

Minutes of the virtual meeting held on 10 March 2021 at 5.05pm

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

In Attendance: A Wright, Head of Admissions and Student Futures
C Meredith, Executive Dean of Higher Education
J Raffel, Group Director Finance
L Moody, Vice Principal Employer Engagement
P Ewan, Head of Finance
S Jones, Vice Principal Finance and Resources
S Gales, Board Secretary

Apologies: T Elkin, Clerk

CHiggins, DWildridge, ED'Souza, NSavvas and SClarke declared their role as Trustees of Suffolk Academies Trust.

No other attendees declared an interest in relation to items on the agenda

1 Apologies for absence

There were apologies for absence from T Elkin, Clerk.

2 Minutes of the meeting held on 2 December 2020

The minutes of the meeting held on 2 December 2020 were **agreed** as a correct record.

3 Matters Arising from meeting on 2 December 2020

The matters arising from the meeting were summarised in the report and all actions reported had either been completed or, where appropriate an update had been provided on progress elsewhere on the agenda.

4 Applications

i. Sixth Form

As at 23.02.2021 there are 1,784 new 16-18 (19-24 EHCP) applications and 1,682 progressing students (compared to 1,719 and 1,513 respectively, at this point last year).

AWright noted that historical conversion rates average at 85%, therefore at current application status we are looking at an enrolment figure of 2,946, however we would expect in excess of 500 additional applications prior to September 2021.

ii. HE

As at 22.02.2021 there were 187 applications compared to 217 at this point last year. Governors queried what the cause of this was. AWright summarised the contributing factors: reduced course offer this year, lack of awareness of our offer with the external market; but noted the growth (from 35% to 67%) in internal applications (progression from the College's Level 3 provision). Governors asked the cause of this internal uptake. AWright confirmed that this has been due to much more joined up working across Sixth Form and HE, as well as supporting students to see the progression routes available to them and how this links to a job with prospects. AWright confirmed that focus is now on converting applications to enrolments, and observed that historical evidence suggests that, given the majority of applications are internal, conversion to enrolments is more probable.

Our external marketing campaign, promoting our partnership with UEA, will likely bring new applications however it is unlikely that we will meet the 2021/22 target (275). CMeredith noted that close monitoring of applications and conversion rates, alongside the intelligence around Level 3 recruitment numbers will ensure target setting for 2022/23 is realistic and achievable.

CMeredith also summarised the HE strategy for next year which will hopefully help increase enrolments.

5 **Finance Report – January 2021**

SClarke summarised the financial position at month six: overall income is £16.15m (£266k lower than YTD budget), staff costs are £10.9m (£29k higher than YTD budget), and non-staff costs are £5.06m (£360k lower than YTD budget) resulting in a net surplus of £182k (vs. £118k YTD budget). SClarke noted that scoping of more uncertain costs/incomes suggests a potential revised year-end £347k surplus is achievable.

- *ESFA income 16-18* – actual income is higher than budget YTD by £174k
- *HE income* – actual HE income is under budget YTD by £11k
- *ESFA and CMA Income – Adults* – actual income is under budget YTD by £406k. SJones noted that whilst enrolments will continue to be added throughout the year, due to covid-19 enrolments have been postponed. As such, the mid-year return shows a forecast of £140k less than budget for the year, which means that (unless the ESFA adjust the normal 97% achievement threshold on income) £140k is open to clawback. SJones noted that, once the national and devolved positions are known, the forecast will be amended accordingly.
- *ESFA Income – Apprentices* – income is £191k below profiled budget but will increase as enrolments continue throughout the year. The forecast income has been reduced by £150k in line with detailed monthly forecasting reports, with a further reduction of £30k in the potential revised surplus. SJones noted that this reduction in income has been matched by a reduction in partner costs.
- *Fee and Full cost courses* - actual income is below budget YTD by £109k as many courses booked have been pushed back because of covid-19/lockdown. SJones noted that the forecast has not been changed as we expect that the current actual negative variance will be reduced throughout the remainder of the year.
- *Commercial and Misc. income* – actual income is above budget YTD by £22k which is flattered by the rental income of The Gateway.
- *Actual staff costs* – overall are higher than budget YTD £29k.
- *Premises costs* - actual costs are higher than budget YTD by £33k which is in line with the expected forecast spend for the year.
- *Non pay costs – Other* – actual costs are £306k under YTD budget including savings on travel, marketing, hospitality and PD.
- *Non pay costs – Exam fees* - actual costs are lower than budget YTD by £89k
- *Sub-contract partner costs* - actual costs are lower than budget YTD by £94k and forecast costs have been reduced by £150k and this has been matched to a reduction in Apprenticeship income. There is a further reduction in partner costs included in the potential revised surplus of £18k.
- *Covid impact* - the forecast includes a net reduction to surplus of £282k relating to exceptional costs and reduction of income due to Covid-19/lockdown with a further net reduction in the potential forecast of £83k making the total potential reduction to surplus due to Covid of £365k and YTD actual reduction to surplus of £202k. The additional forecast costs include PPE equipment and additional cleaning. The reduced forecast income includes student bus pass income, loss of catering income, loss of restaurant income, loss of car park income, and reduced full cost course income. These reductions to surplus are offset by forecast savings in staff travel, hospitality, and a reduction in the restaurant costs.

The Committee queried how the forecasting could be made more certain, in order to ascertain how likely the potential surplus was, and what measures the college is/could take if the AEB income is clawed back? SJones confirmed that he has been lobbying

through local and national networks to elicit a response from the ESFA and from the devolved CPCA who hold the AEB budget for their area. SJones also advised that we have the budgeted non-consolidated pay award which we could use to balance the budget in the event of a clawback. SJones agreed to share updated forecasting with SClarke.

