

**Minutes of the meeting held at 4.00pm on 8 November 2017**

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

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

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

**Action**

- 1 Appointment of Chair and Vice Chair**  
The Corporation reviewed the appointments of Committee Chair and Vice Chairs at the 7 July 2017 meeting. S Clarke remains Chair and D Wildridge as Vice Chair to the Resources Committee.
- 2 Apologies for absence**  
Apologies were received from K Golding, S Healey Pearce and T Hunt. C Shaw, Vice Principal Students and Learning Support, R Kirk, Assistant Principal Higher Education and J Bridges, Clerk were also absent.
- 3 Minutes of the meeting held on 28 June 2017**  
The minutes of the meeting were agreed as a correct record.
- 4 Matters Arising from the meeting held on 28 June 2017**
  - 3 Finance Report**  
The Corporation approved the proposal to make a non-consolidated pay award at the meeting held on 7 July 2017.
  - 3 Letter from Peter Lauener, Chief Executive of the ESFA**  
Assessment reported and accepted by the Corporation at the meeting held on 7 July 2017.
  - 6 Sub Contract Provision Performance**  
The performance tables of contractors have been removed from the report as requested by the Committee.
  - 7 Supply Chain Fees and Charges Policy**  
Amendments to the policy were made and approved by the Chair of Corporation, K Golding, and Chair of the Resources Committee, S Clarke.  
  
The risk rating of the training company identified at the last meeting has not been escalated to a higher rating as the issue has gone away as the College will not be subcontracting with them in the future.
- 11 College Budget 2017/18 and 3 Year Financial Forecast**  
The Executive Summary for the presentation of the Budget and 3 Year Financial Forecast to the Corporation meeting held on 7 July 2017 was amended to reflect that the budget position was not entirely without risk as requested.

The two additional objectives proposed to be added by the Committee were included in the budget and forecast that was received and approved by the Corporation at the meeting held on 7 July 2017.

**13 Property Update**

A Property Task and Finish Group meeting was convened and held on 23 August 2017 and a subsequent meeting held on 25 October 2017.

**5 Committee Terms of Reference**

Each Committee is asked at their first meeting in the new academic year to review and approve its Terms of Reference. There were no amendments proposed since the last review in the 2016/17 academic year. It was noted that the Terms of Reference may require amendment as the working relationship between the College and Suffolk Academies Trust develops. On this basis the Committee **approved** the Terms of Reference. **Proposed** by D Wildridge and **seconded** by C Higgins.

**Finance Items**

**6 Year End Outturn 2016/17**

The Vice Principal Finance and Resources presented the report in order to provide governors with a summary of the draft financial outturn for 2016/17. Once finalised the statutory accounts showing the full details will be brought to the next meeting of the Committee.

The accounts show a healthy surplus for the twelve months ending 31 July 2017 of £1,282,197 compared to June's forecast surplus of £438,720 which is £773K higher than forecast and £1,131K higher than budget. This can be attributed to increased fee income and Apprenticeships, reduced staffing costs and rental income from Vinten's of £287,500 along with income relating to 2015/16 of £70,248 for Higher Education (HE)/Skills Funding Agency (SFA) income. The Income and expenditure account for 2016/17 was considered along with the Balance Sheet.

The Committee congratulated the Management Team on producing a good result but questioned how predictions, forecasting and reporting might be improved as some of the surplus could have been used to further improve the student experience had it been identified at the forecast presented with the June forecast or earlier. Members were advised that a conservative approach had been adopted due to uncertainty surrounding HE and Apprenticeship income. Staff had done an excellent job in keeping students and retention was much improved. Despite the healthy surplus in 2016/17, the budgeted surplus for the 2017/18 year is very modest and a repeat of the 2016/17 performance is unlikely. After due consideration the Committee agreed that in the circumstances a prudent approach was wise but asked the Vice Principal Finance and Resources to consider ways in which forecasting income and expenditure can be fine tuned in the future to be closer to the outturn position.

**7 Finance Report – September 2017**

The Vice Principal Finance and Resources confirmed the accounts prepared for the meeting only show the position as at the end of the two month period ending September 2017. The next set of management accounts would be more meaningful. At month two, the actual net loss of £98K looks alarming and is lower than the expected budget year to date surplus of £111K. This is mainly

due to income being lower than budget by £509K, however, lower staff (£86K) and non-staff (£149K) costs help offset the year to date figures.

SFA adult income is showing as £251K under budget as at September, this will change once the October figures are taken into account. The hours attached to individual adult learners (which trigger funding earned in Unit-E) are not allocated until after R03.

The Vice Principal Employer Engagement explained that the actual income from apprenticeships is at this stage £244K under budget year to date. The figures make no allowance for enrolments added throughout October which are looking very positive. The apprenticeship team are confident that targets will be met. There are also a number of ongoing conversations with employers who have not contracted with the college before. Members asked if there were reasons why employers were coming to the College rather than other providers. Reputation, word of mouth, impressed with College and a strong team to grow the business were all thought to be major factors.

Actual income from Fee income funded courses of £359K is higher than budget year to date income by £26K at this point.

The Committee were advised that actual staffing costs are lower than budget by £86K year to date. There are a number of variances (both ways) within the devolved staffing budgets so there is no obvious single contributor to the lower staffing cost at this stage. Members noted that staffing costs will be reviewed to ensure that actual and budget costs are showing on the same line which will confirm where the true savings are. They considered the variances for Student Support staff and requested a report on the movement and variances for the next meeting of the Committee,

P Ewan

## **8 Key Performance Indicators**

The Committee considered a range of key performance indicators to measure financial performance for the two months ended September 2017 and were advised that all banking covenants are RAG rated green and are compliant. All other KPI's are compliant with the exception of the ESFA classroom numbers KPI is rated amber as the variance between actual numbers and allocation is within 5%.

