

Minutes of the virtual meeting held on 12 May 2021 at 5.05pm

Present: C Higgins N Savvas, CEO (part)
E D'Souza 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, 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 10 March 2021

The minutes of the meeting held on 10 March 2021 were **agreed** as a correct record.

3 Matters Arising from meeting on 10 March 2021

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.

NSavvas joined the meeting at 5.13pm

4 Applications

i. Sixth Form

3,649 students have put WSC as their first choice and have applied for 2021/22 (compared to 3,470 last year; an increase of 5%); this includes 1,996 new 16-18 students (compared to 1,954 last year; an increase of 2%). Of the new applications 1,861 have been formally offered a place (compared to 1,233 at this point last year; an increase of 51%).

ii HE

223 students have applied to University Studies for 2021/22 (compared to 212 last year; an increase of 5%); of which 189 have been offered a place (compared to 142 at this point last year; an increase of 33%). Of those offered places, 73 have accepted and 44 have declined (compared to 76 and 59 respectively last year). Analysis of the applications received shows an increase in Engineering and Construction course application; and a growth in external applications compared to February data. CMeredith noted that as we transition away from University of Suffolk to direct funded provision, we will be reporting this increase in student numbers to the Office for Students as this constitutes as a reportable event.

Governors asked if Covid-19 has had a positive impact on HE applications. AWright noted that we are not seeing a significant uptake as a result of Covid-19.

Governors asked if there was a way to also report on Apprenticeship application data. LMoody agreed to share a proposed template report for Apprenticeship data with

LMoody

SClarke, in readiness for Apprenticeship pipeline forecast data to be presented at first meeting in 2021/22. LMoody observed that unlike FE and HE, Apprenticeships are dependent on employment vacancies and often these vacancies are directly offered to students, and therefore the data is harder to track.

5 Finance Report

Governors received and considered the detailed financial report provided, and SClarke summarised the key data:

- The year to date position is a contribution to reserves of £248k (compared to £413k year to date budget).
- The year-end forecast position is a surplus of £334k.
- Potential best-case contribution to reserves is £1,894k surplus with a worst-case contribution of £604k deficit.

Governors asked, given the recent announcements about AEB, where the College budget stands. SJones answered that given the AEB tolerance has been relaxed from 96% to 90%, and we are anticipating to be circa £40k below the 90% threshold, so the Executive are considering whether to subcontract this provision to avoid clawback and to protect our AEB funding allocation for 2021/22. LMoody is also speaking with ESFA colleagues to anticipate the likelihood of reduction in 2021/22 AEB allocation if there is marginal under delivery. Governors queried how confident we felt that we would achieve the full year forecast for ESFA income. LMoody noted that the EE team have great confidence that given the uptake in the market and planned pipeline that this is achievable.

Governors queried whether the budgeted pay award will be a consolidated pay award or non-consolidated pay awards, and whether we need to consider the impact for staff on the lower-pay scales. NSavvas noted that pay awards are only part of the picture; we have removed several of the lower pay scales which we felt were below the cost of living and we have continued to remunerate staff appropriately by undertaking regular pay scale reviews and progressing staff within their pay scales. Governors noted that we need to review pay awards, salary scales and our methodology to pay progression to ensure we are awarding staff fairly and in a way that drives positive outcomes (e.g. looking at retention data and recruitment metrics). Governors **agreed to recommend** to Corporation that it considers where HR and pay awards are considered within the governance structure.

SGales

6 Key Performance Indicators

Governors received and considered the KPI Report provided, and SClarke introduced the new style report which split KPIs into ESFA KPIs and WSC KPIs. Governors noted the improvement of the report, and asked SJones to include further information on how the benchmarks have been established.

SJones

SClarke noted that of the KPIs, RAG rating of the data shows: 14 green, 3 amber and 1 red KPIs. KPI 8 is rated as red as this remains significantly behind the target.

ESFA KPIs

- 1 Financial Health Grade: Graded as 'good' based on low EBITDA ratio 0.9% (compared to a benchmark of 'good')
- 1.1 Adjusted Current Ratio: 3.9 (compared to a benchmark of 3.06)
- 1.2 Adjusted Cash Days in Hand (Income basis): 83.69 (compared to benchmark of 84.29)
- 1.3 Cash Reserves: £7.64m (compared to a benchmark of £1m)
- 1.4 Performance Ratio (EBITDA - standard): 0.9% (compared to a benchmark of 0.51%)
- 1.5 Forecast Staff Costs as % of Forecast Income (excluding franchised income): 69.7% (compared to a benchmark of 69.4%)
- 1.6 Borrowing as % of Forecast Total Income: 14.3% (compared to a benchmark of 14.7%)
- 1.7 Forecast Debt Charge as % of Loans: 2.1% (compared to a benchmark of 2.3%)

WSC KPIs

- 2 Forecast Total Income: £33.76m (compared to a benchmark of £32.88m)
- 3 Forecast Total Expenditure: £33.43m (compared to a benchmark of £32.68m)

- 4 Forecast Total Surplus / (Deficit): £0.334m (compared to a benchmark of £0.20m)
- 5.1 Total External Debt as % of Total Funds: 13.6% (compared to a benchmark of < 65%)
- 5.2 Forecast Borrowing Cost as % of Forecast Total Income (adjusted): 1.4% (compared to a benchmark of 7%)
- 5.3 Revenue Reserves: £34.99m (compared to a benchmark of >£8m)
- 5.4 Incurring Deficit > 2 years in 3 year period: Actual 2 years history and forecast 2020/21 is surplus
- 6 16-18 Funded Actual Enrolment Numbers: 3,162 (compared to a benchmark of 3,132)
- 7 HE Enrolment Actual FTE Numbers for 2020/21: 450.0 (compared to a benchmark of 462.0)
- 8 HE FTE Application Numbers for 1st year 2021/22: 223.0 (compared to a benchmark of 550)

7 **Draft Budget 2021/22**

SClarke explained the budget review and approval process to new Trustees: the initial draft budget reviewed today is to enable Trustees to challenge the assumptions and methodology used before the final budget is reviewed by the Committee in June, which it then recommends to the Corporation for approval in early July, in readiness for the budget and 3-year plan to be submitted to the ESFA at the end of July 2021.

