

**Minutes of the meeting held at 5.00pm on 6 November 2019**

**Present:**                **S Clarke (Chair)**                                **D Wildridge (Vice Chair)**  
                                 **E D'Souza**    **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.

- 1      Appointment of Chair and Vice Chair**  
The Corporation reviewed the appointments of Committee Chair and Vice Chairs at the meeting held on 8 July 2019. S Clarke remains Chair and D Wildridge appointed as Vice Chair to the Finance Committee.
- 2      Apologies for absence**  
Apologies for absence were received from C Higgins.
- 3      Minutes of the meeting held on 18 June 2019**  
The minutes of the meeting were agreed as a correct record.
- 4      Matters Arising from the meeting held on 18 June 2019**
- 5      Key Performance Indicators**  
As agreed at the last meeting the report is to include HE enrolments.
- 6      College Draft Budget 2019/20 and 3 Year Financial Forecast**  
As agreed adjusted surplus has been added to the monthly management accounts.  
  
The revised cashflow forecast was sent by email post 18 June 2019 meeting as requested.
- 5      Committee Terms of Reference**  
Each Committee is asked at its first meeting in the new academic year to review and approve its Terms of Reference.  
  
It was agreed that the Terms of Reference should reflect the responsibilities of the Committee with regard to Subcontracted provision; the subcontractors we are to engage with; the sum we are proposing to fund; and the total subcontracted funds for the year.  
  
Subject to this insertion the Committee, **resolved** that the Terms of Reference be **approved**.
- 6      Year End Outturn 2018/19**  
The report shows a surplus for the 12 months ending 31 July 2019 of £1.2m compared to June's forecast surplus of £346K. This surplus includes income relating to 2017/18 of £210K for HE and ESFA income.

**Action**

JBridges

The Committee questioned if our forecasting processes need adjustment given that between June and July the forecast position of £346K actually realised a £1.2m year end outturn. Had forecasting been more exact then we may have made different in year financial decisions. This was recognised and accepted by the finance team and better monitoring, regular adjustment and a less pessimistic approach will provide more accuracy in forecasting.

The Committee acknowledged the reconciliation between the management accounts surplus of £1.2m to the statutory financial statements deficit of £130K. This reconciliation comprises the pension adjustments which, although substantial are presentational entries rather than actual costs.

The balance sheet shows an increase in the bank balance from the forecast to the actual for the year of £430K. This is due to the increase in surplus and other variables such as the movement in accrual and prepayment balances which are dependent on the timing of when invoices are received, and the timing of payment for assets purchased and when capital grants have been received.

## **7 Finance Report – September 2019**

At month 2, the actual year to date (YTD) surplus is £98K compared to the budget surplus of £19K. Income overall is £358K lower than YTD profiled budget but with enrolments still being processed it is too early in the academic year to make realistic comparisons. The Committee recognised the HE income forecast shortfall is in the region of £260K.

The balance sheet shows that the bank balance has increased from £7,287K in July 2019 to £7,808K in September 2019. The current bank balance of £7,808K compares to the balance of £8,647K as at September 2018 which shows a reduction in the year of £839K, principally due to capital investment in the STEM Innovation Centre.

The Committee agreed that outturn forecasts should be reforecast at each meeting consistent with the approach of SAT to Financial reporting.

## **8 Key Performance Indicators**

The College has enrolled 2,908 students (16-18) against the funding target of 2,970. We are 62 fundable enrolments below the funding target but enrolments continue to come in from NCS, Princes Trust and courses with January 2020 starts. At the same reporting period 2017/18 were 107 fundable enrolments below the funding target of 2,995 so there is every confidence that the funding target of 2,970 this year can be achieved.

The number of HE enrolments is behind target by 52.5FTEs. The target FTE for first year students is 300. Actual offers accepted is 186 for UoS students and 33 for those who are direct funded students. This is 81 below target. It was noted that this KPI is RAG rated Red indicating that the variance between actual and target numbers are over 5% below target.

The Committee noted the forecast surplus remains the same as budget at £125K and it was noted that an initial reforecast will take place in December 2019 when enrolment numbers are more certain. The Committee received assurance that the known shortfall in HE income can be covered without significant impact on the surplus at this time.

The staff cost to income ratio calculations for September 2019 YTD comes in at 70.1% which is higher than the budget of 68.6%, reflecting the lower than budget staff costs, and lower than budget income as at September YTD. It was noted that the forecast Year End ratio at 68.6% is the same as the ratio target as budget.

All banking covenants are RAG rated Green and are compliant.

It was noted that the cashflow excludes the major payments and grant receipts in respect of the STEM Innovation Centre in order to reduce the impact on the minimum cash requirement for 2019/20. The reduction in balances in 2020/21 reflect expected investment in the estate and prudent assumptions around the revenue position. The drop in cashflow in the year down to £5.8m from £7.2m recognises the outgoing payments in respect of the investment in the STEM Innovation Centre and was considered reasonable.

