

**Minutes of the meeting held at 4.00pm on 11 March 2020**

**Present:** S Clarke (Chair) E D'Souza (Virtual attendance)  
D Wildridge N Savvas, Principal/CEO

**In Attendance:** S Jones, Vice Principal Finance and Resources  
L Moody, Vice Principal Employer Engagement  
P Ewan, Head of Finance  
J Raffel, Group Director Finance  
R Kirk, Assistant Principal HE  
A Wright, Head of Admissions and Student Futures  
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 and N Wingfield Digby.

**2 Minutes of the meetings held on:**

**i. 4 December 2019**

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

**ii. 24 February 2020 - Extraordinary**

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

**3 Matters Arising from the meetings held on:**

**i. 4 December 2019**

**9. AoB – IFMC (Integrated Financial Model for Colleges)**

The Corporation approved delegated power to the Finance Committee and an extraordinary meeting was convened and held on 24 February 2020.

It was further noted that on page 2 of the minutes the pay award is yet to be made as discussions continue with the recognised Union, UCU.

**ii. 24 February 2020 – Extraordinary**

The Finance Committee suggested that staff turnover is scrutinised by the Standards and Excellence Committee and it was confirmed that they do receive a Workforce KPI report that includes staff turnover, which they scrutinise and monitor. The Committee have asked for more detail on the reasons why staff leave and the posts vacated to identify trends and/or issues.

**4 Applications 2020/21**

**i. FE**

Full time applications to date for 16-18s are currently 10 less than the same time last year (0.56% decline) however, when compared with student numbers in 2018/19 there is a significant increase (from 1,645 in 2018/19 to 1,825 for 2020/21).

The ESFA allocation for 2020/21 has just been released and, as expected, is higher than previous years at 3,132 (an increase of 162). Although this creates a high target there is confidence that this is achievable. Where subject areas

are short of applications we are working with the Course teams to promote awareness and encourage increased application numbers.

Projections to 2028 show that the total number (population) of 16 year olds are set to increase year on year. This is the case across all three areas of our immediate counties; Forest Heath, Mid Suffolk and St Edmundsbury so this provides us with further assurance that the funding target is realistic and achievable. Accommodating the increase of students is unlikely to impact next year; Abbeygate Sixth Form College are likely to decant from the Gateway building to their new building which will create capacity on the main campus and of course there is space available at the STEM Innovation centre

ii. **HE**

HE Applications for 2020/21 are 251 and accepted offers are 51.5 which is up on the number reported in the paper to the Committee. Accepted offers are slightly up on 2017/18 and there is confidence that these numbers are accurate and record the actual number of places confirmed rather than the number in process. It was noted that there is however still a delay in the process of offers being sent out to applicants from the University of Suffolk but these are now starting to filter through.

Enrolment in year for 2019/20 is 457 (470 before Christmas) due to student withdrawals and it was noted that this income line is to be re-forecast to recognise the financial impact of fewer student numbers.

A Wright and R Kirk left the meeting at 4.30pm

**5 Finance Report – January 2020**

At month six (January 2020) the actual operational year to date surplus is £585K compared to the budgeted year to date surplus of £61K.

Income overall is £148K higher than the year to date profiled budget and staff costs are lower than year to date budget by £486K. Non-staff costs are higher than profiled budget by £110K.

It was noted that the forecast has been amended for the month of January 2020 to show a revised operational forecast surplus for the year of £332K which is a reduction of £4K, with a potential best-case surplus of £491K. It was noted that the £250K summer works has been included in the re-forecast but reduced HE income (as noted above) now needs to be included.

The balance sheet shows an increase in the bank balance from £7,039K in December 2019 to £7,195K in January 2020. This is higher than the budgeted bank balance expected of £6,733K by £462K due to increased creditors which is offset by a lower increase in debtors.

The current bank balance of £7,195K as at January 2020 compares to the balance of £6,942K as at the same point last year which results a £253K increase, even after the investment in the STEM Innovation Centre.

It was noted that non-pay costs have increased by £42K to cover additional costs in relation to CITB work. These costs have to be recognised as the work is necessary to complete the phase 1 due diligence process (on a 'speculate to accumulate' basis). A discussion ensued to debate the need to budget or have a

contingency in place to take up opportunities as they arise. The Committee was in agreement not to create a contingency line but to manage the financial position at the time the opportunity comes and, if appropriate, to create a budget sufficiently adequate to carry out the necessary due diligence work.

