

Minutes of the meeting held at 4.00pm on 13 March 2019

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

In Attendance: **S Jones, Vice Principal Finance and Resources**
 P Ewan, Head of Finance
 R Stevenson, Operations Director
 R Kirk, Assistant Principal Higher Education
 A Wright, Head of Admissions and Student Futures
 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 L Moody, Vice Principal Employer Engagement.

2 **Minutes of the meeting held on 13 December 2018**

The minutes of the meeting were agreed as a correct record.

3 **Matters Arising from the meeting held on 13 December 2018**

3 *Matters Arising – 10 Subcontract Provision 2018/19*****

A new subcontractor approval form has been developed which will be sent direct to Governors' for the approval of new subcontractor applications. It was noted that the one alleged to have been sent to the Chair has not been received. The Clerk will ask that this be resent and the Committee agreed that the Chair approved or otherwise the contract on behalf of the Committee.

6 *Annual Report and Financial Accounts 2017/18*****

The section about contracting work with providers on the RoATP was amended ahead of the Corporation approving the annual report and Financial Accounts at the meeting held on 20 December 2018.

The Vision on page 1 was corrected prior to the Corporation approving the Annual Report and Financial Accounts at the meeting held on 20 December 2018.

7 *Financial Regulations Review*****

The Corporation approved the Financial Regulations as amended at the meeting held on 20 December 2018.

The Clerk has added the requirement for the Committee to receive and review an annual report of the contracts awarded in the year at the thresholds determined in the Financial Regulations to the Terms of Reference as requested.

8 *Treasury and Loan Update*****

It was noted that the Head of Finance is to confirm the interest rate obtained to fix the current £1.8m variable loan for 5 or 8 years (subsequently confirmed as 2.021% fixed to 2030).

Agenda item 4.ii. preceded agenda item 4.i.

Action

JBridges

PEwan

Finance Items

4 Applications 2019/20

4.i Full Time FE

Overall new applications for full time courses are 9% higher than this time last year and new 16-18 applications (excludes those who may be progressing) are 11% higher (175 more) than at the same point last year. There is confidence that our numbers for 2019/20 will be on/above target and we're currently in the process of adding the numbers of students who are likely to be progressing from Level 1 to Level 2, Level 2 to Level 3 and those on years to year 2 etc.

To maximise our 2019/20 allocation we are working closely with Abbeygate Sixth Form College to identify joint applications, we have expanded our communications with feeder schools, improved our conversion rate and identified progression routes for current students.

A Wright left the meeting at 4.35pm

4.ii HE

The target for recruitment of new enrolments for 2019/20 is 300 for UoS courses and 30 from direct funded courses. To date we have received 317 applications for UoS courses, and 71 accepted offers (an increase of 16 on last year).

The report shows that nine courses have more accepted offers this year and six courses with fewer than last year. Some areas are showing low numbers of accepted offers and/or interest such as Engineering but typically these numbers are not secured until much later in the enrolment and application process (i.e. nearer the September start).

There are a number of recruitment activities underway with group targeting, internal activities with NEACO supporting level 3 teams and open events as well as improved 'keeping warm' initiatives. Changes are being made to our offer to attract the students and changes in those who validate our courses is also proving beneficial.

R Kirk left the meeting at 4.20pm

5 Finance Report – January 2019

At month six the actual year to date surplus position of £447K is better than the profiled budget YTD surplus of £322K.

Income overall is £423K better than YTD profiled budget, staff costs are better than YTD budget by £277K although both positive variances are partially reduced by non-staff costs being higher than profiled budget by £574K. The Committee was assured that this is a realistic position although has some elements of caution attached.

It was noted that actual costs on line 1.21 (Partner Payments) are over profiled budget by £547K January 2019 YTD. The forecast spend has been increased by £623K and this related to the increased income for local authority high needs funding shown in line 1.05 (fee income). The overspend as at January 2019 YTD is now more in line with the revised forecast costs for the year. In terms of risk it was assessed as low that these partner payments would not be received as the College has delivered the service and is obliged contractually to be paid for the work by the Local Authority.

The current cash balance of £6,942K has increased minimally from the balance in December 2018 of £6.834K. The balance of debtors has reduced by £348K in January 2019 mainly due to a High Needs Funding invoice of £471K which was settled in the month.

6 Key Performance Indicators

The number of 16-18 funded enrolments for the 2018/19 academic year are 51 below target (as at 6 February 2019) but at the time of writing the report is now 48 below (2,947 against target of 2,995). There is confidence that the target number will be achieved as enrolments on Princes Trust and Traineeships continue to come through in year.

