

FINANCE COMMITTEE

Minutes of the hybrid meeting held on 18 May 2022 at 4.30pm

Present physically: A Duffety
C Higgins, Vice Chair
E D'Souza

M Chatt
N Savvas, CEO
S Clarke, Chair

In Attendance: A Wright, Group Director Progression
D Barton, Assistant Principal Adults
J Raffel, CFO
L Parish, Assistant Principal Apprenticeships
P Ewan, Head of Finance
P Stittle, Executive Director Business Development (part)
S Gales, Governance Professional

Apologies: None

Action

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.

The Committee welcomed A Duffety and M Chatt to the meeting. Apologies for absence were received from L Moody.

2. **Minutes of the meetings held on 16 March 2022**

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

The Committee noted that on 19 March 2022, members received and considered an additional paper about the capital building works. On 13 May 2022, the Committee electronically **agreed** the following three actions:

1. To approve Executive to enter into contract to progress T Level projects:
 - a. Health Science
 - b. Digital
2. To grant delegated authority to S Clarke (as Chair) to approve the T Level Construction contract once the tender process was complete
3. For the CEO and S Clarke (as Chair) to authorise Executive to enter into contract for Office for Students project once final figure is confirmed (committing spend by 31 March 2022).

3. **Matters Arising from meeting on 16 March 2022**

The matters arising from the meeting were summarised in the report and all actions reported had been completed.

The CFO reported that following discussions with Claire Sutherland it had been confirmed that in principle it was acceptable for the College to capitalise any staff costs which were clearly and directly attributable to capital projects.

4. **Risk Register Extract**

Governors received an extract of the updated Risk Register, with the risks relating to financial matters highlighted. Of these risks, post-mitigation, there were **1 red**, **4 amber** and **9 yellow** risks; with 3 risks reducing and no other changes to the scores.

Governors discussed why the extract is coming to this Committee. Governors noted that overall the risks are appropriate and agreed to discuss this item in further detail at the next meeting and asked the CFO to provide a steer on the asks of the Committee i.e. to scrutinise the proposed control and/or mitigations and advise on whether the

CFO

mitigations are appropriate, sufficient and impactful to the achieve the attributed reduction in risk.

Governors also discussed the use of 'ongoing' as the target date and asked for more specificity to enable more accurate assessment of the risk.

CFO

5. **Finance Report**

Governors received and considered the detailed financial report provided. S Clarke summarised the key data:

- The year to date deficit is £147k compared to the budgeted year to date surplus of £306k.
- A revised full year forecast of £186k if the saving identified are achieved.

S Clarke also noted that as part of the deficit avoidance plan, the CFO re-forecasted the March 2022 accounts which the Committee reviewed and discussed; and the CFO is working to reforecast the April 2022 accounts in readiness for the Committee to review and discuss these.

J Raffel noted that the draft April 2022 accounts shows an improving financial position.

P Stittle joined the meeting at 5.20pm

Governors asked if this improving financial position is a result of the deficit avoidance plan. J Raffel noted they are in part. J Raffel noted that we have also achieved savings as a result of one-off accounting amendments to adopt best practice; including standardising the apportionment of depreciation costs (in line with our policy) and, upon advice from our external auditors, to recode staffing costs associated with the delivery of capital works as capital expenditure. N Savvas noted that we are also working to establish more robust financial planning systems and controls to ensure the operational plans for future years are more reflective of the planned budget.

Governors also discussed whether we might need to review the depreciation policy and the useful life of assets upon which the policy is applied. Governors agreed to review the policy at the next meeting.

CFO

Governors noted that further to agenda item 2, S Clarke (as Chair of the Finance Committee) and C Higgins (as Chair of the Resources Committee) utilised their delegated authority to approve the T Level Construction contract; and the CEO and S Clarke (as Chair) authorised the Executive to enter into contract for Office for Students project.

6. **Key Performance Indicator Report**

Governors received and considered the new-style KPI report provided. S Clarke noted that of the KPIs, RAG rating of the data shows: 14 green, 2 amber and 2 red.

Governors asked the executive to provide a benchmark for KPI 10.

CFO

7. **Applications**

Governors received and considered the report provided, and A Wright summarised the key data to date:

- An additional 82 16-18 submitted applications compared to last year
- An additional 9 Level 4 direct funded applications compared to last year

A Wright noted that we are doing work to understand the in-year retention rate of students progressing internally within our sixth form provision, and use this data to inform our forecasting of student numbers.

A Wright summarised how the admissions team is working to convert applications to enrolments and keep warm students. A Wright feedback that anecdotal feedback from schools is that, as a result of the pandemic, the current Year 11 cohort is working at a lower academic level than in previous years and that the cost of living and travel is

also impacting on student choices. A Wright noted that we are working to consider how we best deploy bursary funding to remove barriers to learning.

