

## FINANCE COMMITTEE

### Minutes of the hybrid meeting held on 3 November 2021 at 4.30pm

**Present physically:** N Savvas, CEO S Clarke, Chair

**Present virtually:** C Higgins, Vice Chair E D'Souza

**In Attendance:** A Wright, Group Director Progression  
J Raffel, CFO  
L Moody, Principal Strategic Growth and Partnerships  
P Ewan, Head of Finance  
R Bamford, Group Vice Principal Data and MI  
S Gales, Governance Professional

**Apologies:** None

#### 1 Appointment of Chair and Vice Chair

The Committee recognised Steve Clarke as the Chair and Chris Higgins as the Vice Chair of the Finance Committee for 2021/22, as appointed by the Corporation at their meeting on 9 July 2021

#### 2 Declaration of Interests and Apologies for absence

CHiggins, ED'Souza, NSavvas and SClarke declared their roles as Trustees of Suffolk Academies Trust. No other conflicts of interest in relation to the items of the agenda were declared.

There were no apologies.

#### 3 Minutes of the meeting held on 23 June 2021

The minutes of the meeting held on 23 June 2021 were **agreed** as an accurate record.

#### 4 Matters Arising from meeting on 23 June 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.

- |      |  |                    |
|------|--|--------------------|
| MA1  | L Moody to share an updated template report for Apprenticeship pipeline forecast data with SClarke, in readiness for reporting at the next meeting.    | L Moody            |
| MA2  | SClarke and JRaffel to agree how the benchmarks are established and to ensure the calculations used for our ESFA KPIs align to those used by the ESFA. | SClarke<br>JRaffel |
| MA6  | JRaffel to ensure all future Committee and Corporation reports on financial performance to be monitored against the approved budget                    | JRaffel            |
| MA10 | L Moody, for future report, to track changes to the Supply Chain Policy to help Governors monitor the proposed amendments.                             | L Moody            |

#### 5 Committee Terms of Reference and Committee Skillset

Governors received, considered and **approved** the draft Terms of Reference and Committee Skillset provided, subject to the amendment of Term 11 to review the related party transactions both inflowing and outflowing from the College.

SGales

#### 6 Finance Report

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

- The year to date deficit is £24k compared to the budgeted year to date surplus of £215k.
- Overall income, staff costs and non-staff costs are lower than year to date profiled budget.

The Committee noted that the forecast has not been amended and remains as original budget but will be reviewed on a quarterly basis and included in the Oct finance report.

### Action

The Committee noted that we have under-recruited HE students and so we expect to reforecast the budget lines to balance the expenditure accordingly.

The Committee queried the Adult, Apprenticeships and Fee and Full Cost course lines which are behind budget. LMoody confirmed that this is due to the time of year, and the teams are working to support enrolments in these areas.

## 7 Key Performance Indicators

Governors received and considered the KPI report provided, and SClarke noted that work continues to further improve the KPI metrics for 2021/22.

SClarke noted that of the KPIs, RAG rating of the data shows: 11 green, 6 amber and 1 red.

### ESFA KPIs

- 1 Financial Health Grade: Graded as 'good'
- 1.1 Adjusted Current Ratio: 2.17 (compared to a benchmark of 1.52)
- 1.2 Adjusted Cash Days in Hand (Income basis): 101.48 (compared to benchmark of 50.18)
- 1.3 Cash Reserves: £9.3m (compared to a benchmark of £7.38m)
- 1.4 Performance Ratio (EBITDA - standard): 0.6% (compared to a benchmark of 0.56%)
- 1.5 Forecast Staff Costs as % of Forecast Income (excluding franchised income): 69.6% (compared to a benchmark of 69.6%)
- 1.6 Borrowing as % of Forecast Total Income: 12.6% (compared to a benchmark of 12.6%)
- 1.7 Forecast Debt Charge as % of Loans: 2.3% (compared to a benchmark of 2.3%)