The FTE target for HE students is a total of 553 and the actual number of FTEs (as at 28 January 2019) was 497.5FTEs (55.5FTEs below target). The Committee asked to see the UoS (UCAS) numbers of students at each UoS delivery location for comparison purposes only in the next report to the Committee.

RKirk

The total expenditure budget to forecast is red RAG rated as expenditure is forecast to increase by £925K over budget. Work continues to minimise expenditure where possible and this is closely monitored and managed by budget holders.

The staff cost to income ratio for January YTD is calculated at 66.2% (lower than budget of 68.9%) reflecting the lower than budget staff costs mentioned above, and better than budget income as at January YTD. It was noted that the lower ratio has not been achieved at the detriment of staff recruitment or resource; staff are achieving, delivering and going above and beyond

The loan covenants calculations are all now based on the revised agreed covenants are all are green RAG status showing compliance.

Movement in cash flow is following the trajectory line.

7 SLA Approvals

The current SLA between the College and Suffolk Academies Trust is working satisfactorily although the Corporation will need to consider and approve the SLA before 31 March 2019 to comply with the expectations set out within them and for compliance with the rules set out under the Academies Financial Handbook for the Trust that come into play 1 April 2019.

Approval of the SLA has not been possible until now due to conflicts of interest held by Governors of West Suffolk College who were also Trustees of the Trust. Non-conflicted appointments have now been made with three Trustees solely appointed to the Trust and not conflicted in a governor role with the College. These non-conflicted Trustees have considered the appointment of services under the proposed SLA and advise that the SLA currently in operation for services from West Suffolk College to the Trust for the provision of CEO, CFO, Clerk and Company Secretary roles are renewed. It was noted that the additional SLA for the provision of Project Manager to support the EIoT application is not to continue as the DfE has not progressed our application to the next stage of interview. The Committee asked if this SLA could be aligned with the two new proposed SLAs to apply this SLA with an end (review) date of

31 August 2020. The Vice Principal Finance and Resources will seek the advice of the group of SAT Non Conflicted Trustees and the clause that suggests that this SLA is reviewed and approved annually in March and if that can be changed. The Chair of the Committee posed the question of who would provide a non-conflicted opinion on the side of West Suffolk College and after debate it was agreed that for the College we are not governed to make decisions other than those that are informed or made collectively so irrespective that governors of West Suffolk are also common in role as Trustees of the Trust they make decision for West Suffolk in the interests of West Suffolk College.

The Committee was also asked to consider two new SLAs, one relating to support services, the other for curriculum provision. In preparation for a Teckal arrangement between the College and the Trust (SAT), a new SLA for sharing management leads with the Trust is proposed. This arrangement will pool expertise, encourage sharing of best practice and improve corporate agility through a 'group' approach to some of the constituent operations of the College and the Trust. This SLA will not be to the detriment of the College budget and is predicated to amount to just under £172K. It is proposed that this SLA will apply from 29 March 2019 to 31 August 2020.

The second new SLA proposed offers an opportunity to share the cost of capable and talented curriculum staff between the College and Abbeygate Sixth Form. This SLA will enable the appointment of a limited number of staff to help shape and grow the Sixth Form without creating a significant cost burden to the Trust since the costs will be partly shared with the College. The agreement is based on a maximum of £150K thereby allowing capacity for a number of roles as required. In line with the Academies Financial Handbook all services are to be provided 'at cost' and it is also proposed that this SLA will apply from 29 March 2019 to 31 August 2020.

The Committee was made aware that a third SLA will be required for the provision of accommodation provided by the College to Abbeygate Sixth Form as part of the transitional arrangements prior to the completion of the new build. A separate approval process with the ESFA is required before an agreement can be drawn and the Corporation give due consideration and/or its approval.

It terms of value for money, it was noted that all post holders will be recruited into either organisations at remuneration in line with sector rates and as employees, as opposed to bought in services, and thus they will have a vested interest in the success of both organisations. As required by the Academies Financial Handbook, all services from West Suffolk College are to be provided to the Trust 'at cost' and associated pre-cost and post-cost certificates are to be issued as part of the SLA documentation by the College and are subject to audit by the Trust's external auditors. The Committee further asked that for the position of West Suffolk College the Audit Committee takes responsibility for the monitoring and review of Third Party Transactions between the College and other parties. The Committee agreed to put a recommendation to the Corporation to **approve** the three SLAs (current CEO, CFO, Clerk and Company Secretary Services at £64K; new proposed Support Services SLA at £110K and new proposed Curriculum Provision SLA at £150K) at the meeting to be held on 29 March 2019. **Proposed** by S Clarke and **seconded** by D Wildridge.

8 Subcontract Provision Performance

There are 69 learners to complete and 20 who have completed within this academic year. The aim is to ensure that the majority of completers will be finished by the end of June 2019 to allow any time for slippage. The best case success rate is 83%.

