

BOARD OF TRUSTEES – FINANCE COMMITTEE

Minutes of the meeting held at 4.00pm on 22 May 2019

Present: S Clarke, Chair
E D'Souza
N Savvas, Chief Executive
D Wildridge, Vice Chair
C Ridgeon

In Attendance: S Jones, Chief Financial Officer
C Bundy, Finance Manager
J Raffel, Group Director Finance
R Stevenson, Operations Director
J Bridges, Trust Secretary

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 S Healey Pearce and C Higgins.

3 Minutes of the meeting held on 13 March 2019

The minutes of the meeting were agreed as a correct record.

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.

The Chair asked if there had been any movement on the rescheduled September date concerning the pay award. The Finance Manager confirmed that this is still out for staff consultation.

5 Finance Report and Key Performance Indicators

One Sixth Form College

As at the end of March 2019 the figure for the operational forecast is a surplus of £184,073 compared to a budgeted surplus of £6,182 (as shown in line 6.00 on the report) after acknowledging expenditure explicitly approved from reserves.

The deficit figure of £9,196 on the income and expenditure sheet reflects premises and IT spends approved in the previous year along with the disbursement of the Free School Meals balance from 2017/18. All of which are funded from either GAG or ring-fenced restricted reserves as previously agreed.

It was noted that the staff cost to income ratio has lowered and this is due to the increase in income which has positively reduced the ratio. This will be a KPI that is closely monitored and is likely to continue along this line, if not better, for the year end. There are no known risks likely to negatively impact the forecast year end and a potentially better than profiled outturn.

It was noted that the Devolved capital fund is additional money received from the ESFA (£118K) and is to fund property related items for the Academy.

Abbeygate PDG Report

The report shows a figure of £132,542 PDG funds sitting in the ring-fenced Restricted Reserves. This was a requirement of accounting convention and means that expenditure during 2018/19 will appear to be unfunded but is in fact funded by these reserves. There were no issues arising from the management accounts presented.

SAT Central Report

The Committee raised no concerns with the management accounts presented.

Cashflow

At the end of the period the total bank balance stands at a total of £2,198,400 which is made up of £698,400 in the current account and £1.5m held on deposit.

Summary

At this point in the year it is expected that aside from extra investment in the estate and IT infrastructure which will also be significantly funded by unspent GAG reserves from 2017/18, the Trust will perform better than budget which will permit options to invest further.

6 Draft Budget 2019/20

A detailed and consultative budget process has been undertaken this year for One and for Abbeygate a budget has been drawn up predicated on funding for 400 students. The Committee considered the draft budget for SAT Central that has then been constructed to allow for central costs and SLA's to be adequately provided for. The combined result of this process is a draft trust surplus budget of £195,995 before the contribution to the Restricted Fixed Asset Reserves of £80K for rental obligations therefore leaving a residual surplus of £115,995.

The assumptions made relate to the 2019/20 academic year. For assumptions around GAA (General Annual Grant), student numbers have been predicted as:

Year	One Sixth Form	Abbeygate Sixth Form
2	2,050	900
3	2,075	1,200

Other budget assumptions made include;

- £426K High Needs allocation Element 2 at £6K a year for 71 places (a decrease of 9 since 2018/19) but is set to increase back to 80 places in year 2.
- £82K School Budget share – the final payment of this funding stream
- £86K Capacity and Delivery Funding in support of preparing for T Levels and £28K Maths premium.

Expenditure assumptions include;

- All staff costs budgeted on full progression and full pension take up.
- Beyond the teachers and support staff pay increases recently approved the budget assumes a 1% pay uplift on all lines and known maternity cover also built in.
- A value of £50K is included for supply and agency teaching

Non-pay costs remain broadly the same although notably there are;

- Increased facilities management and waste costs and expenditure on the One Bus scheme and utilities.
- Decreased exam costs due to the move to linear A Levels
- Decreased Free School Meals spend

The Committee considered the assumptions made with building the budget profile and commended the process and level of detail presented in order for Trustees to make informed decisions. The Committee asked for assurance concerning the assumed/predicted student numbers. For One Sixth Form College a solid approach based on historical data and growth have been used and the assumptions made are considered to be sound. For Abbeygate student numbers, of course, are an unknown quantity and a key risk but enrolments and applications are being closely monitored and there is confidence that profiled student numbers are not too optimistic but are a best and realistic estimate. A strong Marketing campaign will assure and contribute to achieving target student numbers and this is where the focus will be made. The Chief Executive confirmed that the non-achievement of targeted student numbers in year one whilst being a risk will not have a fundamental impact on the future of Abbeygate – in the short-term SAT will need to meet any shortfall pending corrective budgetary action being taken in future years.

It was noted that the assumption for a pay award have been provided for in the budget. The pay award (1%) for Support staff would not impact until the following year, teaching staff award would be payable as of September as profiled in the budget.

The Committee will consider the final budget and financial forecast at the meeting to be held in June 2019 prior to putting forward a recommendation for approval to the Trust Board at the meeting to be held on 8 July 2019.

7 Estates Update

The three Large Managed Service contracts will be extended into the year five contract period as tendered in the original contract, when their contract period ends on the 31 August 2019. A review of the contract specifications will be drawn together to encompass the needs of Abbeygate and test the market for a 'group' tender approach.

The Committee considered the roll forward of these three managed contracts; CBRE, the Hard FM Managed Service Contractor; European Electronique (EE), the ICT Managed Service Contractor; and Vertas, the soft FM Managed Service Contractor. It was noted that the costings for the 2018/19 and proposed 2019/20 academic years were provided for in the report and all show a percentage uplift of between 1.7 and 4% and these costs have been profiled within the 2019/20 budget.

Work is underway to procure and organise the different aspects of the summer works schedule appended to the Property Strategy (costs estimated at circa £200K). It is proposed that some of these works would be undertaken using the £118K additional Devolved Capital Fund (as mentioned above) received from the ESFA.

It was noted that at One Sixth Form College there is a significant amount of costly plant and equipment which will need to be replaced at the end of its useful life and steps will need to be undertaken in the near future to plan

financially for its replacement using reserves that have been designated for that purpose.

8 Any other business

Nothing to report.

Date of next meeting

Tuesday 18 June 2019 at 4.00pm. West Suffolk College

The meeting closed at 4.45pm