

**Minutes of the VIRTUAL meeting held at 4pm on 24 June 2020**

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

**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  
C Meredith, Executive Dean for HE,  
A Wright, Head of Admissions and Student Futures  
T Elkin, Clerk

**Apologies:** There were no apologies

No member declared an interest in relation to items on the agenda

**1 Apologies for absence**

There were no apologies for absence.

**2 Minutes of the meeting held on 13 May 2020**

The minutes of the meeting held on 13 May were agreed as a correct record.

**3 Matters Arising from meeting on 13 May 2020**

SClarke noted the list of summer works which took the budget to £279k. Committee members were asked to agree to incorporating the additional budget. SJones is confident that by accepting the extra money the college can still generate a surplus this financial year. A revised forecast version of the accounts will incorporate this.

ED'Souza advised the committee to work towards a surplus budget due to financial pressures in future years. SJones was confident that staffing will come in lower to generate a surplus.

Committee members acknowledged the increased figure but agreed to try to work within it.

**4 Finance Report**

There is an improved deficit position. Committee members accepted the report. CHiggins asked whether the figures reflected everything that was needed to deal with COVID-19. SJones confirmed that West Suffolk College (WSC) is prepared in this financial year for the return of students back to site.

ED'Souza welcomed the year end budget result and questioned how hard had it been to get to this point? SJones advised, "There has been a level of discomfort" LMoody outlined the request made for additional I-pads and laptops.

*DWildridge joined the meeting at 4.23pm.*

SClarke questioned whether the committee needs to approve the payment of the staff pay award? SJones advised that if it's in the budget it's a decision for the CEO and Senior Executive. With the timing of the year end and the impact of COVID-19 it is part of the 'discomfort', i.e. without paying the pay award the college will deliver a surplus. If paid, the college would almost certainly deliver a deficit. It's unfortunate that staff could not be rewarded for their hard work. SJones advised that staff have been looked after very well

**Action**

in the time of crisis, job security is important, but staff have been retained and the college team feel positive with that degree of job security.

CHiggins added that if 1% cannot be afforded then maybe 0.5% could be paid to show willing? The committee members discussed further. NSavvas noted that in a meeting of Eastern College Principals and Pearson Further Education, the theme was that a lot of colleges are worried about cashflow. Some are concerned that they will run out of money in February 2021 and some have furloughed colleagues. "We took this challenge in our stride as we are prudent in how we spend our money. At WSC there has been no furloughing or redundancies and we are now looking for growth next year" NSavvas proposed a thank you to in writing to staff to recognise their hard work whilst ensuring that the budget delivers a small surplus.

SClarke proposed that the committee continues to monitor the budget closely, to determine if by the end of the financial year it's possible to make some payment to staff and to still deliver a surplus. This was agreed by committee members.

## **5 Key Performance Indicators**

ED'Souza questioned the banking covenant, what would be the impact of a breach of this? SJones outlined the possible response by the bank. If WSC made a loss due to COVID-19, they may accept this – but this could change. If there was a breach however, there is no prescribed process as what would happen but it enables the bank to request full repayment of the loans, WSC could therefore be insolvent – its unlikely that the bank would want to do this – any breach would certainly require the re-negotiation of the terms of the loan which could leave WSC slightly worse off.

SClarke was impressed with the model of the cashflow. PEwan was congratulated on her work on this.

## **6 College Budget 2020/21 and 3-Year Financial Forecast**

The proposed budget currently has a surplus of £200k and the committee reviewed the variation from last month to this month. SJones outlined the items that caused the change; some risk has been removed from the budget, there has been a reduction in HE income by £200k, financed by a reduction in the draft surplus; reduction in the payroll provision for next year and reduced non pay costs. However, all risk has not been entirely removed.

SClarke, asked, do you think we have taken a sufficiently prudent view of the HE reduction? SJones explained that if it comes in worse, CMeredith and SJones have already undertaken some scenario work but are quietly confident that this could be addressed. CMeredith added that forecasting conducted with SJones was not just done on intake but a variety of in year attrition scenarios. WSC is in a better position currently than the worse-case scenario.

CHiggins questioned, what does adjustments to the payroll mean? SJones explained that there is a budget allowance to cover a number of items i.e. investment posts etc. CHiggins asked if redundancies were included in the worst case? No.

