

BOARD OF TRUSTEES – FINANCE COMMITTEE

Minutes of the meeting held at 5.00pm on 23 May 2017

Present: E D’Souza, Chair
I Morgan
A Whittaker, Principal
C Higgins, Vice Chair
C Ridgeon
N Savvas, Chief Executive

In Attendance: S Jones, Chief Financial Officer
C Bundy, Finance Manager, One Academy
J Bridges, Clerk to the Trustees

Action

1 Declaration of Interests

Trustees confirmed that they had no conflicts of interest to declare in relation to the items of the agenda.

2 Apologies for absence

Apologies for absence were received from J Wakelam.

3 Minutes of the meeting held on 2 March 2017

The minutes of the meeting were agreed as a correct record. **Proposed** by A Whittaker.

4 Matters Arising

The matters arising from the meeting were summarised in the report and all actions reported had either been completed or, where appropriate an update had been provided on progress elsewhere on the agenda.

5 Finance Report and KPIs

At the end of March 2017 the figure for the operational forecast is a surplus of £371K which is better than budget. This is primarily because the budget was set as worst case and savings made because of unfilled vacancies resulting from staff turnover.

The General Grant continues to be received as expected. The Other EFA Grants have been received as expected and the position is unchanged. Under Other Central Grants the sum of £30K received for the Bury St Edmunds Sixth Form also remains unchanged.

Under Non-Central Government Grants the forecast figure continues to show as slightly less than the original budget due to the receipt from Suffolk County Council being less than budgeted for the autumn term. Enquiries are being made about the forecast for the remainder of the year.

The year to date positive performance against budget is due to income being received at higher levels or an earlier period than profiled, especially in relation to educational visits and lettings.

Teaching staff YTD and forecast position show a higher surplus than period 6. In addition to the £20K due to non-progression the report includes £40K in vacancies appointed at lower cost than budget. Teaching supply costs are less than budget YTD and Educational Support and Other Staff YTD also show savings for the

period. These savings are higher than the previous period due to late appointments to new posts. The full year forecast includes all known posts and shows a positive variance against budget continuing to be made up of maternity savings, non-progression, reduction in LGPS contributions, staff opting out of the pension scheme, late appointment to vacancies and the invigilation budget being fully discharged. Indirect Employee Expenses continue to show a saving with the full year forecast assuming that the budget will be fully discharged.

Educational supplies and services YTD is a positive variance of £9K, this is significantly lower than the previous report due to high value exam invoices being paid this month. The forecast year end assumes full discharge of all budgeted spend plus additional known spend (which is offset by additional income) such as the One Bud, educational visits and work experience.

A receipt of £3.5K from OfGem for the heat collected under the bus car park is now shown in the forecast year end figure along with the budget for the £80K rent which now sits as a liability on the balance sheet, below the line.

The Committee expressed concern that savings on staffing has significantly increased the surplus forecast year end and questioned if the Sixth Form College was able to attract and recruit the right people. The Principal and the Chief Financial Officer both confirmed that most savings had been achieved through worst case scenario budget setting and this has been anticipated in the budget. Staffing costs doubtless have been reduced to achieve an income ratio of 70% but in future there will be savings from within the budget due to churn/recruitment delays.

The Committee were assured that staffing levels albeit are tight, are being managed and the staff survey has concluded that staff do feel positive about their work and do not feel disaffected. Recruitment is strong and the student outcomes data shows strong predictions so while staffing levels are squeezed all other metrics indicate that performance is buoyant.

It was noted that the Teacher Insurance money reserved in the budget of £50K is to be reassigned for investment in IT equipment and a virement to this effect is to be undertaken. The Committee **approved** the reassignment of this sum.

CBundy

The Principal proposed that the surplus in the year is to be invested back into the College next year to ensure that the students and staff are well equipped and resourced. The proposal is to invest in IT and the infrastructure. The Committee asked that the College makes it clear that the surplus achieved in this academic year is as a consequence of setting a worst case budget and forecast but expecting savings from within this and therefore an improved surplus because of churn/recruitment delays.

