

**BOARD OF TRUSTEES – FINANCE COMMITTEE**

**Minutes of the meeting held at 4.00pm on 18 June 2019**

**Present:** S Clarke, Chair  
E D'Souza  
C Higgins  
D Wildridge, Vice Chair  
C Ridgeon  
N Savvas, CEO

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

**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.

**3 Minutes of the meeting held on 22 May 2019**

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

**4 Matters Arising**

There were no matters arising from the meeting held on 22 May 2019.

**5 Finance Report and Key Performance Indicators**

**One Sixth Form College**

As at the end of April 2019 the figure for the operational forecast is a surplus of £176,699 compared to a budgeted surplus of £6,182 (as shown in line 6.00 on the report) after acknowledging expenditure explicitly approved from reserves. This is a slight reduction on the March forecast, but the forecast is more likely to increase in the last quarter of the year.

It was noted that the deficit figure of £16,570 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. These are funded from either GAG or ring-fenced restricted reserves as previously agreed.

As at period 8, the surplus is £97,268 compared to a budgeted deficit position of £38,170. The main reason for the positive variance is additional income received. It was noted that a re-forecast has been completed and the surplus is down by circa £7K (before reserve items are added back in).

The Committee discussed the need to provide for the replacement of expensive plant and equipment in forthcoming years and it was agreed that a comprehensive property strategy is needed (and is being developed) from which a costed replacement plan will be provided. Annual surpluses achieved will go into reserve funds from which the cost of replacement items

**Action**

would be funded when needed. It is therefore important that SAT continues to achieve surpluses for this purpose.

### ***Abbeygate PDG Report***

A figure of £132,542 PDG funds sits 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 and work to quantify a revised forecast position is being undertaken currently.

The figures reported show the £60K PDG income received in January 2019. Taking into consideration the expenditure reported the available balance not yet formally committed for the rest of the financial year is £228 but as stated above, further forecasting work for the year end position is to be completed.

### ***SAT Central Report***

The only income shown is a YTD recharge to West Suffolk College for the IoT work undertaken by the Project Manager of Abbeygate and this ceased in April 2019.

The Indirect Employee expenses budget has been loaded with the same profile of spend as the previous financial year. YTD figures show a surplus of £5,670 with the year-end forecast budget being fully discharged.

The Central SAT is funded by a recharge of £135K from One Sixth Form College per annum which represents 1.3% of income. In summary the YTD position is a surplus of £15,746 with the year-end expecting it to be fully spent.

### ***Cashflow***

At the end of the period the total bank balance stood at a total of £2,225,531 which is made up of £725,531 in the current account and £1.5m held on deposit. The high balance remains due to financial performance, the level of creditors, grants and agency monies not yet spent.

### ***Key Performance Indicators***

The Committee looked at the two red RAG rated KPIs which related to the percentage of budget spent on buildings YTD actual vs YTD budget and the same KPI forecast vs budget. It was recognised that due to timings these KPIs will always be rated Red as works are usually undertaken over the summer so would be allocated from the current year budget but in reality are usually paid out in the next academic year from reserves. The Red status therefore is not a reflection that we are not investing in our buildings.

### ***Summary***

In summary it was report that 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 and 3 Year Financial Forecast**

At the May 2019 meeting of the Committee the draft budget was considered and discussed and agreed in principle. Since this time, the budget has been reviewed and some minor changes made reflecting changes to the Abbeygate budget as a consequence of updated information. The updated figures were presented in the summary Income and Expenditure table in the

report showing the proposed budget. It was noted that the revised Trust surplus budget is now £125,295 compared to the surplus budget of £115,995 discussed in May 2019. All assumptions around income, pay and non-pay budgets however remain the same as first reported.

The Committee focused on the predictions and assumptions made for years 2 and 3 and noted that owing to the comprehensive spending review from September 2020, broad assumptions have been made that income streams will remain as they currently are.

It was noted that the student numbers for Abbeygate Sixth Form College in year 2 are based on them occupying the new building. The building will accommodate 1,700 students in total at full capacity. The figures for One Sixth Form are still realistic. In year 3 student numbers are predicted at 2,075. The capacity of the building can accommodate 2,200 students so while this is close there is still scope to adapt and accommodate more.

It was questioned why the intercompany transactions for One Sixth Form College have increased from the 2018/19 budget of £135K to £148,500 in 2019/20 but forecast to decrease in 2020/21 to £95K. The CFO confirmed that this is forecast to decrease because the number of intercompany transactions are set to decline as the Trust will not need to enter into such transactions going forward.

Further to discussion the Committee agreed that justification and a business case for a shared services arrangement with the Colleges in both SAT and West Suffolk College is to be financially scoped late in the coming year. While financial savings are not the driver for a shared services strategy there will be some identifiable savings that can be quantified and the Committee would be interested to see where and how these savings could be recognised. What is more important to realise is outstanding post 16 quality of provision across the group of Colleges.

The Committee was asked to commend the budget and three-year projections to the Trust Board for approval at the meeting to be held on 8 July 2019. The Committee **approved** the Budget and 3-Year financial plan. **Proposed** by C Ridgeon and **seconded** by C Higgins.

SClarke

7 **Any other business**

None.

**Date of next meeting**

Wednesday 6 November 2019 at 4.00pm. One Sixth Form College.

The meeting closed at 4.55pm