received in time for the next meeting of the Committee to be held in June 2018.

12 Committee Meeting Times

The draft schedule of meetings for the 2018/19 academic year has been shared with the Corporation at the meeting held on 23 March 2018. Resources Committee meetings are scheduled to be held on a Wednesday at 4.00pm as requested.

Finance Items

4 Finance Report

At month 8, the actual net surplus of £661K is higher than the expected budget YTD surplus of £429K.

There are variances on individual income lines, notably ESFA Income Adults which is below budget and Fee Income which is above budget, but combined actual income is higher than budget by £248K YTD. Staff costs are lower than budget by £34K which is contributing to the increased surplus. Non-staff costs are over budget by £87K YTD.

It was noted that it is anticipated that the Adult Budget income line is likely to fall short of budget at the end year; predicted £200K shortfall but every effort is being made to improve the year end position.

The Committee asked that reports from the next financial year show fewer Apprenticeship income lines as multiple income lines (5 currently) shown in the management accounts does complicate transparency of actual income performance. It was agreed that the Vice Principal Finance and Resources is to review how reporting can be condensed without compromising visibility of any arising income line concern.

SJones

The balance sheet shows that the bank balance has reduced from £5,909K to £5,287K in March 2018. This is principally due to an increase in current assets this month, sales debtors of £298K (March invoices outstanding for High Needs Funding of £257K) and an increase in monies owed by the ESFA of £513K. The Head of Finance is to clarify the cash position as at the end of April 2018 as there was a discrepancy in the report concerning whether the monies owed by the ESFA of £513K was correct or if this was monies owed to the ESFA.. The current bank balance of £5,287K compares to the balance of £4,367K as at March 2017.

PEwan

The Vice Principal Finance and Resources confirmed that further reforecasting of outturn figures would be undertaken with the April accounts which would be presented at the June meeting.

SJones

5 Key Performance Indicators

At the start of April 2018 the actual number of 16-18 students enrolled (as at R08 return to the ESFA) was 2,988 against the 2,910 target (78 above). At the same reporting point last year we were 62 enrolments under target.

Offers made to students as at 20 April 2018 for 2018/19 including returning students is 2,707.

HE enrolments are currently 17 below the target (494FTEs against 511FTE target).

The target FTE for first year students for 2018/19 is 300. Actual offers made and accepted is currently 90 (an increase of 32 from February). These numbers will increase throughout the year and right up until the first weeks of the HE Autumn term (September). Comparison figures from 16 March 2017 shows that offers made and accepted in 2018 have more than doubled.

The forecast surplus remains the same this month at an increased surplus of £282K.

Vintens rental income of £302K which was not included in the budget has been excluded from the budget to forecast ratio calculations as this will increase the surplus at the year-end but is ring fenced for the development of the project.

The staff costs to income ratio calculations for March YTD (which excludes 85% sub-contractor income) is calculated at 65.3% which is an increase from last month at 65.2% but is still better than the budget target of 68.7%.

The loan covenant calculations have been based on the old agreed covenants as although the revised covenants have been agreed in principle, at the time of writing the report, the College has to yet return written approval of the agreed revised covenants to the bank and will only do so once the outstanding query of clarity has been resolved as noted above in matters arising. All banking covenants are RAG rated green and are compliant and would also be under the new covenant arrangements.

D Wildridge joined the meeting at 4.30pm

6 Asset Maintenance Schedule

Asset servicing and investment continues and there are no items of plant that have exceeded their recommended service period and all imminent servicing needs have been arranged.

The asset list is maintained in the Estates Department with input from the Health and Safety Manager which monitors and records the progress of asset servicing. The asset list is periodically reviewed and all assets are RAG rated according to their service schedule with assets that have fallen out of service categorised as RED, those that are within three months of service expiry rated as AMBER and all others as GREEN.

Currently there are no items classified as RED (out of a total of over 300 assets) with 38 items classified as AMBER, for which service is due within the next three months, with the earliest of those being due to be carried out on 1 June 2018. All 38 assets have their services scheduled and as such there is nothing further to report.

The Committee is satisfied that the system is working well, with all the assets documented and an early warning process in place for asset servicing. Given that this system is now embedded and effective the Committee felt assured that it no longer requires this to be reported to them. The Committee however did ask for an annual assurance report that identifies that statutory compliance has been achieved concerning all property related items. A list of such obligations

is to be provided to the Committee at the meeting to be held in June 2018 when it will be agreed how the assurance will be provided to the Committee in the future.

