

## FINANCE COMMITTEE

### Minutes of the hybrid meeting held on 28 June 2023 at 4.30pm

**Present physically in TG1.16:** N Savvas, CEO (part)

**Present virtually:** A Duffety, Vice Chair C Higgins, Chair

**In Attendance:** A McGarel, CFO  
 D Barton, Assistant Principal Adult (part)  
 E Lees, Executive Dean of Higher Education (part)  
 G Grainer, Chief Information Officer (part)  
 L Parish, Assistant Principal Apprenticeships (part)  
 M Chatt, Deputy CFO (part)  
 P Ewan, Head of Finance (part)  
 P Stittle, Executive Director Business Development (part)  
 S Gales, Governance Professional

**Apologies:** E D'Souza  
 J Drake

#### **Absent:**

1. **Declaration of Interests and Apologies for absence**

C Higgins 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.

Apologies were received from E D'Souza and J Drake.

2. **Minutes of the meetings held on 17 May 2023**

The minutes of the meetings held on 17 May 2023 were **agreed** as an accurate record.

3. **Matters Arising from meetings held on 17 May 2023**

Three of the five matters arising from the previous meeting were complete, with one matter ongoing and one matter which the Executive request be removed. Governors **agreed** to remove the matter from the log.

L Moody and L Parish joined the meeting at 4.35pm

4. **Applications**

4.i. **2023/24 Sixth Form Provision**

Governors received and considered the report provided, and G Grainger provided a verbal update on the live application data for 2023/24 which are on track to achieve the ESFA funded student allocation.

Governors commended the progress and queried whether the year-on-year growth was a natural result of an increasing 16-18 demographic or a result of the College's efforts. The CEO noted it is a result of our strategies – working with schools, working as a Group, improving transport links, etc.

E Lees joined the meeting at 4.43pm

4.ii. **2023/24 University Studies Provision**

Governors received and considered the report provided and E Lees provided a verbal update on the live application data for 2023/24 and ongoing work to attract applications for 2023/24.

#### Action

Governors discussed the application figures for HNC and HND courses and noted that historically these tend to be lower at this time of year.

### **Enrolments**

#### **4.iii. 2022/23 Apprenticeship Pipeline**

Governors received and considered the report provided and L Parish provided a verbal update on the live data and ongoing work to resolve data mismatches.

#### **4.iv. 2022/23 Adult Pipeline**

Governors received and considered the report provided and D Barton provided a verbal update on the live data and ongoing work to attract additional enrolments.

Governors discussed the Multiply income and queried if this was additional income which was not included in the original budget. D Barton confirmed it was.

Governors discussed the multiple income lines and the conditions of funding in regard to our inability to vire between lines.

#### **4.v. 2022/23 Full Cost Pipeline**

Governors received and considered the report provided and P Stittle provided a verbal update on the live data and ongoing work to attract additional enrolments.

D Barton, E Lees, G Grainger, L Parish and P Stittle left the meeting at 4.58pm

### **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 deficit position which is worse than budget

Governors asked to see a 3-year cash flow forecast.

Governors queried if there are any substantive risks affecting the year-end outturn. The CFO informed that apprenticeship income data mismatches could still impact the year-end outturn.

Governors queried the line in the accounts titled 'reduction to income relating to 2021/22. The CFO explained this accounts for the impact of ESFA clawback and the lagged funding model on the budget resulting from below allocation recruitment of 16-18 students this year.

### **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 in achieving 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.

Governors noted the impact of uncertainty and rising inflation rates in relation to 'Total External Debt as % of Total Funds' and discussed the pros/cons of maintaining cash balances vs. repaying bank loans earlier than scheduled. Governors **agreed** to keep this under review.

### **8. Budget for 2023/24 and 3-Year Financial Forecast**

Governors received and considered the Budget for 2023/24 and 3-Year Financial Forecast provided.

CFO

The CFO outlined the challenge target and the budgetary assumptions used.

Governors discussed the assumption, and risk, relating to staff pay negotiations with the unions to remain as a competitive employer in the sector. Governors agreed the assumption percentage.

The Deputy CFO explained we may be able to submit a growth business case to the ESFA to seek a funding uplift in recognition of increased student numbers.

The Head of Finance advised, based on this year's performance, we may also receive additional project income and noted that staff churn may be higher/result in savings, which are not currently included in the budgetary assumptions.

Governors discussed the risk related to the assumption not including 30fte of new staff posts in the budget and how consideration and approval of new staff posts will be managed by the Executive.

Governors queried how the challenge target will be reported in CFFR. The Head of Finance answered this.

Governors **agreed** the Budget for 2023/24 and 3-Year Financial Forecast, and the proposed financial KPIs for 2023/24 and **agreed to recommend** them to the Corporation for approval.

Governors asked the CFO to explain the challenge and staff uplift assumption when presenting to the Corporation.

CFO

**9. 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 **2 red**, **2 amber** and **4 yellow** risks.

Governors discussed the inherent financial risks arising from diversification (e.g. new centres, income lines, etc.) and growth (e.g. new courses, new qualification types, etc.), and queried whether there are upcoming examples which we should include in the Risk Register. The CEO noted this is the current working practice as part of due diligence and when the risk is material, though confirmed there are no upcoming examples.

Governors reviewed the risks and **felt assured** by the mitigations proposed.

**10. Reserves Policy**

The CFO provided a verbal update on progress to update the Reserves Policy.

The Deputy CFO summarised the guidance received from our External Auditors and noted the Reserves Policy will be updated in the coming days.

Governors **agreed** to consider the updated Reserves Policy via email, in readiness to recommend it to the Corporation.

CFO  
All

**11. Bid Register Update**

Governors received and considered the paper provided and A McGarel summarised the key points of note.

**12. Subcontractor Provision for 2023/24 and Supply Chain Policy**

The Governance Professional advised that as a result of a recent Internal Audit there are additional papers and policies, to those circulated to the Committee, relating to subcontracting which require approval and proposed to circulate a consolidated paper for consideration.

Governors **agreed** to consider the updated paper and policies via email, in readiness to recommend it to the Corporation.

Gov. Prof.  
All

L Moody, M Chatt, N Savvas and P Ewan left the meeting at 5.55pm

Confidential item

**13. Recommendation from the Remuneration Committee**

**14. Any Other Business**

None.

The meeting closed at 6.00pm