

FINANCE COMMITTEE

Minutes of the hybrid meeting held on 17 May 2023 at 4.30pm

Present physically in TG1.16: A Duffety, Vice Chair

Present virtually: C Higgins, Chair
E D'Souza
N Savvas, CEO

In Attendance: A McGarel, CFO
D Barton, Assistant Principal Adult (part)
E Lees, Executive Dean of Higher Education
G Grainger, Chief Information Officer (part)
L Parish, Assistant Principal Apprenticeships (part)
L Moody, Principal Strategic Growth and Partnerships
P Stittle, Executive Director Business Development (part)
S Gales, Governance Professional

Apologies: C Shaw, Principal of Sixth Form Provision
M Chatt, Deputy CFO
P Ewan, Head of Finance

Absent:

1. 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.

No apologies were received.

A Duffety chaired the meeting with C Higgins acting as vice chair.

2. Minutes of the meeting held on 7 March 2023

The minutes of the meeting held on 7 March 2023 were **agreed** as an accurate record.

3. Matters Arising from meetings held on 7 March 2023

6 of 7 matters arising from the previous meeting were complete, with 1 matter outstanding and due to be reported at the June next meeting.

4. Enrolments and Applications

4.i. Sixth Form Provision

Governors received and considered the report provided, and G Grainger provided a verbal update.

Governors queried how the applications compare to the same point last year, to anticipate the likely conversion rate. G Grainger answered this and agreed to provide prior year information and comparison application to enrolment conversion rate for comparison in the June report.

4.ii. University Studies Provision

Governors received and considered the report provided, and E Lees provided a verbal update.

E Lees informed the data shows a greater proportion of the 'under 25' demographic compared to last year. Governors queried the cause of this. E Lees advised the data is not yet clear.

Action

G Grainger

Governors queried how many University of Suffolk (UoS) students remain in our cohort in 2023/24. E Lees answered this and confirmed that the transition between UoS and University of East Anglia (UEA) was materially completed, and that 2023/24 would be focused on the UEA provision due to the successful transfer.

Governors discussed the budget/actual variances for 2022/23 and queried if this will be less next year. The CFO advised that work is underway to ensure the budget is more realistic.

4.iii. Apprenticeship Pipeline

Governors received and considered the report provided and L Parish provided a verbal update.

Governors noted the in-year fluctuations and queried whether this is expected for this type of provision and if there would be value in comparing to previous years. L Parish advised that the nationally apprenticeship provision is less straightforward to predict, as income varies per apprenticeship course and this can be lagged depending on the completion time of the student, and can financial viability can vary further depending on the cohort sizes. L Parish outlined additional control measures introduced.

4.iv. Adult Pipeline

Governors received and considered the report provided and D Barton provided a verbal update.

4.v. Full Cost Pipeline

Governors received and considered the report provided and P Stittle provided a verbal update.

Governors discussed the opportunities to expand delivery to support the sustainability sector.

D Barton, E Lees, G Grainger, L Parish, and P Stittle left the meeting at 5.17pm

5. Finance Report

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

- The year-to-date position is a surplus position which is better than budget
- The forecast year end position is a surplus position which is worse than budget

The CFO presented a new-style summary report which seeks to align reporting across the Group and outline the net implication at EBITDA and Reserve level. The impact is expected to support the strategic and risk-focused challenge from the Committee and maintain the transparent, concise and informative financial reporting.

The CFO noted apprenticeship mismatches are a risk and concern and noted we have provided additional resource to oversee this to mitigate the risk.

Governors asked if there is a risk of breaching banking covenants. The CFO advised that the covenants allow for a financial deficit once in every three years, so if our 2022/23 year-end position is deficit this increases the risk of a 2023/24 banking covenant breach.

The CFO noted in addition to proactively seeking to achieve the effectiveness plan and to mitigate the apprenticeship mismatch risk, the Executive are working to identify further opportunities and risks to achieving the 2022/23 budget.

Governors commended the new-style report which summarised agenda items 5, 6, 7 and 9.

6. **Effectiveness Plan**
Governors received and considered the paper provided which outlined plans to deliver financial improvements circa £1m through a combination of increased income, tactical cost reductions and cost transformation.

Governors commended the progress on delivering the effectiveness plan.

7. **Key Performance Indicator Report**
Governors received and considered the KPI report provided, which noted that of the KPIs, RAG rating of the data shows: 12 green, 3 amber and 3 red.

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 3 red, 2 amber and 3 yellow risks.

Governors reviewed the risks including the new risks and felt assured by the mitigations proposed.

9. **Draft Budget for 2023/24**
Governors received and considered the Draft Budget for 2023/24 provided.

The CFO outlined the assumptions upon which the Budget is predicated.

The CEO noted that due to increasing 16-19 students' numbers, growing adult/university student numbers and full cost provision, and additional income generating activities, we expect significantly more income in 2024/25. Moreover from 2024/25, we also might expect energy prices to reduce and a possible change in policy following the election. The CEO also noted that, unlike in SAT, we are able to directly negotiate with the unions and therefore have more control/influence on the staff pay awards.

The CEO confirmed that in 2023/24 and 2024/25 we will continue to invest in data and systems to support efficiency and oversight.

Governors discussed the staff pay award negotiations and the necessity to balance financial affordability of potential uplifts with maintaining competitive salaries. Governors agreed that the uplift in the proposal was the maximum that was financially viable, and still left significant risk within the 2023/24 budget. Governors asked the CFO to include the maximum uplift % that is financially viable.

CFO

Governors noted that despite the main impact predicted to be in 2023/24, we need to consider a longer-term cost reduction strategy to remain financially sustainable. Governors asked the Executive to create an indicative 3-year plan to propose how services could be reduced without impacting on student outcomes and experience and bring a proposal to the next meeting.

CEO
CFO

Governors recommended that we present the presentation and plan at the Corporation meeting in July 2023.

CEO
CFO

10. **ESFA Financial Health Grade**
Governors received and noted the paper provided.

11. **Bid Register Update**
Governors received and noted the paper provided.

12. **Any Other Business**
No items.

The meeting closed at 6.06pm