The Committee received a tabled paper from the Principal that detailed the proposed remaining IT spend from the surplus. The proposal is to commit £135K to procure the Priority 3 equipment in this year and to budget for Priority 4 in the next academic year (£80K). The Committee **agreed** to permit the Principal and the CFO to procure the equipment required in this budget year as appropriate, observing the College's reserves policy (one month's worth of expenditure). The College while investing also needs to make good progress toward making a decent contribution toward the allotted cash reserves figure (£800K). It was noted that should a single procurement transaction exceed £100K then under the Financial Administration and Control Handbook the authorisation of the CEO would be

required. The Principal and the CFO therefore were asked by the Committee to seek the authorisation of the Chair of the Committee to permit the procurement and commit the reserves amounts to ensure a balanced year end outturn.

The SOFA, showing the split between restricted and unrestricted funds, and the balance sheet were included in the report. It was noted that during period 7 a sum of £136K was received into the bank as Suffolk One is now the banking school for the SWISS partnership. The College has £900K on deposit and this is attracting a small level of interest.

The KPIs appended to the report show that student recruitment is more than 5% below target (Red rated) with 1,766 applications as at March against the 1,897 target. The attrition rate is to be maximised and it was noted that no funding would be clawed back in the event that recruitment is not achieved.

Pension contributions remains a liability and this is based upon the actuary statement. The Trust has added the liability to the risk register as a high impact, low probability risk.

6 Name and Branding of VI Form College

The Committee was asked to agree the process and timeline for confirming the name and branding of the new Sixth Form College. The timeline sets out the decision for the name to be approved by the Trust Board at the meeting to be held on 4 July 2017. Three names are shortlisted; Abbey, Abbeygate or St Edmunds with the suffix; Sixth, Sixth Form College or Academy. The Committee were in agreement that the name of the College should have the suffix of Sixth Form College to mirror that of Suffolk One. It was agreed that the suffix Academy could have a number of connotations, not necessarily associated with education and therefore should not be used. Equally the Committee agreed that Free School should also not suffix the name.

It was thought that the name St Edmunds would no doubt need the approval of the Church of England and was Christian in connotation so the Committee did not favour this as a name choice. A fourth option from Cybil Andrews pupils was Unity but this also was not favoured by Trustees.

The next step on the timeline is for the Project Manager to contact all Trustees individually to choose their favourite from the top 3 and email their preference to the Project Manager. This contact will be by email before 30 June 2017 ahead of a proposal to approve the name at the Board of Trustees meeting to be held on 4 July 2017. The Committee asked for their comments to be shared with the other Trustees and agreed the process and timeline requested.

JRodgers

7 VI Form Project Plan Capacity and Costings

The report received by the Committee sets out the likely requirements and associated costs of ensuring that the Sixth form project can be managed sufficiently without any detriment to the running of One and subsequently outcomes for its students.

The table on page 5 of the report sets out the project capacity and costings. It is recognised that the DfE has to have the confidence and be satisfied that the Trust has the infrastructure underpinned to deliver the project and this will require investment and financial resource. The table shows the cost of the Project Manager under the SLA with ACER plus a sum of investment for HR and Financial Support

of the Trust for the project and a sum for time of key One staff such as A Whittaker who will be the principle contributor to the project.

The Committee questioned why the Trust should pay for a project manager when the post is not funded by the DfE. The post is directly responsible for overseeing the project and undertaking other Trust Board arrangements to maintain and secure stakeholder relationships. A reduction therefore will be seen in the SLA between SO and SAT as these partnership and collaboration duties can be removed from that agreement and the overall cost of the SLA reduced. The Committee agreed that the health of the Trust is to be maintained and the impact on individuals managed and minimised and this will need to be kept under review.

The Committee asked to see a job description for the project manager post and the KPIs that the postholder would be responsible for. The CFO confirmed that a detailed job description is included in the SLA with ACER and it is the intention with the budget to set out the outline cost to increase the capacity to keep the project on track.

The Principal commented that £135K for central costs is set aside in the budget. The SLA with WSC costs £70K so the remaining £65K leaves little room for manoeuvre to build the infrastructure. It is recognised however that some funding will come back into that central cost as the SLA with WSC reduces and income is received from recruiting a finance apprentice. The Committee recognised the constraints of the tight budget and agreed to go ahead with the plan and budget as set out. The Committee will keep the plan and budget in scope to coincide with the review of the MTP (Mid Term Plan) in the Autumn term and this will be a standard agenda item of the Committee.

SJones

Agenda item 9 preceded the next agenda item.