## **6 Contracts – Annual Report**

At the last review of the Financial Regulations, the approval threshold for contracts that must be approved by the Finance Committee was increased from £50K to £100K to bring the College in line with that of SAT in order to align procedures between entities and increase efficiency of the executive.

Annually therefore this report provides the Committee with the oversight of the contracts awarded in the year of an amount between £50K and £100K. During the 2019 year therefore only one contract within this range was awarded in relation to insurance for the sum of £70,740. It was noted that in some cases where if aggregated, multiple contracts come to a total value between £50K and £100K these have not been included in the report since each have discrete characteristics and can be cancelled or notice given independently of the other contracts.

## **7 Key Performance Indicators**

The Committee received the report which confirmed that nine of the twelve metrics including the banking covenants are RAG rated green and are compliant.

The three Red RAG rated metrics are 3, 11 and 12 and relate to the forecast total expenditure (metric 3) which is higher than budgeted expenditure, but this is offset by a greater increase in forecast total income; HE enrolment Actual FTE numbers for 2019/20 (metric 11) as the variance between actual numbers and target is over 5% below target; and HE FTE Application numbers for 1<sup>st</sup> year 2020/21 (metric 12) as the variance between actual numbers and target is over 5% below target. The implications of metrics 11 and 12 had already been reviewed by the Committee in item 4 above.

## **8 ESFA Funding Allocation**

The 16-19 funding allocation has been received from the ESFA confirming the total funded value for 2020/21 is £16,997,639 based on funding a target of 3,132 students.

## **9 Financial Regulations Review**

The Financial Regulations have been reviewed and updated in accordance with Funding Body regulations and organisation and staffing changes.

In summary, the document has been renamed the Financial Regulations Handbook and the foreword has been moved to the Introduction on page 6.

Terminology has been updated to include a definition of the role of the College Secretary, the Finance Committee is no longer the Finance and Resources Committee, the role of the GDF (Group Director Finance) has been defined, as has the role of the Head of Finance. It was further noted that the term Director of Finance has been replaced throughout with Vice Principal, Finance and Resources, reference to EU legislation has been updated to include any such alternative regulations in force after the UK has left the EU, and finally Appendix

H has been updated to refer to the most recent Post 16 Audit Code of Practice 2019.

The Chair noted that there is still reference to the Finance Committee taking responsibility for the Property Strategy (4.2) which of course is now the responsibility of the Property Committee of the Corporation. This needs to be amended and updated. It was further mentioned in points 17.3 and 17.8 that there are references to the EU but the Group Finance Director had put a clause in to state that references to EU would be replaced by the current/relevant legislation so this point was satisfied. Subject to the amendment of point 4.2 the Committee was content to **approve** the Financial Regulations Handbook as presented.

JRaffel

**10 Treasury Management Policy**

The Treasury Management Policy is subject to annual review together with the review of the Financial Regulations Handbook (above).

In summary, it was noted that there are no substantive changes. The majority of amendments relate to the update of Committee names or updating the Policy to reflect changes in the market landscape (pertaining to banks' appetite for lending to the sector). In terms of consistency reference to the Finance Director should be replaced with the same term used in the Financial Regulations; Vice Principal Finance and Resources. It was further noted on page 4 that the word 'banking' is to be replaced with 'balancing'.

JRaffel

Subject to these amendments the Committee was content to accept the changes as tracked in the document and **approve** the Treasury Management Policy.

**11 Committee Meeting Times**

The Committee confirmed that they wish to continue to schedule the Finance Committee meetings on a Wednesday at 4.00pm for the 2020/21 academic year.

**12 Any other business  
Service to SAT**

The Chair raised the question if West Suffolk College should be charging appropriately for the services (at cost including overheads) under the SLAs that it provides to SAT. The Related Party Transactions Committee of the Trust review and agree these charges, but on the side of West Suffolk College, it was felt that the Corporation and this Committee should have more detail/understanding on what could/should have been charged for these services. In future the true cost of the College's services to SAT, including overheads, are to be reported to the Committee annually at the first meeting in the cycle.

SJones

**Date of next meeting**

Wednesday 13 May 2020 at 4.00pm. West Suffolk College TG1.16

The meeting closed at 5.00pm