Agenda items 8 and 9 preceded agenda item 7

7 Draft Budget 2018/19

The budget has been constructed following a detailed consultation and participation by College budget holders including those who manage curriculum areas in tandem with detailed curriculum plans.

The result of this process is a draft surplus budget of £133,707 which reflects the revenue effect of a draft capital budget during the year of £631K excluding Vintens. This is an improved surplus position of £65,312 on the £70,195 surplus budget that was approved in 2017/18 (excluding Vintens rent).

Although the College will benefit from a healthy increase in the ESFA 16-18 allocation in 2018/19 and fared well compared to other Colleges in the take-up of new apprenticeship numbers during the current year, the College has increased its staffing which has had a significant full year impact in budgeting for the 2018/19 year. This has been intentional in order to provide the College with the necessary capacity and profile to become the leading College in the East but also ensures that as the student demographic decline comes to an end, the College can optimise its numbers and its income streams.

Additional pressures in 2018/19 that have been budgeted for include incremental pay awards of £275K, the provision for a cost of living pay award of 1% equating to £185K and an allowance for a suspected rise in the employer on-costs for the Teachers' Pension Scheme which is expected to take effect in April 2019 amounting to £52K. Other key assumptions used in the formulation of the budget were detailed in the report covering Funding Body Income lines, Apprenticeship Income, HE Income, Fees Income, Full Cost Income, Commercial and Miscellaneous Income, Staff Costs, Non-Pay Costs and Capital Budget.

In considering the robustness of the budget the Committee considered the risk associated with it. The ESFA 16-18 income does not present a risk in 2018/19 since it is lagged funding and enrolment and application numbers are positive against target. Apprenticeship income is based on known achievable volume but importantly it was noted that the consideration of risk is not supported fully by a confirmed allocation from the ESFA to date so is very much an assumption of income at this time. The AEB has been fully budgeted for and although it was exceeded in 2016/16 the target was not reached in 2016/17 and is looking challenging to fully achieve this year. If HE enrolment is lower than expected in 2018/19 this will increase the pressure on the budget performance however recruitment so far is stronger than last year and the attrition rate has been below 5%. While staffing costs are rising through intent, the increased percentage they represent of income remains a concern and savings will need to be found during the year if income does not exceed budget to avoid financial pressure in 2019/20. A saving of £200K including on costs has been included in the budget as a targeted saving and it is anticipated that this will be achieved through staff turnover (churn savings) and decisions around how vacated posts are backfilled or indeed if replaced like for like.

It was noted that the report shows an increase of £407K of Non Pay Costs in the text on page 5 whereas the budget compared to forecast and budget summary (line 1.20) shows a variance of £315K. The actual increase is to be determined and remedied in the report for the next meeting of the Committee.

In summary the Committee was satisfied to receive a small surplus budget of 0.46% of turnover which although small is at least a slight improvement on the 0.30% of the 2017/18 budget. It was noted that there was less flexibility in the budget heads in 2018/19 and as such achieving the budgeted surplus could be more challenging than in the current year. It would therefore require even more rigorous and consistent reviewing of income and expenditure throughout the year to ensure that at a minimum the budgeted surplus is achieved. The Committee recognised that funding rates for the 16-18 study programmes (represents almost 50% of the College's income), has remained the same for almost 6 years and that in the wake of huge change in the funding of apprenticeships (16% of College turnover) the value of a large number of the frameworks have diminished significantly in value. With this in mind the Committee, subject to no significant change when it is asked to consider the final budget at the meeting to be held in June 2018, would be comfortable to recommend the 2018/19 budget to the Corporation at the meeting to be held on 5 July 2018.

S Healey Pearce left the meeting at 5.40pm

8 Full Time Applications 2018/19

Overall full time applications for 2018/19 are 6.4% less than at the same point last year, with our 16-18 numbers being 5.1% less. However, conversely our new full time offers are 11% higher than this time last year. The position does fluctuate at this time of year and just in the last two weeks a further 65 applications from progressing students have been secured and a further 19 new applications received.

The report shows that the number of new applications for 2018/19 compared to this year are 11% down but the number of applications for progressing students is 3% up. Applicants who have applied, attended their interview and have been offered a place are 11% up (1,393 for 2018/19 against 1,257 this year).

The detail of the curriculum areas where applications are up and down were shared with the Committee and the admissions team is working with these areas and the Marketing Department to promote and secure more applications and convert to enrolments.