The actual number of 16-18 students enrolled as at 25 October 2017 is 2,859 which is 51 below the funding allocation of 2,910. Student numbers will increase throughout the year as students enrol onto traineeships, access to education courses and Princes Trust.

Staff Costs as a % of normal operational income was considered along with the Budget to Forecast data. It was noted that the forecast surplus remains as budget and Vinten's rental income was not included in the table as it did not appear in the budget.

The Chair of the Committee asked why the balance of cash at the start of the 2017/18 year differed from the forecast previously provided. The Head of Finance confirmed that the figure had been reset in August 2017 to match the actual opening cash balance and the reason for the difference will be reported back to the next meeting of the Committee. The Vice Principal Finance and

P Ewan

S Jones

Resources was asked to review investment income and see if better rates were available.

The Committee asked for the KPI report to include admissions across the board including HE and Apprenticeships. Members discussed how this might be best achieved. It was agreed that HE should be added to the KPI report for the next meeting of the Committee and that the Vice Principal Finance and Resources would give further consideration as to how apprenticeship data can be added to future reports.

S Jones

**9 Enrolments – FE and HE**

The Committee received a report containing details of all enrolments for ESFA, and FE funded students, for 2017/18 and was pleased to note that recruitment was at higher levels than ever before. The Committee congratulated staff on the conversion rates from application to enrolment resulting in the positive outlook.

Enrolment for degree courses is now virtually complete with currently 594 students enrolled which equates to 497 full time equivalents (FTEs). It is anticipated that when those in clearing and those on the HND Construction Management course enrol a further 7 more will be added increasing the figures to 603 students enrolled and approximately 500 FTEs. This is an 8% decrease for the College on the previous year whereas nationally enrolments have dropped by 5%. The Committee discussed the importance of retention and the impact on the budget of £3.38m which could be achieved if immediate (pre-census) attrition was kept below 2.5% and thereafter was almost nil. Members noted that in order to ensure financial sustainability of the HE provision at West Suffolk College for 2018/19 it is necessary to increase recruitment and marketing campaigns whilst also increasing retention of level 4 and 5 students.

**10 Subcontracted Provision for 2017/18**

The Committee considered the Sub-contractor Provision Performance to date. The Vice Principal Employer Engagement confirmed that the due diligence process put into place at the request of the Committee along with the introduction of due diligence champions in Health and Safety and Finance helped identify a vulnerable sub-contractor. This company is no longer used by the College. Members received assurance that current partners were of the highest quality and in order to avoid any reputational risks the College will only enter into partnership with high quality providers in the future. An improved monitoring visit schedule will enable more frequent visits to take place and allow much more detailed monitoring around quality and performance.

L Moody left the meeting at 5.10pm

**11 Bank Covenants**

The Vice Principal Finance and Resources provided an update on the discussions with the College's bank in connection with bringing the loan covenants up to date. He reported on the latest stage of discussions with the bank in that the College and the bank have reached a mutual understanding on the exact calculation of new covenants proposed by the bank but there is a concern on the part of the College that the covenants are of an increased risk when compared to the previous ones. The bank discussed the latest proposals and their implications at a meeting held on 24 October 2017 where its representatives were keen to point out that this proposal is not intended to disadvantage the College. The changes to two of the covenants are acceptable

to the College, however the remaining two need looking at more closely. The bank has undertaken to review their proposals. It was agreed that the Vice Principal Finance and Resources would give a further report at the next meeting which would include any potential risks.

S Jones

**12 ESFA Letter and Financial Dashboard**

The Committee considered the letter from The Education and Skills Funding Agency (ESFA) confirming that following receipt of the college's latest financial plan for 2016/17 to 2018/19 the appropriate assessment grade is,

- Outstanding for 2016/17 (the latest outturn forecast year), and
- Outstanding for 2017/18 (the current budget year).

The ESFA has therefore concluded that the underlying grade for the college is Outstanding.

The ESFA College financial dashboard information was reviewed. This incorporates various key performance indicators and measures those against both target benchmarks and benchmarks achieved in the sector. The Committee congratulated the staff and considered the result worthy of applause particularly when taking into account the continuing pressure to reduce finances and the drive for improved performance. It was agreed that the paper should be submitted to the next meeting of the Corporation.

J Bridges

**13 Property Items  
Property Update**

The Committee received a detailed report update on property matters for the College. The Vintens project is progressing in line with plans and this progress is being reported in detail to, and monitored by, the Property Task and Finish Group which is also overseeing the development of an updated property strategy. It was noted that the property strategy was last formally reviewed in 2014 and should be reviewed and approved before being submitted along with other documents to the LEP in support of the detailed application. It was agreed that the Vice Principal Finance and Resources would submit the updated property strategy for approval at the next meeting of the Committee. It was further agreed that the Clerk would confirm the date of the last formal approval of the strategy.

S Jones  
J Bridges

Progress with the Borough Council to explore investment options for the provision of student accommodation as part of the Western Way development was discussed. The Borough Council is keen to be involved despite the College stating very early on in the process that it would be unable to contribute any capital funds. At this stage this does not appear to be an obstacle to progress and the Council has asked the College to put together a business plan so that the project can be assessed by the Council from an investment of public money perspective. Members received assurances that there were no risks to revenue at this stage.

**14 Any other business**

**i. Property Task and Finish Group Membership**

The Chair confirmed that a new member was required to replace R Carter who has left the Corporation and the group. Membership currently consists of S Clarke, C Higgins and K Golding. The group are able to co-opt a new member

J Bridges

and the Committee was asked to give some thought to membership for the next meeting.

**Date of next meeting**

Wednesday 6 December 2017 at 4.00pm. Room TG1.16.

The meeting closed at 5.50pm