

FINANCE COMMITTEE

Minutes of the hybrid meeting held on 16 March 2022 at 4.30pm

Present physically: N Savvas, CEO S Clarke, Chair

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

In Attendance: A Haddon, Interim Financial Consultant
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 **Declaration of Interests and Apologies for absence**

C Higgins, E D'Souza, N Savvas and S Clarke 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.

2 **Minutes of the meetings held on 16 February 2022**

The minutes of the meetings held on 16 February 2022 were **agreed** as an accurate record.

3 **Matters Arising from meeting on 16 February 2022**

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.

MA5 Governors received an updated apprenticeship pipeline report. L Moody and P Wilson to explain the methodology used to the Chair and include this in future reports.

L Moody
P Wilson

A Haddon joined the meeting at 4.35pm

4 **Finance Report**

Governors received and considered the detailed financial report provided alongside the information in the WSC Report to Governors on Deficit Avoidance in 2021-22 received by the Committee on 8 March 2022. S Clarke summarised the key data:

- The year to date deficit is £609k compared to the budgeted year to date surplus of £150k.
- A revised full year forecast of £80k if the saving identified are achieved.

J Raffel summarised how the savings identified in the deficit avoidance report were identified and agreed by the Executive, and noted the appointment of A Haddon to closely monitor progress against the deficit avoidance plan.

Governors discussed the additional teaching staff costs and queried how confident we are that expenditure will not exceed the re-forecasted figure. J Raffel summarised the mitigations and checks in place to manage the teaching staff budget. N Savvas noted that we are reviewing staffing structures to increase staff utilisation and efficiencies, without making redundancies.

Governors noted that it is imperative that we improve the operational planning process, to improve the accuracy of the methodology used for budgetary planning. N Savvas agreed and noted that we have strengthened the finance team to facilitate this.

Action

Governors noted the areas identified which could recognise additional income and queried how likely the additional income is. J Raffel summarised the sources of this income and noted that future reports will include additional information to give RAG rating and a minimum and maximum likely range per income line.

Governors queried the increase in 'other grant' income and how secure this income was. P Ewan explained this income and noted that it is secure income.

Governors queried why depreciation has increased beyond the budget. J Raffel noted that the original budget was not accurate.

Governors **agreed to receive** the February accounts next week, with progress against the re-profiled budget highlighted; and agreed that if significant progress had been made and sufficient assurance provided Governors will meet as planned in May or, if insufficient progress has been made, to convene an extraordinary meeting.

Governors asked why the budget and forecast figures in the apprenticeship pipeline report differs to the figure in the finance report. J Raffel and L Moody to reconcile the figures.

J Raffel
L Moody

5 **Key Performance Indicator Report**

Governors received and considered the KPI report provided. S Clarke noted that of the KPIs, RAG rating of the data shows: 11 green, 3 amber and 4 red.

Governors noted that the red KPIs relate to expenditure, behind-budget HE income and the surplus/deficit; which have been discussed above.

Governors queried how likely it is that we will achieve the 16-18 funding actual enrolment target. N Savvas noted that we are on track to achieve the target.

Governors queried the progress on generating HE applications for 2022/23. N Savvas summarised the work taken to review the HE provision, and to market the course offering appropriately within the community.

Governors noted that it is imperative that we improve the accuracy of the methodology used for budgetary planning for HE to ensure the targets are achievable and the costs proportionate. N Savvas agreed and noted that we are working to achieve this.

6 **Financial Regulations**

Governors received the updated Financial Regulations which had been reviewed and updated in accordance with Funding Body regulations following organisation and staffing changes. The changes focus on making the Financial Regulations clearer, more streamlined, and accessible.

Governors discussed whether staff costs associated with the delivery of capital works should be recoded to be recorded as capital expenditure as opposed to staff costs. Governors noted that this is currently prohibited in the College's Financial Regulations; but noted that it is permissible if the Financial Regulations are amended accordingly. J Raffel to seek the College's external auditor's advice on this amendment and report back to the Committee.

JRaffel

Governors asked that pg.9 section 3.2.4 be amended to read "*Only in exceptional circumstances will changes to the approved budget be considered. These must be approved by the Finance Committee and recommended to the Corporation, unless they fall within the delegated approval arrangements.*" and pg.7 section 3.2.2 to be amended to read "*Monthly College management accounts will be provided comparing actual income and expenditure to the original budget and from month three and onwards a new forecast of the projected outturn at the year-end for all budget heads will be included*". Subject the amendments above, Governors **agreed to recommend** the Financial Regulations to the Corporation for approval.

JRaffel

7 **Funding Allocations**
Governors received and considered the report provided which outlined the ESFA funding allocations for 2022/23. The allocation has increased £1,767,442 compared to 2021/22, in part due to an increase in the number of students being funded (an increase of 0.4%) and an increase in the national funding rate (an increase of 8.45%).

J Raffel noted there is an increase in planned learning hours (PLH) from 540 to 580 associated with the increased national funding rate; and noted that this is currently being planned for. N Savvas noted that we might also receive additional tuition funding.

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

Governors asked for future reports, for acronyms to not be used and to provide match funding information for the pipeline bids.

JRaffel

Governors noted discussions at Resources Committee in regard to the proposed installation of photovoltaic cells on College roofs and asked what Governance approval is needed. Governors noted that given the length of the lease and that this is not covered in the Financial Regulations, that this proposal should be considered by the Corporation. Governors noted this should be recommended by the Resources Committee.

Resources
Committee

9 **Any Other Business**
No items raised.

The meeting closed at 6.22pm