The committee approved the 2020/21 budget.

Capital spend has not changed and is at £1.8m in the budget.

Committee members agreed that the figures appear prudent. The 2020/21, 2021/22 and 2022/23 forecasts were agreed.

SJones advised that due to changes, there is an interim set of returns that the ESFA require by the end of July which has changed the reference in the financial objectives to the adjusted surplus ratio. It was proposed that for the coming year, the college will try to achieve the same figure and the financial objective can remain the same in intent. The ESFA is currently reviewing its financial data submission processes.

CHiggins questioned whether the financial objective relating to cash generation is too vague as to whether the estate can be maintained? SClarke advised that external grants are relied upon to maintain the estate to the standard required. SJones proposed a change to the wording for clarification but CHiggins felt it was too specific. CHiggins proposed that it requires a target in the objective to ensure that the estate is maintained. SClarke proposed that he and SJones review the text before the presentation to the Corporation.

## **7 Full Time FE Application 2020/21**

AWright provided a summary of the report – there are approx. an additional 100 student applications since the issuance of the report.

A four-year trend has been added to the report to provide a long-range picture. The local labour market situation has been reviewed, to determine whether WSC needs to react. New courses have been introduced to respond to the local requirement. DWildridge thanked AWright, “It looks really good”

A lot of work is being done with local schools and WSC to support Year 11 students arriving in September.

## **8 HE Applications 2020/21**

CMeredith highlighted headlines from the report. Its possible to get to this level of data and get a grip on HE issues, for the first time. Some measures have begun to take effect following the issuance of the papers, there are about 10 new-accepts per week.

Historically January starts have been discussed, but following the government’s number controls, this no longer appears viable.

CHiggins noted that having the data outlines the direction that WSC should be going in – there was a possibility of picking up students in the local region as they are deciding not to move away, is this happening? CMeredith advised that the research samples are small but overall it appears that people are deciding not to move out of the region. There are likely to be big deferrals next year, experienced by the universities.

CHiggins discussed a worse-case scenario, in HE terms this means that some institutions may go under, if the University of Suffolk went under, what would be the impact on us? Could we continue to teach students if their courses are transferred elsewhere? CMeredith agreed that this would be an issue but WSC could adapt quickly – no one knows what a university going under would look like, and particular agreements would have to be put in place to ensure commitments to students.

ED’Souza questioned the deferring decisions made by students this year, is this a potential upside to the 3-year forecast made? Yes, CMeredith explained the impact further and the impact of international students could be crucial. WSC does not have the restriction that universities have which is halls of residence – “If we do a fast-paced bit of work and raise WSC’s profile, we could do well in next year’s deferrals market”

## **9 2020/21 Insurance Renewal**

Now approaching year 3 of a three-year insurance cover package and will re-tender next year. SJones noted that the financial regulations require approval for spend over £100k and this does cost not go over the threshold and therefore does not require the approval of the Finance Committee. The committee agreed that next year it can either come to this committee or approval or be dealt with via delegated powers.

## **10 Any Other Business**

Additional capital spend: the lease of part of the Gateway building for Abbeygate SFC is likely to be extended for a second year and Richard Stevenson has suggested that spend is made to accommodate students for a period of time, but cannot advise the duration at this stage. When the DfE have indicated that they want to move the temporary accommodation into the second year they will be committed to paying the rent for that

period. Committee members were made aware that even though a financial commitment has been made by the DfE of £500k, it would be unlikely that the full amount would be received.

The £150k is genuine additional cost relating to purchases made to allow the lease to continue. SJones confirmed that laptops are a large part of this cost, required to enable mobile working, plus the cost of converting rooms into classrooms.

SClarke clarified that this is capital expenditure. SJones and NSavvas outlined the process and the contract with the DfE, WSC is entitled to some monies as Abbeygate have not yet given notice of removal from site. SClarke proposed that if the committee has the power to approve it then this should happen, or if the committee only has the power to recommend this to the corporation it should be approved. EDS agreed that he would be prepared to approve this as a Chair's action and then report this back to the next meeting of the corporation.

ED'Souza

SClarke thanked everyone for their hard work and contributions.

Date of next Meeting:

- Wednesday 4 November 2020 at 4.00pm

The meeting closed at 5.17pm