### WSC KPIs

- 2 Forecast Total Income: £33.94m (compared to a benchmark of £33.94m)
- 3 Forecast Total Expenditure: £33.74m (compared to a benchmark of £33.74m)
- 4 Forecast Total Surplus / (Deficit): £0.2m (compared to a benchmark of £0.20m)
- 5.1 Total External Debt as % of Total Funds: 12.15% (compared to a benchmark of < 12%)
- 5.2 Forecast Borrowing Cost as % of Forecast Total Income (adjusted): 0.4% (compared to a benchmark of 2%)
- 5.3 Revenue Reserves: £35.08m (compared to a benchmark of >£34.89m)
- 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: 3,175 (compared to a benchmark of 3,244)
- 7 HE Enrolment Actual FTE Numbers for 2021/22: 357.0 (compared to a benchmark of 475.0)
- 8 HE FTE Application Numbers for 1st year 2022/23: n/a (compared to a benchmark of 550)

NSavvas advised that the under-recruitment of HE students will result in a loss of income in the region of £1m, so the Executive are working proactively to grow other income streams and make efficiencies. The Committee asked for an update at the next meeting.

NSavvas

The Committee queried the accuracy of the budgeted cashflow forecasting for 2021/22. NSavvas noted that the forecasting is skewed based on match funding for all the bids we were pursuing and can be recalculated given we now know the actual match funding and income. JRaffel to update the report and circulate to the Committee with commentary to provide assurance as to the College's cashflow position.

JRaffel

## 8 Enrolments

Governors received and considered the report provided, and AWright summarised the key data:

- 3,181 ESFA funded 16-18 enrolments (+73 vs. last year)
- 137 HE enrolments (-28 vs. last year)

- The HE application to enrolment conversion rate has declined significantly from 59% last year to 47% this year

The Committee queried whether the trend of ever increasing 16-18 student recruitment is sustainable. AWright confirmed that our 16-18 recruitment continues to grow as we work closely with feeder schools to support progression. We regularly monitor the demographic data of our community and anticipate that it will dip in the coming years, however our focus is growing our market share to become the provider of choice for students.

The Committee queried why there has been under-recruitment for HE. NSavvas noted that nationally, as a result of the teacher-assessed grading process which resulted in higher grades (and therefore UCAS points) the trend has been for more students applying to Russell Group. AWright added that initial data suggests that our internal conversion rate remained constant, however external applications did not convert at the same rate. AWright is conducting additional research and will report back at the next meeting.

**9 Apprenticeship Pipeline**

*Item discussed in Matters Arising.*

**10 2020/21 Year End Outturn**

Governors received and considered the Year End Outturn paper provided and SClarke summarised the success of the 2020/21 year and the very favourable year end position of £559k surplus and a cash balance of £9.4m.

The Committee commended the Executive's financial management of the Trust to achieve the very favourable year end position. NSavvas thanked the Trustees for their support steering the Trust throughout the pandemic.

The Committee requested that additional commentary be added to the annual accounts to communicate the extraordinary financial performance of the College.

JRaffel

**11 Cost of WSC Services to SAT Annual Report**

Governors received and considered the report provided which covers the actual costs involved in providing services to SAT for the period 1 September 2020 to 31 August 2021. JRaffel to provide the Committee with the actual costs involved in receiving services from SAT for the period 1 September 2020 to 31 August 2021 at the next meeting.

JRaffel

The Committee discussed that, following the ESFA's rejection of the related party transactions between SAT and WSC, we are working with our auditors to agree how best to record the transactions appropriately.

The Committee noted that the services provided to SAT are being provided below cost and discussed whether this was sustainable. NSavvas noted that we continue to work with the ESFA as part of the Pathfinder Group to consider a different way of sharing services between SAT and WSC at cost.

**12 Bid Register Update**

Governors received and considered the bid register provided and discussed the bids which have been successful, unsuccessful and are pending outcomes.

SClarke summarised the approval process within the College's Financial Regulations and SGales noted that in September 2021 SClarke, as Chair of the Committee and in accordance with the College's Financial Regulations, approved that the Executive proceed with sourcing suppliers to deliver the T-Level projects.

The Committee commended the initial report but asked for additional development of the report to support ease of reading, separate capital and revenue funding, and provide search and filtering functionality.

JRaffel

The Committee queried whether the Executive has sufficient capacity and expertise to support the bids. NSavvas informed that for capital bids: we are working with a bid writing company to provide the capacity and expertise to apply for funding; with external project managers to deliver capital projects; for revenue bids: we have dedicated bid writing staff and within the project ensure sufficient funding to deliver the project.

**13 Any Other Business**

• **ESFA Financial Forecasting Return**

SClarke advised that we have now received the ESFA Financial Forecasting Return. JRaffel to share with the Committee at the next meeting.

JRaffel

The meeting closed at 5.38pm