Governors received and considered the draft budget provided, and SClarke summarised the key data:

- The budget is predicated on funding for 3,190 ESFA funded 16-18 students, an increase for Apprenticeships circa £575k and for Adults circa £94k, and an additional 200 HE students.
- Income is £33,943k.
- Staff costs is £22,638k.
- Non pay costs is £11,106k.
- Contribution to reserves of £200k.

Governors asked if, given the announcement about the lifelong learning loan, what is the likely impact 2021/22 and whether it is included this in the budgeting. LMoody noted that we don't know yet what the impact will be as it depends on the allocation we receive, but we are working with funding partners to find out this information as soon as possible to plan the budget.

Governors queried the composition of the savings identified within the budget. SJones summarised the composition which include both pay costs and non-pay costs; and noted there is additional scope in the budget to make additional savings should this be needed.

Governors queried why the proposed capital budget has been set at £2.2m. PEwan noted that this includes £1m to maintain and refurbish the estate, circa £250k for generic capital budgets, leaving circa £950k for capital requests included in Operational Planning

Governors **supported the methodology and assumptions** used to produce the draft budget, and subject to any further changes and/or input from the Property Committee, support the Executive finessing this report for consideration at the next Committee meeting.

8 **Internal Review of Banking Services**

Governors received and considered the internal review report provided, and SClarke summarised the key points:

- Low interest rates mean there is limited scope to earn interest.
- The College has an established relationship, and experiences no problems with, Lloyds Bank and their charges are minimal.
- Two out of the College's three loans are on fixed terms and with fixed interest rates, therefore any movement of loan financing to an alternative provider would be cos prohibitive due to breakage costs.

- No other banking providers in the sector are offering a more attractive service. Therefore, it is not considered beneficial at this time to market test for alternative banking services.

Governors **approved** and **agreed to recommend** the recommendation that Lloyds Bank continue to provide day to day banking services to the Trust; and agreed for a further review of banking services to be conducted in 5 years' time.

9 Value for Money and benefits of shared services

Governors received and reviewed the report. The report notes that the College benefits from shared services in excess of almost £550k per annum (if all chargeable elements were employed at WSC as full-time posts), and enables the College to afford a staffing structure with highly skilled and experienced specialists leads which, otherwise it could not afford and gives greater security for the College, with bigger specialist teams across the Group aiding succession planning and fulfilling our ambition to grow our own staff.

The report also notes that the Group structure means that both the College and Trust benefit from a common understanding of the overall strategy with everyone pushing in the same direction, creating efficiencies, maximising returns on investments in infrastructure and equipment, and reducing the overall staffing budget. Working together harnesses both the College and Trust's extensive external relationships and networks, unlocking opportunities for all our students and ensures we do not become competitors within the region.

Governors commended the report and agreed that shared services with the Trust remains highly beneficial to both organisations

10 T Levels and Transformation Fund

Governors received and reviewed the report which noted that the College has submitted six applications for funding, all of which have an expectation of match-funding which varies by application. The report notes that if all applications were approved and implemented by the College, this would lead to a substantial reduction in the College's cash reserves; however there is no contractual obligation on the College's part to proceed with all of the applications should they be approved by the DfE. Governors agreed to keep this under review at future meetings.

SJones

11 Supply Chain Policy and Subcontracting

Governors received and reviewed a paper confirming the sub-contractors which the College works with; however, the Supply Chain Policy was not included. LMoody to submit Supply Chain Policy for consideration at the next meeting.

LMoody

12 Any Other Business

• **LIBBOR contract**

SJones noted that, as LIBBOR is coming to an end this year, we will be reviewing and updating the wording banking loans. Governors **agreed to delegate** approval and signing of the updating wording to SClarke, ED'Souza and NSavvas.

• **Essex and Suffolk School of Purchasing**

LMoody noted that, following the Corporation meeting on 23 March 2021 where the Corporation agreed to delegate further consideration and potential approval to the Finance Committee (up to the maximum value of £180k), we have now agreed a price under the maximum value. Therefore, Governors **agreed** to proceed with the purchase of the company and asked LMoody to bring update report outlining full details of the purchase to next meeting.

LMoody

• **Refurbishment of Australia House roof as part of FE Capital Grant fund**

SClarke noted that we have now received the three quotes for the refurbishment of Australia House's roof. The original estimate for the works was £350k + VAT, however the quoted received have been: £531k + VAT, £411k + VAT and £391k + VAT. The College has engaged Pick Everard to carry out a post-bid tender evaluation on its'

behalf and to recommend who the College should appoint based on Cost, Delivery and Quality. Governors supported this approach and **agreed to delegate** oversight and approval of this expenditure to SClarke, with a 10% additional contingency.

Date of next Meeting:

- • Wednesday 23 June 2021 at 4.30pm

The meeting closed at 6.33pm