8 Draft Budget 2017/18

A detailed and consultative budget process has been undertaken which has informed the production of the draft budget. The result of this process is a draft budget surplus of £108K.

The General Annual Grant (GAG) statement received from the EFA has been budgeted for and is made up of Sixth Form funding based on student numbers enrolled; High Needs Allocation Element 2 (unchanged from 2016/17); School Budget Share (reduced income in 2017/18); and Education Services Grant (reduced income in 2017/18). The total value of income to be received is just over £8.9m which is a decrease of £47K from 2016/17.

The budget surplus is lower than in previous years despite from significant cuts to grants but does reflect some prudent assumptions on some budget lines which are expected to perform better than budget.

Detailed planning work has been undertaken in relation to the staffing costs for the year 2017/18. In relation to the non-pay element of the budget, the budget holders have submitted their requirements for the 2017/18 academic year and in some cases the requirement for Education Supplies and Services spend has increased due to changes in specifications. Staff costs overall show an increase of £323,352 and assumptions in the budget include an inflationary pay increase, increased NI and pension contributions; and 100% progression costs where relevant. The total cost of this progression budget is £122K and is unlikely to be fully discharged.

The Committee asked if the College would be at risk of making a larger than budgeted surplus again in 2017/18. The CFO confirmed that there are contingencies within the budget that will give the College flexibility but the budget is prudent. The Committee asked if the Trust should set itself a target surplus each year but after debate it concluded that a better indicator would be to measure the contribution toward achieving the College's reserves policy. Another indicator that the Committee agreed it would like to receive is the variance surplus/deficit against the surplus budget set. These KPIs will be included in the next report and the CFO will detail the use of surplus in the reserves policy.

CBundy
SJones

9 SLA with ACER

The conflicts of interest of the CEO and Principal, who both hold Trustee roles with ACER were disclosed. ACER (the Association of Colleges for the Eastern Region) works with 32 Colleges in the East and manages a number of ESF projects. Their expertise on this project was sourced and the job description in the SLA sets out the specific role in respect of the new Sixth Form College project. The CEO confirmed that ACER remains the employer of the individual appointed and a notice period of one month to terminate the arrangement is included in the SLA. In effect the SLA is to second an employee of ACER to work on the project under the direction of the CEO and the Principal.

Trustees asserted their concern of the conflicts of interest that both the CEO and the Principal hold as Trustees/Directors of ACER and asked that both detail the performance of the post holder over the probationary period to the Chair of the Committee and Chair of the Board of Trustees to seek their assurance and approval to continue with this working arrangement under the SLA. Only under acceptable performance of the post holder would the Chair of the Board of Trustees be content to sign the SLA.

It was noted that the registered office in the SLA is stated as ACER, Out Risbygate, Bury St Edmunds, IP33 3RL and should read West Suffolk College. The CFO is to amend. The actual date of signing the SLA is to be inserted and will not be predated November 2016.

SJones

The Committee suggested adding the performance of the post holder as a risk to the Trust register so that this could be kept under review.

JBridges

The Committee agreed for completeness that two SLAs are to be drawn; one to cover the period from November 2016 to 31 July 2017; the second wef 1 August 2017 subject to satisfactory performance and interview of the post holder to be undertaken by the Chair of the Committee and the Chair of the Board of Trustees in the first two weeks of June 2017. The CFO is to make the necessary amendments and arrangements.

SJones

Agenda item 8 preceded items 10 and 11.

10 Estates Update

The Principal confirmed that services are running well and there was little to add to the report received by the Committee. There are some additional costs to the Property Strategy received last year (as detailed above) but on the whole the strategy is performing as planned.

It is pleasing to note that the British Engineering Services, the main contractor for Statutory Testing has completed their programme of work for the testing of a range of equipment and plant used mainly in the STEM areas of the College. A

comprehensive Door and Fire Extinguisher Audit has also been completed to ensure door closures, smoke strips etc are in place and recorded to achieve full compliance. The Committee agreed that this arrangement places the College with better compliance assurance than under the former contract arrangements.

11 Any other business

The apologies for absence are to be recorded for C Ridgeon who is unable to attend the 4 July 2017 meeting of the Trust Board.

Date of next meeting

Monday 19 June 2017 at 5.00pm. Suffolk One Board Room.

The meeting closed at 7.15pm

JBridges