An application has been received from a new subcontractor and this has been forwarded to the Chair of the Committee for approval (noted under matters arising above that he has not received). This relationship would provide great opportunities to work with many high profile businesses and utilise their levy funding.

It was noted that the audit of subcontracted work this year will be undertaken by our internal auditors in May 2019.

The report shows to date that there has been 150 student starts from subcontractors and more in the pipeline to start in the coming month. The majority of starts access our non-levy funding allocation with the exception of an NHS provider, who use levy funds.

9 Financial Regulations Amendment

The Financial Regulations were reviewed and modified in the autumn term and subsequently approved by the Corporation at the meeting held on 20 December 2018.

The findings from a recent audit made a couple of useful recommendations to revise in the Regulations and these revisions have been made for the Committee to consider.

The Committee agreed the revisions and will put a recommendation to the Corporation to **approve** the amended copy at the meeting to be held on 29 March 2019. **Proposed** by S Clarke and **seconded** by C Higgins.

SClarke

10 ESFA Funding Allocations

The Vice Principal Finance and Resources reported that the ESFA 16-18 funded allocation for 2019/20 will be an increase in element 2 funding (up by £492K) but a decrease in main programme funding (down by £332K) meaning that overall the allocation will be up but element 3 funding slightly down so overall a likely income neutral position or slightly down (but not significantly adverse).

**11 Property Items
Property Update
Vintens STEM**

The Property Task and Finish Group has been notified that the Vintens STEM project requires approval to increase the capital spend on the works to bring the factory bay immediately behind the Coulson contract into use whilst complying with building regulations and delegated power of the Committee Chair is to be sought from the Corporation to authorise this additional capital cost.

SClarke

The Committee received a tabled paper outlining the current financial position of the contract and the contingencies available to cover possible additional costs. However, because the additional cost of the works to the factory bay is not yet known it cannot be established if the available contingencies will be sufficient to

cover the increased costs. A better estimation of the additional capital cost will be known in the next couple of weeks and therefore the Committee **approved** for the Chair to have delegated power to approve the additional costs, if appropriate following approval of the Corporation to any additional amount required over the project budget. **Proposed** by E D'Souza and **seconded** by C Higgins.

Institute of Technology

The College has recently been informed by the DfE that its application for IoT capital funding has not been shortlisted and we are out of the 'competition' for the £21m capital funding that we had bidden to secure. To date the College has spent £25K and the Committee was asked to resolve to engage architects (to a maximum of £30K) to look at affordable options that would enable progression of our own development. The plan is that with limited new build and more substantial refurbishment work, the rear of Vintens STEM site could be transformed into a building of visual appeal and one that incorporates flexible working spaces. The Committee suggested that a curriculum plan was developed first to determine what and how the space needs to be used before engaging architects to draw plans. Recognising however that some work does need to be progressed and should not be time limited while approval is sought then the Committee **resolved** to award Chairs action for delegated power to approve the release of an appropriate sum to cover costs for architectural services.

Abbeygate Sixth Form College

The report detailed an update concerning the transitional arrangements to house the students of Abbeygate Sixth Form College here in the Gateway building on main campus of the College in the absence of a new build until 2020.

Newmarket Animal Care

Newmarket Academy served notice on the College to vacate the area used for Animal Care. The timing for this has resulted in the need for a more rapid relocation than was expected. A number of alternative options for location have been explored and plans are now underway to convert the former Gas and Oil (on main campus) area into a new and extended Animal Care Centre.

Due to the pressure of the deadline to move the animals during June 2019, it is requested to proceed with these works promptly on receipt of the contractor's quotations up to the maximum of £100K + VAT. The Chair has already approved this expenditure following confirmation by the Vice Principal Finance and Resources that this expenditure can be met from the existing capital and revenue budgets and noting that there will be a £20K per annum saving in rent. The Committee **approved** the works.

Leases

The paper detailed the current lease arrangements concerning Haverhill, Sudbury, Thetford and the Ip-City Centre in Ipswich.

12 Committee Meeting Times

The Committee confirmed that they wish to continue to schedule the Resources Committee meetings on a Wednesday at 4.00pm for the 2019/20 academic year.

13 Any other business

The Clerk commented that further to a number of resignations and departures from the membership of the Corporation this Committee now holds three

vacancies and may wish to invite governors to join at the Corporation meeting to be held on 29 March 2019.

Action
SClarke

The Chair asked that we discuss as a Committee at the next meeting whether we disclose an operating surplus as opposed to accounting surplus.

JBridges

Date of next meeting

Wednesday 22 May 2019 at 4.00pm. One Sixth Form College Board Room

The meeting closed at 5.45pm