

Minutes of the meeting held at 4.00pm on 6 December 2017

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

In Attendance: **S Jones, Vice Principal Finance and Resources**
 P Ewan, Head of Finance
 L Moody, Vice Principal Employer Engagement,
 J Bridges, Clerk

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

1 Apologies for absence
Apologies for absence were received from K Golding and T Hunt.

2 Minutes of the meeting held on 8 November 2017
The minutes of the meeting were agreed as a correct record.

3 Matters Arising from the meeting held on 8 November 2017

7 Finance Report

Pay costs have been reviewed to ensure that the budget and actual costs for individuals sit in the same line. The result shows that the bulk of the savings are sitting in student support staff. Half of these savings are within the Learning Support team and the remainder are a mixture of unused hourly paid budget and various underspends across the whole curriculum area.

8 Key Performance Indicators

The forecast cash at 31 July 2017 was £4,305K. The actual cash at 31 July 2017 was £6,358K with a positive variance of £2,053K. The detail can be seen in the Year end outturn balance sheet report comparing 'forecast year end' column to 'Jul17 actual YTD' column. The two major variances are a higher level of Creditors than expected of £1,066K to forecast (£896K Creditors and £170K ESFA Creditor) and increased surplus to forecast of £843K, both of which would increase the bank balance.

After review of our investment income, the Vice Principal Finance and Resources confirmed that we currently have £1M on deposit for one year returning 31 August 2018 at a rate of 0.65%. This compares to the most recent deposit on 23 October 2017 of £800K for 5 months at a rate of 0.38%. Further information has been requested from the bank regarding rates on longer-term deposits such as 12, 18, 24 months etc. The Head of Finance reported that a 12-month deposit would attract an interest rate of 0.90%, 18 months at 0.92% and 24 months at 0.95%. It was noted that in the accounts it states that the Committee receives a KPI report on Treasury Management and the Chair asked to receive a twice-annual update report on loans and rates.

D Wildridge joined the meeting at 4.10pm

HE KPIs have been added to the KPI Report to the Committee, covered under agenda item 5 of this meeting.

Action

PEwan

11 Bank Covenants

The Committee received a further report, covered under agenda item 8 of this meeting.

12 ESFA Letter and Financial Dashboard

At the request of the Committee the letter and dashboard has been shared with the Corporation under the Financial Performance paper produced by the Vice Principal Finance and Resources.

14.i. Property Task and Finish Group Membership

A new member to replace R Carter, who left the Corporation and the group at the end of July 2017, is yet to be identified. This item was discussed under any other business of this meeting.

Finance Items

4 Finance Report – October 2017

At the time of writing the report, income is behind budget YTD in the first 3 months of the year. However, we are now ahead compared to the same point last year on the main two contributing income lines that had been behind; AEB and apprenticeships.

The Committee questioned why the RAG status of all income and expenditure lines were denoted Green (on or above budget) despite a number of deficit variances particularly on income. The Vice Principal Finance and Resources suggested abandoning the risk direction and inserting an additional column (YTD) to show the risk RAG rated by Current Risk and YTD. Any change in RAG status between columns would therefore identify the change in risk direction.

SJones

It was noted that the repayment back to the ESFA (circa £300K) in January 2018 has no impact on the budget and has been provided for in the accounts.

5 Key Performance Indicators

Enrolments for the academic year are looking promising with only 8 short of the 2,910 allocation target at the current date. The Committee asked to see the recruitment numbers at the same point last year as a comparator.

SJones

HE enrolments are now included as part of this report. The numbers are slightly below target (4FTEs) however; this could reduce further in year if attrition reduces. It will need to stay above 95% to keep on target for student numbers.

The forecast surplus remains as budget.

The Staff cost to income ratio is at 71.2% YTD which is higher than forecast for the year. This is due to income being £639K less than budget YTD. This variance is expected to decrease and therefore reduce the staff cost percentage. There was concern raised by members that the income ratio at this point was high as is the target at 68%. It was noted that the long-term aspirational target is 65% and this is still the aim to achieve.

It was noted that the cash flow does not include the £1m capital funding that we are predicting to spend on the development of the Vinten's building. The Vice Principal Finance and Resources confirmed that this is accounted for in the 2018/19 academic year.

6 Sub Contract Provision Performance

It was noted that the report was relatively unchanged since the last report to the Committee. It was agreed that the Committee is to receive this report twice in the academic year (the November and March meetings) unless circumstances changed between reporting periods.

LMoody

L Moody left the meeting at 5.45pm

7 Annual Report and Financial Accounts 2016/17

The Committee considered the audited accounts as presented. The unqualified opinion of the accounts was noted. The note concerning the Treasury Management report to the Committee, as discussed above, will be amended/removed before being considered by the Corporation at the meeting to be held on 14 December 2017.

PEwan

The note concerning the LEP funding and/or Suffolk County Council funding if appropriate is to be corrected prior to consideration of the Corporation.

The Committee approved the accounts and endorse their acceptance thereof to the Audit and Risk Management Committee who are to recommend they be approved by the Corporation.

The Finance team were thanked for their hard work and effort to complete the financial statements and annual report for the year.

8 Bank Covenants

The Vice Principal Finance and Resources has negotiated with the bank with regard to the covenants. As a result, they have modified their proposed covenants to the College's benefit almost to the point that the covenants are comparable to the existing covenants. The risk proximity of these revisions is minimal and following discussion, the College's position needs to be confirmed to the bank as part of the process to finalise the revisions of the covenants. The Committee congratulated the Vice Principal Finance and Resources for resolving this longstanding issue to the College's satisfaction. The Committee **approved** for the Vice Principal Finance and Resources to confirm the revisions with the bank to conclude the process. He will liaise with the Committee Chair on his progress.

SJones

**9 Property Items
Property Strategy**

The work of the Property Task and Finish Group has produced a draft Property Strategy for consideration of this Committee and approval of the Corporation.

Members asked for clarification in the report on the status of some of the areas of the College categorised as poor or requiring improvement. If something is categorised as poor does this mean that this area is not in use or cannot be used until investment is made. The Vice Principal Finance and Resources confirmed that this is not necessarily the case. It is used as a blunt tool for identifying areas where investment would be beneficial, not necessarily, that investment is needed now.

The Committee agreed the strategy as documented and will recommend to the Corporation that it be approved at the meeting to be held on 14 December 2017.

SClarke

Further thought about our long-term master plan for the College estate is to be considered at some point in the future.

10 Property Update

Confidential item under paragraph 19(2) of the Instrument and Articles of Government

11 Any other business

i. Contract for College Mobile Devices

It was noted that the third bulleted point should note 'EE' not O2. The Committee asked if the contract included iPad or other tablet equipment. It was agreed that in future it might be prudent to consolidate these devices as part of the next review of the contract. The Committee **approved** the award of the contract to Vodafone.

ii. Membership of the Property Task and Finish Group

A new member is required to join the membership of the Task and Finish Group further to the departure of R Carter, who left the Corporation and the group in July 2017. The Chair of the Committee is to approach a contact known to the College as a potential member to co-opt to the Group.

SClarke

Date of next meeting

Wednesday 14 March 2018 at 4.00pm. Room TG1.16.

The meeting closed at 5.20pm