

**Minutes of the meeting held at 5.40pm on 4 December 2019**

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

**In Attendance:** **S Jones, Vice Principal Finance and Resources**  
                          **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 D Wildridge. The Vice Principal Employer Engagement, L Moody also passed on her apologies.
- 2       Minutes of the meeting held on 6 November 2019**  
The minutes of the meeting were agreed as a correct record.
- 3       Matters Arising from the meeting held on 6 November 2019**
- 5       Committee Terms of Reference**  
Terms have been added 'to consider and oversee the arrangements of sub-contracted provision of the College, approving the sum proposed to fund; subcontractors to engage with; and/or the total subcontracted fund value for the academic year'.
- 9       KPI Reporting Proposal**  
The changes have been made as proposed. The graph has been removed as requested and the table remains with student numbers.
- 11      Subcontract Provision 2019/20**  
The next report has been added to the agenda for the meeting to be held on March 2020.
- 4       Finance Report – October 2019**  
At month three, the actual year to date surplus is £329K compared to the budgeted year to date deficit of £82K.  
  
Income overall is £163K lower than YTD profiled budget and staff costs are lower than YTD budget by £313K. Non-staff costs are also lower than profiled budget by £261K.  
  
It was noted that the forecast has been amended this month showing a revised increased operational forecast surplus for the year of £282K and for the first time the accounts show a potential best-case overall forecast surplus of £850K. The Committee agreed that the potential best-case year-end forecast was a positive addition to the report.

The balance sheet shows that the bank balance has increased from £7,808K in September to £8,584K in October 2019. This compares to a balance of £8,669K in October 2018, resulting a reduction year on year of £85K.

It was noted that the increased forecast variance of £195K under line 1.12 other support staff was correct as this recognised the budgeted savings on this staffing line now that catering services have been outsourced to Servest.

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

## **5 Key Performance Indicators**

The new format report shows that nine of the twelve metrics including the bank covenants are RAG rated Green and are compliant. The three variances to green status (one yellow and two red) show that the forecast total income is less than 2% of budget income (yellow status) but this is offset by a greater reduction in forecast total expenditure. The two red status metrics relate to HE enrolment numbers, actual FTE and FTE applications for the first year 2020/21 both being greater than 5% behind target. The Committee was assured that these metrics are being closely and regularly monitored.

## **6 Annual Report and Financial Accounts 2018/19**

The audited accounts and accompanying report of the governing body were shared with the Committee. It was noted that these accounts are compliant with current accounting standards and show a pre-FRS102 (pensions) surplus of £1,261,000 (£1,151,000 in 2017/18). The 2017/18 figure included Vintens rent which if excluded, would result in a pure operational surplus of £849,000. The operational surplus for 2018/19 equates to 4% of turnover.

The unqualified opinion of the accounts was noted and the Committee **approved** the accounts and endorsed their acceptance thereof to the Audit and Risk Management Committee who are to recommend they be approved by the Corporation at the meeting to be held on 13 December 2019.

The Head of Finance and the Finance Team were thanked for the production of the accounts.

## **7 Treasury and Loan Update**

The College has continued to invest surplus balances in deposits with Lloyds which offer a marginally better rate than leaving funds in the standing accounts. It was noted that the Treasury Management Policy of the College states that that in balancing risk and return, the College should not seek to chase return at the expense of risking losing funds.

The treasury deposits and balances as at 31 October 2019 were set out in the report confirming that the total interest earned for the first 3 months of this academic total £15K and for the year ending 31 July 2019 funds totalled £46K.

The College currently has three loan arrangements; 1 concludes 2028 on Libor + 1.5% terms; the other 2 conclude in 2030; 1 is on a fixed rate until 2022 then changes to variable, the other is fixed to 2030.

The Committee **accepted** the College's prudent approach to investment and borrowing arrangements.

## **8 Applications**

### **i. FE**

2019/20 enrolment numbers currently stand at 3,027 against the funding allocation of 2,970 (+24 on target); a record number for the R04 funding return and credit to Heather Daniels in the team should be acknowledged as she has worked arduously to ensure that every learner was recorded for the return deadline.

Applications for 2020/21 are consistent with the number of applications this time last year and pleasingly we are currently 9 higher for 16-18 students.

### **ii. HE**

As at 20 November 2019 the 2019/20 enrolment numbers stood at 487.10FTEs (565 students), 470FTEs are with the UoS and 17.1 are direct funded students on engineering courses.

Currently we have 13 applications for 2020/21 on UoS courses. This time last year we had 12. These applications are likely to be those applicants who deferred their place this year or intercalated from last year.

## **9 Any other business**

### **IFMC (Integrated Financial Model for Colleges)**

Colleges currently produce two financial returns per annum; the three year Financial Plan (FP) accompanied by the cash flow template (introduced in 2019) which is approved by the Corporation each July and the Financial Record (FR) which is produced in December after the accounts have been approved by the Corporation.

The ESFA has identified that the current system is not giving them sufficient notice of Colleges that are heading for financial problems since the first indication of an outturn for a financial year is when the FP is submitted in early August, by which time the year is complete. To address this, the ESFA has devised a new return which has been entitled the "Integrated Financial Model for Colleges" or IFMC for short.

Due to its late release (26 November 2019), the ESFA has extended the completion deadline from 31 January to 28 February 2020 however it will require the approval of the Corporation prior to the submission and during the transition year the FR would still need to be completed on top of this for submission by the usual December deadline. It is the intention that Colleges in future will only complete the new IFMC to the ESFA and the requirements of the FR and FP will fall away.

Fortunately, due to its late release (Tuesday 26 November 2019), the ESFA has extended the completion deadline from the 31 January to the 28 February 2020 (just for the first year) but it still requires the IFMC to be approved by the Corporation prior to submission and during the transition year the Finance Record still needs to be completed and this has a deadline of 20 December 2020.

It was noted that a sequence of events will have to be satisfied in order to achieve a timely IFMC return by the 28 February 2020 deadline. Options include extraordinary meetings of the Finance Committee and the Corporation to be convened late February 2020 to allow rigorous consideration and approval of the return or delegated power of the Corporation given to the Finance Committee to assess and approve the return. It was **resolved** that the Finance Committee will seek delegated power of the Corporation to undertake and satisfy the new IFMC requirements.

SClarke

**Date of next meeting**

Wednesday 11 March 2020 at 4.00pm. One Sixth Form College, Board Room

The meeting closed at 6.35pm