SJones

6 **Contracts – Annual Report**

The Committee received and considered the report which summarised the contracts between £50k – £100k approved during 2020.

7 **Key Performance Indicators**

SClarke explained that the format of the KPI report is being re-considered to align with best practice and to clearly link mitigation commentary to the lines within the report.

RAG rating of the data shows: 8 green and 4 red KPIs as at the end of January. KPI 3 is rated as red as this is >2% over budget, KPI 4 is rated as red as the revised surplus is >20% under budget, KPI 5 is rated red as it is >1% over budget and KPI 12 is rated as red as these are >10% behind the target.

KPI 1 Cash Reserves £8.8m vs. £1m benchmark

KPI 2 Forecast Total Income £33,777,000 vs. £32,876,000 budget

KPI 3 Forecast Total Expenditure £33,757,000 vs. £32,676,000 budget

KPI 4 Forecast Total Surplus / Deficit £20,000 vs. £200,000 budget

KPI 5 Forecast staff costs as % of Forecast Income 69.1% vs. 67.9% budget

KPI 6 [Banking Covenant] Total external debt : Total Funds 14.5% vs. bank specified ratio <65%

KPI 7 [Banking Covenant] Total borrowing cost : Total income 2% vs. bank specified ratio <7%

KPI 8 [Banking Covenant] Revenues reserves £34.8m vs. bank specified ratio >£8m

KPI 9 [Banking Covenant] Incurring deficit greater than 2 years in a 3-year consecutive period Forecast surplus for year of £20,000 vs. target of a surplus in 2 out of every 3 years

KPI 10 16-18 Funded actual enrolment numbers 3,147 vs. funding target of 3,132

KPI 11 HE enrolment actual FTE numbers for 2020/21 457 vs. 462 at first census

KPI 12 HE FTE application numbers for 1st year 2021/22 192 vs. 275 at 31/01/2021

NSavvas joined the meeting at 5.46pm

8 **ESFA Funding Allocations**

SJones shared the recently published ESFA funding allocation for 2021/22 is for 3,190 16-18 students (compared to 3,132 last year) which equates to an overall increase in income worth £750k.

Governors queried the impact to operations and budgets if we exceed our 16-18 student allocation again. SJones confirmed it depends on the spread of the enrolments, if they are dispersed over the course offer this will likely increase utilisation and efficiency; however if they all align to one area this could incur additional staffing and resources costs.

DWildridge left the meeting at 6.00pm

9 **Financial Regulations Review**

SClarke noted the link of this item to agenda item 12 and asked if items relating the agile approval process (i.e. approval of unbudgeted expenditure, waving of standard tender processes and approval of contract levels) could be considered separately under agenda item 12. The Committee discussed whether the Governance Review will impact on the Financial Regulations but discussed that any resulting changes can be considered / implemented at a later date after the review is complete.

The Committee **approved** the Financial Regulations (subject to further amendments as discussed in agenda item 12) and agreed to recommend it to the Corporation for approval.

<p>10</p>	<p><u>Treasury Management Policy</u> The Committee reviewed and approved the Treasury Management policy.</p> <p>SJones informed that as part of best practice a 'Best Value' review of banking services should be undertaken every 5 years, which we could now look to undertake this exercise. The Committee agreed to undertake an internal review to consider whether a formal review of banking services at the current time would be likely to achieve sufficient benefits to justify the resources required to undertake it.</p>	<p>SJones</p>
<p>11</p>	<p><u>Overview of terms of Validation Agreement with UEA</u> The Committee received and reviewed a summary paper outlining the terms within the validation agreement with UEA. CMeredith summarised that the targets as set, for years four and five, were 216fte (in 2021/22) resulting in a total population of 227fte (assuming 7% attrition); and 238fte (in 2022/23) resulting in a total population of 443fte (assuming 7% attrition), which will result in fees for 2021/22 of between £176k and £235k and for 2022/23 of between £340k and £460k</p> <p>The Committee queried the risk associated with the targets. CMeredith observed that there is a +/-25% margin to these targets so we are confident that we can recruit within this margin.</p> <p>The Committee asked CMeredith to provide update to Corporation in July to show the updated enrolment targets and how this compares to the targets in the validation agreement.</p>	<p>CMeredith</p>
<p>12</p>	<p><u>Agile Approval Process</u> SJones summarised that in response to a growing number of opportunities and funds which require approval at relatively short notice, it would be helpful to have an agile process to consider and approve these items. The Committee discussed adding some criteria in the financial regulations, to then allow a more agile approval process to be followed.</p> <p>The Chair and Executive to review the process further and then to circulate new/revised sections of the Financial regulations for approval.</p>	<p>SClarke SJones</p>
<p>13</p>	<p><u>Value for Money and benefits of shared services</u> Governors outlined the need to be able to demonstrate the value and benefits of shared services with SAT. SJones to prepare the quantitative (financial) data, NSavvas to prepare the summary of the qualitative benefits.</p>	<p>SJones NSavvas</p>
<p>14</p>	<p><u>Committee Meeting Times</u> The Committee agreed to extend the meetings in 2021/22 to be 1.5 hours long, starting at 4.30pm.</p>	<p>SGales</p>
<p>15</p>	<p><u>Any Other Business</u> No business raised.</p> <p>Date of next Meeting:</p> <ul style="list-style-type: none"> • Wednesday 10 March 2021 at 5.05pm <p>The meeting closed at 6.28pm</p>	