Governors asked for a future report, for A Wright to provide an individualised conversion rate analysis over time per school (relative to the Year 11 cohort size). Governors also asked if we could report on the proportional progression data per school (proportion of the Year 11 cohort progressing into our sixth form provision). A Wright to work with Suffolk County Council to devise this report.

A Wright

A Wright noted that we are also working to improve HE in-year retention rate of students progressing internally within our university provision, and use this data to inform our forecasting of student numbers.

Governors commended the additional reporting detail showing the forecasted numbers over the next three years by category (direct funded 3-year degree both full and part time / direct funded HNC / direct funded HND / University of Suffolk both full and part time), but noted it is imperative for accurate budgeting to have confidence in the methodology for forecasting the future students numbers. N Savvas agreed and explained the steps being taken to review the provision and to put in place robust systems which support accurate forecasting.

8. **Apprenticeship Pipeline**

Governors received and considered the report provided, and P Stittle summarised the key data and the issues which impact the forecast apprenticeship pipeline which is subject to changes in response to the needs of employers and/or students.

Governors commended the detail within the report but asked if, given the number of starts do not have the same financial value, the Committee could receive a headline summary of the headcount, cumulative year-to-date position and year-end financial projections and the number of students at risk to not complete this academic year and thus impacting this academic years income.

L Moody

Governors asked the Executive if we are on track to achieve the budgeted income. P Stittle advised that there are still multiple variables which could affect the figure (such as the availability of end point assessments) but advised we expect to be in the region of the financial target.

Governors asked if we undertake a price volume analysis to understand the trend of enrolments and whether there is greater uptake in higher or lower value apprenticeships. The Committee asked to receive a price volume analysis at the next Committee.

L Moody
J Raffel

L Parrish explained the additional wrap around support and positive intervention which is put in place to support retention and student achievement.

9. **Draft Budget for 2022/23**

Governors received and considered the draft budget provided which shows a surplus of £426k has been planned in order to ensure that the College can continue to operate effectively and efficiently and invest in its estate.

J Raffel noted that the senior executive team are working to review the staffing costs for next year and to find efficiencies where possible.

Governors queried whether the HE student numbers which the budget is predicated on, are realistic. N Savvas noted that we will have additional information in the coming weeks which will help inform this and will update in readiness for the next Committee meeting.

CFO

Governors queried whether the Apprenticeship student numbers which the budget is predicated on, are realistic. P Ewan noted that the increase compared to this academic

year is to account for the increase expected with NCTC, however these are matched to new costs so if there is under-recruitment the costs could also be reduced.

Governors queried whether the Grant Income is realistic. P Stittle noted that Grant Income is often income in-year, so we feel it is realistic.

Governors noted that with rising inflation and the cost of living, staff will have increasing pay expectations. Governors discussed whether the budgeted pay award figure within the budget is realistic (especially given the context of the high percentage ask of the national unions). N Savvas noted that the executive are working to review the operational plan to limit expenditure and/or share staff with the Trust to maximise staff utilisation and efficiency.

Governors queried whether the budgeted pay award is sufficient to distribute amongst the staff who acquire additional responsibilities, after accounting for the impact of staff turnover and increasing utilisation / workload associated with our growth.

The Committee asked the CFO to include this analysis in the next iteration.

CFO

10. Bid Register Update

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

J Raffel informed that we are working on proposing an additional bid which will be circulated to the Finance Committee and Resources Committee.

11. ESFA Financial Health Grade 2020/21

Governors received and considered the ESFA's Financial Health Grade for 2020/21 which is based on three elements:

- Profitability (sustainability)
- Solvency (current ratio)
- Gearing (debt ratio)

The College's financial health grade for 2020/21 is 'outstanding'.

12. Expenditure on Electricity

Governors received and considered a report outlining the tenders received for the supply of electricity (following the end of Vertas's supply contract in April 2022). The report noted the significant increase in electricity costs (as a result of the war in Europe) and outlining the plans in place to both reduce energy consumption and to invest in more financially and environmentally sustainable energy suppliers. The report also documented the Chair's **use of Chair's action** to secure the fixed cost contract.

13. Subcontracting Partners

Governors received and considered (in accordance with the subcontracting funding rules for ESFA funded post-16 funding sections 4 and 7) a paper proposing two new subcontracting delivery partners for 2021/22 and the credentials of the two proposed subcontractors: Turning Factor Ltd and DMP Driver Training (UK) Ltd.

Governors **approved** the two new subcontracting partners.

14. Any Other Business

No items raised.

The meeting closed at 6.54pm