

Minutes of the meeting held at 4.00pm on 22 May 2019

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

In Attendance: **S Jones, Vice Principal Finance and Resources**
 P Ewan, Head of Finance
 J Raffel, Group Director Finance
 R Stevenson, Operations Director
 J Bridges, Clerk

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

Action

1 Apologies for absence

Apologies for absence were received from C Higgins.

2.i Minutes of the meeting held on 13 March 2019

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

2.ii. Minutes of the Extraordinary meeting held on 25 April 2019

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

3.i. Matters Arising from the meeting held on 13 March 2019

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. The application was resent to the Chair and this has been approved.

3 Matters Arising – 8 Treasury and Loan Update

The Head of Finance confirmed that the interest rate secured for the current £1.8m variable has been fixed at 2.021% to 2030. The Vice Principal Finance and Resources confirmed that the loan as yet has not been fixed due to a delay with a resolution required by the bank.

6 Key Performance Indicators

As requested the HE Applications report (see agenda item 8) now includes the student numbers at each UoS delivery location for comparison purposes.

7 SLA Approvals

The Corporation reviewed and approved all SLAs at the meeting held on 29 March 2019.

9 Financial Regulations Amendment

The Corporation approved the amended Financial Regulations at the meeting held on 29 March 2019.

11 Vintens STEM Property Update

Delegated power was permitted by the Corporation at the meeting held on 29 March 2019. A Property Task and Finish Group meeting was convened for 15 April 2019 and an Extraordinary Meeting of the Resources Committee held on 25 April 2019.

12 Committee Meeting Times

As requested, the meetings of the Committee have been scheduled for a Wednesday at 4.00pm for the 2019/20 academic year.

13 Any other business

The Chair is to invite governors to join the membership of the Resources Committee.

SClarke

3.ii. Matters Arising from the Extraordinary Meeting held on 25 April 2019

2. Extra Works Proposal

Prices are being obtained for the various elements of the project and all indications are that these will be within the budget parameters agreed.

The NALEP has been informed of the further investment made by the College to develop the Hanger and we have asked if this additional contribution would attract further NALEP investment.

Finance Items

4 Finance Report

At month eight, the actual year to date surplus position of £556K is better than the profiled budget YTD (Year to Date) surplus of £522K. The forecast operating surplus is now £283K which is still above the budgeted surplus of £133K but is £20K down on the position reported in the last report.

Income overall is £771K better than YTD profiled budget, staff costs are better than YTD budget by £346K, but both positive variances are partially reduced by non-staff costs being higher than profiled budget by £1,082K. Assurance was provided by the Vice Principal Finance and Resources that the position although reported here for March is performing as profiled for April and performing well for May.

It was noted that premises costs are showing a deficit overspend YTD and the Head of Finance confirmed that it is forecast to be overspent by £90K by the year end.

Fee income and partner costs, it was noted have been split due to the differentiation of local authority funds.

The balance sheet shows that the bank balance has increased from £6,668K in February 2019 to £6,992K in March 2019. It was noted that Depreciation for Vintens has not yet been profiled.

5 Key Performance Indicators

The total funded enrolments for this year stands at 2,968 against the funded target of 2,995 (27 short). Numbers will continue to increase as enrolments are added, particularly from Princes Trust (16-18s). Those 19+ for Princes Trust it was noted inflates the AEB income line.

HE enrolments are currently 61.25FTEs below the target of 553FTEs for the 2018/19 academic year. Actual offers accepted for 2019/20 is 118 for first year students against a target of 315.5FTEs which is an increase of 40 since the previous report (February 2019) and is 28 higher than the same point last year.

The total forecast expenditure (red status) is £896K above budget of £29,185K although the Committee recognised that this is completely mitigated in total by the other two KPI measures for income and pay expenditure (green status).

Staff costs to income ratio calculations for March YTD are calculated at 65.37% which is lower than budget of 68.9% reflecting the lower than budget staff costs, and better than budget income as at March YTD. It was noted that the year end percentage may well come in under the 67.9% ratio forecast.

All banking covenants are RAG rated green and are compliant.

The current cash balance of £7.0m has increased from the balance in February 2019 of £6.7m. The budgeted cash balance is £5.5m in March so the actual balance is £1.5m higher than the budgeted balance.

The balance of the ESFA creditor has increased again by £424K in March and is still showing as a balance owed to the College of £757K which is not unusual at this time of year. It was noted that this will change as we receive the larger allocations in April to May as per the ESFA payment profile.

6 Draft Budget 2019/20

Despite a challenging year (again) a surplus budget of £125K can be planned for, in order to ensure that the College can continue to operate effectively and efficiently. Whilst the budget could be modified in the light of any further information that may arise before the next meeting of the Committee, it is not proposed to change it further at this stage. The budget will be brought back to the meeting in June so that it can be approved for submission to the Corporation for approval at its meeting to be held on 8 July 2019 where it will be considered hand in hand with the ESFA's financial plan which will be brought to the June meeting of the Resources Committee.

