

FINANCE COMMITTEE

Minutes of the hybrid meeting held on 2 November 2022 at 4.30pm

Present physically in TG1.16: C Higgins, Chair
E D'Souza
N Savvas, CEO

Present virtually: A Duffety, Vice Chair

In Attendance: A McGarel, CFO designate
C Shaw, Principal of Sixth Form Provision
E Lees, Executive Dean of Higher Education
G Grainer, Chief Information Officer
J Raffel, CFO
L Parish, Assistant Principal Apprenticeships
M Chatt, Deputy CFO
P Ewan, Head of Finance
P Stittle, Executive Director Business Development
S Gales, Governance Professional

Apologies: None

Note: agenda items 8, 9 and 12 were discussed together.

1. **Appointment of Chair and Vice Chair**
The Committee recognised C Higgins as the Chair and A Duffety as the Vice Chair of the Finance Committee for 2022/23, as appointed by the Corporation at their meeting on 5 October 2022.
2. **Declaration of Interests and Apologies for absence**
C Higgins, E D'Souza, and N Savvas 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 McGarel to observe the meeting as the CFO designate. The 'surplus' of CFO's was noted, explained and commended during this transitional period.

No apologies were received.
3. **Minutes of the meetings held on 29 June and 22 July 2022**
The minutes of the meetings held on 29 June and 22 July 2022 were **agreed** as an accurate record.
4. **Matters Arising from meetings held on 29 June and 22 July 2022**
The matters arising from the meeting were summarised in the report and all actions reported had been completed or are on-going to be reported at the next meeting.
5. **Committee Terms of Reference and Skillset**
Governors received and considered the Terms of Reference and Committee Skillset provided.

Governors approved the amendments except the addition of the new clause as 11 and asked the Governance Professional to consider this further with the CFO, to either refine and clarify the clause or remove it. Any amendment to be reconsidered at the next meeting.

Action

Governance
Professional

C Shaw joined the meeting at 4.46pm

6. **2021/22 Year End Outturn**

Governors received and considered the report provided, and the CFO confirmed the year end position shows a pre FRS102 adjusted surplus of £159k..

Governors commended this outturn given the additional costs and financial pressures impacting the College in-year.

7. **Going Concern Report**

Governors received and considered the report provided which notes the assumption of going concern by which the College operates.

Governors noted it would be worth adding a paragraph to explain how we evaluate the risks and how this is fundamental to our assessment to going concern.

CFO

8. **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, 3 amber and 3 yellow risks.

Governors queried, given the experience of last academic year and the economy, whether the amber and yellow risks should be red? The CEO explained the rationale for this.

Governors reviewed the risks and **felt assured** by the mitigations proposed, and felt it was appropriate to leave the red risk as it is, as there are currently many unknowns, although as the year progresses it is expected mitigations will reduce this risk.

9. **Finance Report**

Governors received and noted the detailed financial report provided, and the CFO summarised the report:

- The year-to-date position is a deficit though a lower deficit than the revised budget
- The forecast year end position is a surplus though a lower surplus than originally budgeted, due to new information about increased electricity costs and staff pay which had not been finalised at the time of producing the budget, but are now available (as discussed in agenda item 12).

Governors noted the major income variances: HE course fee income, CPCA AEB fee income and Advanced Learner Loan fee income; and the stretch target to balance the budget. Governors asked the next report to detail the headline mitigations within the stretch target, so that Governors can evaluate the risk and future monitoring milestones.

CFO

The CEO and Senior Executive Team are developing plans to make £1m 'challenge' savings during the year, which will be done carefully to make savings by improving effectiveness of processes and operations, without adversely impacting on teaching quality.

The Committee noted it is crucial to monitor financial progress against the 'challenge' plan to monitor its effectiveness and likely impact on the year-end position. The CFO to present at next meeting and the Committee agree a process for monitoring.

CFO

10. **Key Performance Indicator Report**

Governors received and considered the KPI report provided, which noted that of the KPIs, RAG rating of the data shows: 9 green, 6 amber and 3 red.

Governors discussed the red KPIs and noted that the cash-in-hand KPI is not red compared to the ESFAs benchmark, only against our internal benchmark. Governors queried why the cashflow is red and whether this is an anomaly due to the phase in the year or indicative of a more systemic issue, and asked the CFO to provide more analysis at the next meeting.

CFO

Note: Governors discussed the under-recruitments of HE students in agenda item 11.

The CFO noted that our contract with our current loan provider ends in December 2022 so we are evaluating the options available. The Committee noted that an understanding of the cash position is relevant to deciding whether or not to cash in, all or part of the loan, and asked the CFO to provide a paper at the next meeting.

CFO

11. Enrolments

Governors received and considered the mapping document provided.

11.i. Sixth Form Provision

Governors received and considered the report provided.

The CIO noted that based on historical conversion rates for in-year we are on a trajectory to exceed the EFSA allocation for 2022/23.

11.ii. University Studies Provision

Governors received and considered the report provided.

The Executive Dean noted that student numbers are lower than budget despite sufficient applicants, meaning that conversion was not as good as expected and confirmed that the team are trying to understand the reasons. The Executive Dean also outlined the work being done to improve intra-Group progression and to analyse the data to determine the issues to implement effective changes to improve enrolment, which will be reported in detail to the HE Educational Excellence Committee.

The Committee recognised that for budgeting purposes, this Committee does not require the absolute numbers rather a reliable predication of enrolments.

Governors commended the improvements in reporting to clarify the student numbers by provision type.

11.iii. Apprenticeship Pipeline

Governors received and considered the report provided, which shows the pipeline income is currently above the forecast.

Governors congratulated the team on this success, especially within the national context of underperforming apprenticeship delivery; and noted that it is important to ensure that the quality of training for the additional numbers can be maintained sustainably.

11.iv. Adult Pipeline

Governors received and considered the report provided, which shows the pipeline income is currently below the forecast.

The CEO noted that we expect to achieve the full year budget.

11.v. Full Cost Pipeline

Governors received and considered the report provided, which shows the pipeline income is currently above the forecast.

12. Budget Change Proposal

Governors received and considered the proposed change to the 2022/23 budget provided.

Governors discussed the unprecedented financial challenges facing the College and the scale of actual additional costs, noting that when the original budget was set there was great uncertainty about increased electricity charges and staff pay increases.

The Committee agreed that working to this new baseline budget is more meaningful for the Corporation and Committee when comparing actuals and year-to-date forecasts; and discussed whether or not this baseline budget should be presented to Corporation as a revised budget. It was agreed that this would be unusual and we also needed to consider whether this would be difficult for our key financial stakeholders such as the auditors and ESFA.

The CFO advised that our year end position in the baseline budget is still to achieve a surplus, just at a lower and more realistic level.

Governors agreed with the approach of creating and using this new baseline budget, but not to formally seek approval of the Corporation for a revised budget. The Committee to communicate this to Governors at the next Corporation meeting.

CFO

13. **Annual report of Value for Money of Group services (inc. cost of services to and from SAT)**

Governors received and considered the report provided.

As there were insufficient independent Governors as a quorum to recommend it to the Corporation, the CFO and Vice Chair to present this to the Corporation for consideration and approval.

CFO

14. **Bid Register Update**

Governors received the bid register provided and noted there are currently no pipeline bids that have confirmed matched funding requirements.

15. **Any Other Business**

No items.

The meeting closed at 6.16pm