A Wright left the meeting at 4.50pm

9 HE Applications 2018/19

At the time of writing the report, applications for degrees stand at 317.5FTE applications. This is an increase of 3.5TEs at the same point last year. At this stage 90.5FTEs have accepted offers which is an increase of 31 on last year.

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).

In addition, based on data from previous years, it is estimated that the conversion rate for continuing students will be approximately 98% (354FTEs) of the current enrolled numbers (361.38FTEs).

Assuming that the target of level 4 enrolments (257FTEs) is achieved the total anticipated enrolments for September 2018 should therefore be 611FTEs.

Recruitment for new students continues and a robust programme of advertising and marketing for a clearing recruitment schedule is in place. In addition we are working with the UoS on a funded project (NEACO) to reach and recruit degree 18 year old students from areas of high deprivation across Norfolk and Suffolk.

Agenda item 7 preceded agenda items 10 and 11

10 Property Items
Property Update
Haverhill

After a short period in which to vacate the former Menta Centre in Haverhill and relocate provision to the former Parkway Middle School, the College now has the start of a much better prospect for its presence in this area. Working in partnership with the Samuel Ward Academy Trust, the College not only has a better location but also more accommodation at a similar price to the previous centre which was neither well located nor maintained.

Property Strategy

Following the finalisation of the formal Property Strategy approved by the Corporation at the meeting held in December 2017, work on a successor strategy is underway. The next stage in the development of the strategy is to ensure that it reflects the needs of the curriculum. This work is timetabled to be completed in the summer when more clarity about use of the space at the Vintens site and the outcome of the IoT (Institute of Technology) bid (either way) are known and the structural surveys of Vintens are undertaken in May/June 2018. The Property Task and Finish Group are tracking progress of the Vintens Project and related impact of the Property Strategy.

Vintens

The Vintens site was vacated by Vitec Videocom at the end of April 2018 and a formal handover to the College was completed at the close of business on 30 April 2018. Surveys will now commence as a prelude to detailed work including an intrusive asbestos survey.

It is planned to take up occupation of the pavilion (standalone building on the site) from July/August 2018 with some Business Development staff to move over in order to not only ensure a daily presence exists on the site but also to release some office accommodation at our main campus. Parking opportunities are also being investigated in order to free up more spaces on the main campus for students.

Architects are working through the next stage of the technical detailed design work with room layouts and specifications which will inform the tender documents to the construction contractors for them to base their prices on prior to award of the work.

The planning application was validated on 6 February 2018 and the planning authority committed to determine the decision by 8 May 2018. It was noted that the decision has been deferred to June 2018.

A lot of work has been undertaken in partnership with the LEP to secure the final £3m tranche of funding in support of the project. The proposal has been successfully approved by the LEP Skills Board and now proceeds to the May meeting of the main LEP Board. The LEP has requested that the original application be modified to reflect supplementary information requested by the LEP and once completed will be submitted to the Property Task and Finish Group for consideration and endorsement.

Student Accommodation

This project continues to be a live opportunity for the College. Work on agreeing an MoU and an exclusivity agreement with the Borough as part of the Western Way development is ongoing. A feasibility report to be co-funded by the College with the Borough Council will be the next stage of this project.

Planned Maintenance – May Half Term

A number of planned maintenance activities have been scheduled to take place during May Half Term week (29 May to 1 June 2018). These include cleaning of ductwork and canopies in the Edmunds Practice and Production Kitchens and Biomass Flue Cleaning in Edmunds House and the Gateway.

Summer Works Plan

The plan of Summer Works was shared with the Committee. All projects can be funded from the existing revenue position by overspending on the Property budgets but still maintaining the bottom line due to an overall improved position across all budget lines in aggregate. A close eye is to be kept on this spend and if the position changes it was noted that there are some shorted lead time projects which can be modified or deferred as necessary. The Committee approved to delegate authority, as in previous years to the Chair of the Committee, S Clarke, to make decisions on behalf of the Corporation to agree the specifics of the summer works.

11 Any other business

i. *Extension of 3rd Line IT Support Contract*

The Committee was asked to approve to run the 3rd Line IT Support contract for another year so that it ends in the summer of 2019, which coincides with the expiration of the IT Contract of Suffolk One thus providing an opportunity to consider a sharing of IT Contract services across the College and Suffolk Academies Trust. The Committee **approved** to re-award the contract to the current provider. **Proposed** by K Golding and **seconded** by C Higgins.

Date of next meeting

Wednesday 27 June 2018 at 4.00pm. Room TG1.16.

The meeting closed at 5.50pm