## **9 KPI Reporting Proposal**

The Committee was asked to consider a revised presentation of the KPI report in order to improve clarity and make the KPIs more useful to the reader.

It is proposed that 12 metrics are used in future KPI reports; Cash reserves, Forecast Total Income, Forecast Total Expenditure, Forecast Surplus/(Deficit), Staff Pay as a % of Total Income, 4 x Banking Covenants, 16-18 Funded Actual Enrolment Numbers vs Budgeted numbers, HE Enrolment Actual FTE vs Target FTE numbers and HE Enrolment Application numbers vs same time last year. Commentary on each metric would be provided.

It was noted that the graph representing the 16-18 funded enrolments would not be required. A table could better represent student numbers. The Committee agreed to adopt the new presentation of the KPI report as proposed.

JRaffel

To supplement the KPIs reported at each meeting the Chair asked that the Committee also receives the ESFA KPI data dashboard annually following approval of the Financial Statements and uses these as benchmarks to compare our performance against other Colleges although it was acknowledged that other colleges data will be largely historic at the stage that WSC's data is produced.

## **10 Enrolments**

### **i. FE**

Enrolment numbers at induction were about 100 higher compared to the previous year. These continued to increase with late applicants and transfers from other educational providers and then as we approached the 42 day qualifying period we experienced a number of internal transfers to different programmes or apprenticeships or withdraw from their programme of study and we are looking at how we can re-engage with these learners.

Enrolment numbers now (as at R04) are 2,923 (2,908 reported in KPI report above) against the funding target of 2,970. Therefore enrolments are now 47 below funding target (not 62 as reported above) but there is confidence that the 2,970 allocation is achievable but unlikely by the R04 submission date. Our R04 return is likely to be in the region of 2,930 and it is this figure that is used together with student numbers in the previous year (2,993 against 2,995 funding target) that determine the lagged funding we will receive in 2020/21.

ii. **HE**

The latest, and the final enrolment total for HE students is 496.1FTEs (570 students). This is an increase of 36.9FTEs on the enrolment number last year. A higher number of level 4 and level 6 students have enrolled this year than the number last year.

There is a possibility that the reintroduction of capped numbers to HEIs could restrict student recruitment in the future but conversely there is hope that policy will change with HEIs no longer using unconditional offers to attract students. Having aligned our marketing and recruitment approach with the FE admissions team we are now running talks with year 13 Feeder Schools which has not been an approach we have tried before. These have been well received and have inspired interest in degree learning, on your doorstep.

It was noted that retention is a factor for this income line. The target retention is 96% and this is monitored and tracked regularly. The pitch point of focus is after Christmas.

**11 Subcontract Provision 2019/20**

The report detailed the subcontractors that the College intends to work with as joint delivery partners this academic year. It was noted that a small proportion of these subcontractors still have legacy learners but will deliver 100% of the Apprenticeship programme to them.

The Committee **approved** the total £758K allocated subcontracted funding for the 2019/20 academic year (including carry in) and the sums allocated to each provider listed in the report. It was noted that the team does not intend to enter into any other subcontracted arrangement where we can deliver the programme ourselves, it is only where expertise to deliver is not available in house and therefore income could be lost if we didn't enter into a subcontracted arrangement with another provider. The Vice Principal Employer Engagement confirmed that the College does not intend to engage with any other providers than those listed in the report.

The Committee confirmed that as a rule there is a reluctance to subcontract provision but there are opportunities to partner with others that have the expertise to earn income that would otherwise be lost to somebody else. The Committee asked to receive and review the subcontracted provision policy of the College earlier than annually at the June/July meeting of the Committee each year. The Vice Principal Employer Engagement will bring this to the meeting to be held in March 2020.

LMoody

**12 Any other business**

i. **Office for Students Designated Quality Body Return**

We received notification from the Office for Students that we were one of 278 (73%) HEIs who for one reason or another had failed to complete an annual regulatory requirement; in our case we failed to make timely payment of fees to the Designated Quality Body (DQB). The Committee was informed that the requirement to meet this deadline is underpinned by a general ongoing condition of registration and a failure to do so could constitute a breach of this condition of registration.

The Committee asked that this be investigated and resolved promptly. The Vice Principal Finance and Resources confirmed that the payment was made (in accordance with the College's normal payment terms), albeit 10 days later than

the requested payment date. The College system, for this creditor has now been adjusted to a shorter payment term in order to prevent a late payment occurring in the future so this has now been resolved. The Corporation will be notified of this event at the meeting to be held on 13 December 2019.

**Date of next meeting**

Wednesday 4 December 2019 at 4.00pm. TG1.16

The meeting closed at 6.10pm