

FINANCE COMMITTEE

Minutes of the hybrid meeting held on 6 February 2023 at 3pm

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

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

In Attendance: A McGarel, CFO
 D Barton, Assistant Principal Adult (part)
 G Grainer, Chief Information Officer (part)
 L Moody, Principal Strategic Growth and Partnerships
 L Parish, Assistant Principal Apprenticeships (part)
 M Chatt, Deputy CFO
 R Lawson, observing as part of the External Governance Review
 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

Note: Agenda item 4 was discussed in the following order: 4.i, 4.iv, 4.ii, 4.iii and 4.v.

A Duffety had poor connectivity and dropped out of the meeting and re-joined multiple times.

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 30 November 2022**

The minutes of the meetings held on 30 November 2022 were **agreed** as an accurate record.

A Duffety joined the meeting at 3.06pm

3. **Matters Arising from meetings held on 30 November 2022**

All matters arising from the previous meetings were complete aside from MA1 which will be reported to a future meeting and MA6. The CFO has investigated how the ONS reclassification impacts our operations, and the Committee agreed that immediate risks have been mitigated and longer-term understanding of the implications await further advice from government and the new funding regulations. The CFO will update Governors further at the next Corporation meeting.

P Stittle joined the meeting at 3.12pm

4. **Enrolments and Applications**

The papers were now in a helpful form Governors asked for future reports to include a short summary of the financial impact of each area on the 'forecast' bottom line.

4.i. **Sixth Form Provision**

Governors received and considered the report provided.

Governors noted the figures are very strong but queried whether the longer-term demographics show this upward trend is sustainable. G Grainger to provide 5-year data modelling to the next meeting.

4.ii. **University Studies Provision**

Action

CFO

CFO

G Grainger

Governors received and considered the report provided.

The Committee discussed the work that is being done to further improve data reporting which will improve forecasting and resource planning, as well as to promote internal progression.

Governors noted that some courses still have very small cohorts and queried how we are making course viability decisions, noting that it would be helpful to understand which degrees are viable because modules are also taken by students on other courses such as degree apprenticeships. L Moody explained some of the complexities of this and confirmed that work is underway to clarify the reporting of this. L Moody considered that admissions for 2023/24 are on track for an improvement over the current year.

4.iii. Apprenticeship Pipeline

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

Governors queried whether this positive variance has been incorporated into the budget. M Chatt informed that it hadn't but will be included for the next meeting.

Governors commended the success of the apprenticeship provision but queried how the team plan, in terms of delivery staff, to sustain growth while maintaining quality. L Parish outlined plans to split delivery between specialist vocational tutors and generalist learning support tutors to enable delivery to more students.

4.iv. Adult Pipeline

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

Governors queried whether the forecast is realistic and whether the negative variance has been incorporated into the budget. D Barton confirmed that the pipeline and forecast are realistic but noted that only part of the variance has been incorporated into the latest budget. M Chatt confirmed this will be included for the next meeting.

Governors queried the impact devolution of the AEB budget will have on our ability to secure allocation. L Moody noted that we have good relationships with the local authorities so feel confident we can manage this transition.

[D Barton left the meeting at 3.25pm](#)

4.v. Full Cost Pipeline

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

Governors discussed the 'forecast variance to FY budget' and noted this shows the variance between the year-to-date position and the full year budget, rather than a forecast year-end position.

Governors queried the scope for generating additional full cost income at NCTC. L Moody noted that this is in progress but it is a new offer for the centre so will take a while to become established.

Governors asked that financial risks/surpluses not yet included in the financial reports be added as a note to the bottom of the financial reports so progress could be monitored.

[G Grainger, L Parish and P Stittle left the meeting at 3.45pm](#)

P Stittle

5. **Finance Report**

Governors received and noted the detailed financial report provided, and the Deputy 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. However, if the £1m effectiveness challenge is met in full this forecast deficit will become a surplus. £222k of the effectiveness challenge remains to be achieved, but the Deputy CFO was confident that these savings will be achieved by the year end.

Governors noted the areas for concern and discussed this report in conjunction with the effectiveness plan.

Governors noted the uncertainty in budgetary planning for 2023/24 (energy costs, pay awards, inflation, etc.) and queried how the budget will be set. Governors asked for the draft budget to include analysis on the sensitivity to assumptions.

CFO

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 to date and queried what areas are being targeted for additional effectiveness and how we are ensuring this doesn't adversely impact our delivery. M Chatt outlined the strands of this which include targeting additional income sources, achieving cost reductions via greater efficiency, strategic investments for future benefits and cost reductions via energy efficiencies.

Governors queried the level of confidence in achieving the £1m target. A McGarel confirmed that as £778k has already been achieved, he is confident the full target is achievable.

The Committee discussed the forecast position for next academic year.

Governors asked for the CFO to add an addendum to the monthly financial accounts circulated on GovernorHub to show progress on the Effectiveness Plan.

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: 8 green, 7 amber and 3 red.

Governors noted two of the red risks have been discussed in the agenda items above, and that the other red risk relates to debt which has increased due to inflation. The Committee noted the plans to end all loans by 2030. However, there is one outstanding loan which is not fixed term/interest and a watching brief should be kept in case it is an advantage to place on fixed rate public sector terms.

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.

Governors noted that the risk definitions differ between SAT and WSC's risk register and proposed these be aligned.

FA Risk

9. **Financial Regulations inc. Treasury Management Policy**

Governors received and considered the Financial Regulations inc. Treasury Management Policy provided which included minor amendments to reflect personnel changes.

Governors **agreed** the Financial Regulations and **agreed to recommend** them to the Corporation for approval.

A McGarel summarised plans to update the Financial Regulations further once the DfE publish the new financial handbook.

10. Contracts awarded (between £50k - £100k)

Governors received and considered the paper provided.

Governors discussed whether this report adds value to governance oversight given the Audit and Risk Management Committee receive reports to provide assurance on compliance with our Financial Regulations; and asked the CFO to confirm with the Audit and Risk Management Committee whether they would be happy for this report to be discontinued and that this is permissible with the levels of delegation in our financial regulations.

CFO

11. Bid Register Update

Governors received and considered the paper provided. The Committee noted that since the last meeting C Higgins (as Chair of the Finance Committee) has approved the £200k purchase of a storage battery (externally funded) and E D'Souza (as Chair of the Corporation) has approved submission of a T-level application which requires no matched funding.

12. Any Other Business

The Chair asked the Governance Professional to reach out to A Duffety to confirm if she had any additional comments to contribute (as she was off-line for part of the meeting) and if so, to circulate these to the Committee.

Gov. Prof.

The meeting closed at 4.34pm