SJones

The principal issues in the construction of the budget include;

- The ESFA 16-19 allocation has increased by £200K masking a number of positive and negative variations on Programme Funding (£332K reduction) and £492K increase in High Needs Student Funding.
- A reduction on HE income by £150K to reflect smaller year 2 and 3 student numbers.
- A split of AEB income into "non devolved" and "devolved" income streams. Overall the budgetary assumption is an increase of £56K offset by provision of partner costs of £100K resulting a net reduction to the bottom line of £44K.
- Apprenticeships show a slight increase in the budget of £115K reflecting the strong performance of the College during this academic year.
- Fee income shows a reduction in income of £898K and the advanced learner loan has been reduced by £100K.
- The full cost course budgets have increased by £30K in line with the forecast income for 2018/19.
- Commercial income remains close for the budget 2018/19 and therefore remains virtually unchanged for the 2019/20 budget.
- Other grant income has increase by £266K.
- Miscellaneous income has increased by £483K due largely to the room hire and management fee income for accommodating Abbeygate Sixth Form on campus for the 2019/20 academic year.

The Committee considered and challenged the assumptions made (detailed above) within the budget presented. The HE income line is under the most amount of pressure and we are continuing to push to increase student numbers. Early indications are that recruitment is better for 2019/20 than 2018/19

although student numbers for this academic year were not adequate so the pressure is on to recruit, recruit, recruit! Other income lines where growth is viable (i.e. apprenticeships, full cost work) will no doubt have to support and pick up the HE shortfall. We know and analyse where students looking to progress into HE exist and numbers for 2019/20 are not as positive as we would like so we need to understand and adapt our offer to ensure that we are providing the courses and programmes that students want to progress onto which is unlikely to exist this year but will for 2020/21.

Confidential item under paragraph 18(2) of the Instrument and Articles of Government

7 Full Time FE Applications 2019/20

Overall new applications for full time courses are 64 higher than this time last year, however for our new 16-18 applications we are at 6% higher than at the same point last year, our 16-18 progressing students at 3% higher than at this point last year and our overall 16-18 application numbers are 5% higher than at this point last year (143 students).

Our ESFA allocation has now been released for 2019/20 and is 2,970, which is a decrease of 25 students from this academic year. However, it should be noted that our current ESFA funded students at R08 (April 2019) are 2,968 therefore our target is only 2 more than our current enrolled student numbers.

In addition, it was noted that a review of transport routes for students is being completed. Cost is a factor for students deciding where they will travel to learn as are good and swift transport routes into Bury St Edmunds so this work will impact recruitment and future student numbers. We are also considering changes to timetabling so students start their learning at 10am rather than 9.15am which will give students more choice for public transport, better travel to College time avoiding rush hour and reducing travel time.

8 HE Applications 2019/20

In addition to the discussion held above (under the 2019/20 Draft Budget) currently applications are 355 and accepted offers are 136. The recruitment and enrolment target for 2019/20 is 300 FTEs at level 4 and a total enrolment of 585 FTEs across all levels (based on the retention rate). All courses have been set a minimum target for recruitment and level 3 year 2 courses have been monitored closely to see the progression from level 3 to level 4 HE.

The Committee acknowledged the extensive efforts made to keep motivation for recruitment and enhance our offer and attract students to our HE provision, whilst recognising the risk that low recruitment poses to this income stream. The College plans to provide further marketing of its HE offer in the locality targeting specifically the financial benefits of obtaining a degree “from home”.

9 Supply Chain Policy and Subcontracting

The proposal is to update the Supply Chains Policy and rename as the Subcontractor Approval Process Policy. The Committee received a copy of the document with the proposed amendments. In addition the Committee was asked to approve the partnership between the College and the Pacific Institute.

In accordance with our Financial Regulations the policy is to be reviewed and approved annually prior to the commencement of the new academic year. The

Committee **approved** the Policy and the partnership with the Pacific Institute. **Proposed** by S Clarke and **seconded** by D Wildridge.

10 **Property Items**
Property Update

Vintens STEM Centre

Practical completion is still on target for stage 1 Learning Areas to complete on 26 June 2019 and Stage 2 Tower Block on 21 August 2019.

The second project to develop the first bay of the site for practical teaching spaces (as approved by the Resources Committee at the Extraordinary Meeting held on 25 April 2019) is expected to complete to coincide with the start of the 2019/20 academic year and it was reported that works are on target.

Abbeygate Sixth Form College

The temporary accommodation of Abbeygate Sixth Form College within the Gateway Building here at the College has been agreed. Heads of Terms are being finalised and a detailed plan of internal room moves developed.

Animal Care Move to Main Campus

Despite a very tight timetable the contractor is confident of completing the required work on time. Due to some issues at the current Animal Care location in Newmarket the animals may well have to be moved before the buildings are ready, but this will not affect the start of term for students in September 2019.

Summer Works

The Committee received the schedule of summer works. It was noted that a surplus outturn better than the original budget will still be maintained after these planned works and investment in the fabric of the current estate. The Committee considered the planned works accepting that these have been suitably RAG rated and are essential works to be undertaken. The forecast will need to be adjusted in light of these planned works as it was noted that some are capital, and some are revenue costs. The Committee approved the summer works on the assumption that these works do not negatively impact the budget.

11 **Any other business**

A Property Task and Finish Group meeting is to be convened for 10 July 2019 at Vintens.

Date of next meeting

Tuesday 18 June 2019 at 4.00pm. West Suffolk College

The meeting closed at 5.50pm

JBRidges