

FINANCE COMMITTEE

Minutes of the hybrid meeting held on 30 November 2022 at 4.30pm

Present physically in TG1.16: C Higgins, Chair N Savvas, CEO

Present virtually: A Duffety, Vice Chair E D'Souza

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

Apologies: C Shaw, Principal of Sixth Form Provision
E Lees, Executive Dean of Higher Education

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.

Apologies were received from C Shaw and E Lees.

2. **Minutes of the meetings held on 2 November 2022**

The minutes of the meetings held on 2 November 2022 were **agreed** as an accurate record.

3. **Matters Arising from meetings held on 2 November 2022**

The matters arising from the meeting were complete with one item on-going to be reported at the next meeting and two items to be reported to the Corporation.

Governors received the updated Terms of Reference and approved these, subject to amending responsibility 5 to remove the requirement for the Committee to recommend the Annual Report and Financial Statements to the Corporation and to amend the wording "periodic" to "monthly" in responsibility 3.

L Parish joined the meeting at 4.42pm

4. **Enrolments and Applications**

Governors thanked the authors of these reports for the quality and detail of the papers, though noted all the information is not necessarily needed by Finance Committee; and agreed future reports would highlight the current position in terms of application and acceptances, the, forecast year-end position in relations to plan/budget, and if necessary, the strategies implemented to improve the forecast year-end position.

4.i. **Sixth Form Provision**

Governors received and considered the report provided.

Governors discussed the growth in applications, and queried whether we have enough capacity to support the forecast student numbers. The CEO outlined how we would manage this eventuality.

4.ii. **University Studies Provision**

Governors received and considered the report provided.

Action

Gov. Prof.

The CEO feedback that there has been a national decline in HE student numbers within FE and at non-Russell Group universities; and outlined the strategy we are implementing for University Studies to create viable higher technical qualifications supported by progression pipelines from our sixth form provision, and linking to adult education and apprenticeships to achieve positive destinations into industry.

Governors noted that due to the enrolment cycle of HE, it is critical that we set achievable budget targets for 2023/24.

4.iii. **Apprenticeship Pipeline**

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

Governors queried whether we have enough capacity to support the forecast student numbers. L Parish outlined how we manage this.

4.iv. **Adult Pipeline**

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

G Grainger left the meeting at 5.04pm

Governors discussed the impact of declining uptake of Adult Learner Loans on our financial position.

4.v. **Full Cost Pipeline**

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

The team were thanked for their efforts in recruitment across the board which is generally holding up very well and to let Finance Committee know as soon as possible if there appears to be a fall off in recruitment (and therefore income) against budget.

D Barton, L Parish and P Stittle left the meeting at 5.21pm

5. **Finance Report**

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

- The year-to-date position is -£155k
- The forecast year end position is £266k

It was noted that most of the previous uncertainties re staff costs and energy costs are now incorporated on a realistic basis and so, with a fair wind, we are on target to achieve a surplus, as long as the effectiveness plan (below) is implemented and this now needs to be given priority.

There was one graph re predicted surplus/deficit where the axis need correcting

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 approach, and now wanted detail on what savings/new expenditure will be made where and when so progress against the plan could be monitored to ensure the surplus targets are met. Although savings will need to be incorporated into the I and E tables, the committee asked that progress against the Effectiveness plan could also be reported separately to monitor progress and ensure

CFO

CFO

there is no double counting. The CFO to quantify the plan and the present the report for the next meeting.

Governors queried how we can measure the impact this is having on our organisations culture. The CFO to consider how best to quantify this.

CFO

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: 9 green, 7 amber and 2 red.

Governors queried if the Effectiveness Plan has been incorporated into the cash flow projections. P Ewan confirmed that it had.

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 reviewed the risks and **felt assured** by the mitigations proposed and noted that the Effectiveness Plan could be added as an additional mitigation, although as it has yet to be fully quantified and implemented the risk level should not yet be reduced.

FA Risk

9. Audited Accounts for year ending 31 July 2022

Governors received and considered the paper provided, and J Raffel summarised the main points.

Governors discussed the findings of the External Auditors and commended J Raffel and the Finance team on the clean audit.

10. ESFA Financial Forecasting Return

Governors received and considered the paper provided and J Raffel noted that our Financial Health Grade for 2021/22 based on the CFFR is Good due to the lower level of adjusted operating surplus, and the Grade for 2022/23 and 2023/24 based on the CFFR is shown as Outstanding.

11. Update on Bank Loans

Governors received and considered the paper provided outlining the current loan position and the plan to allow loan with terms expiring at 31 December 2022 to lapse onto a variable rate.

12. Any Other Business

- Thanks and farewell to the CFO

The Committee thanked J Raffel for his outstanding contribution to the College and wished him all the best in his new ventures.

- ONS reclassification of Colleges

The CEO proposed an extraordinary meeting of the Finance Committee (with an open invitation to all Governors to attend) to discuss the ramifications of the reclassification.

The CFO advised that the External Auditors have requested to add a note in the Audited Accounts to note the reclassification for the record.

Gov. Prof.

The meeting closed at 6.11pm