

FINANCE COMMITTEE

Minutes of the hybrid meeting held on 16 March 2022 at 3pm

Present physically at SAT HQ: S Clarke, Chair

S Healey Pearce

Present virtually: C Higgins
D Wildridge, Vice Chair
E D'Souza

K Points

In Attendance: J Raffel, CFO
N Savvas, CEO
R Bamford, Group Vice Principal Data and MI
S Gales, Governance Professional

Apologies: C Ridgeon

Action

1 Declaration of Interests and Apologies for absence

C Higgins, E D'Souza and S Clarke declared their roles as Governors of West Suffolk College. No other conflicts of interest in relation to the items of the agenda were declared.

Apologies were received from C Ridgeon.

2 Minutes of the meeting held on 16 February 2022

The minutes of the meeting held on 16 February 2022 were **agreed** as an accurate record.

3 Matters Arising from meeting on 16 February 2022

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.

MA1 S Clarke to work with J Raffel to identify the best groups of the income and expenditure account headings to aid the Committee to identify meaningful trends.

MA5 J Raffel to propose new KPI to best monitor current student numbers up to the census point and to monitor current Year 12 student numbers which informs forecasting for Year 13 student numbers and next year's income.

4 Finance Report

Trustees received and considered the detailed financial report provided, and S Clarke summarised the key data:

- The year-to-date position is circa £1.18m surplus which is a £953k better than budget.
- The forecast full year forecast is £527k which is £97k behind budget.

J Raffel noted that following initial national negotiations of the pay award for support staff, there is likely to be additional savings compared to the budgeted position.

Trustees discussed the national pay awards and the Trust's employment contracts; and noted that whilst the Trust does not have to align to the national pay negotiations, it is beneficial for the Trust to align to the national negotiating committee at the this time.

Trustees noted that travel costs are higher than budgeted and noted, rising energy and fuel costs and asked if this is concern. J Raffel noted that majority of travel costs relate to Group staff travelling between the Colleges and noted that the Trust is looking into whether to hire zero emission vehicles to facilitate this in a more cost effective and energy efficient manner.

Trustees queried if a vacancy factor is considered in the budgetary planning. J Raffel replied that the Trust does not.

5 **Key Performance Indicators**

Trustees received and considered the KPI report provided, and S Clarke noted that of the KPIs, RAG rating of the data shows: 5 green, 3 amber and 1 red.

Trustees discussed the red KPI and noted this relates to the under-achievement of the budgeted surplus position, and noted that the amber KPIs are improving.

Trustees queried how the Trust is advertising to students to increase applications. N Savvas noted that, following the removal of social distancing restrictions, the Colleges have held open events, invited schools into the Colleges and visited feeder schools to inform students about the Colleges. N Savvas noted that whilst application figures are strong, we need to grow the Colleges at a sustainable pace.

6 **Financial Regulations**

The draft paper for this report was not provided.

S Gales outlined that in accordance with section 2.4 of the Academy Trust Handbook, the Trust “must approve a written scheme of delegation of financial powers that maintains robust internal controls” and review these “when there has been a change in trust management or organisational structure”. S Gales noted that following changes in the Trust’s management structure and, to facilitate early prior submissions of related party transaction applications to the ESFA for services to be provided in 2022/23; we have undertaken a substantial review of the Financial Regulations to ensure compliance with the current version of the Academy Trust Handbook and to align the structure and layout (as far as possible) with the Financial Regulations at the sponsor to facilitate shared working.

Trustees **agreed to receive and consider** the Financial Regulations and accompanying summary of material changes report electronically, and to recommend it to the Trust Board for approval.

JRaffel

7 **Trust’s Reserves Policy**

Trustees received and considered the report provided which has no significant changes to the current policy reviewed by the Committee in May 2021. J Raffel noted that the Trust’s reserves policy is higher than comparable institutions to plan for maintenance costs of the Trust’s buildings and infrastructure and to facilitate the Trust’s Property Strategy.

Trustees queried the impact of the approved expenditure on the HVAC renewal on the financial position of the Trust and whether the Trust needs to set aside further reserves to prepare for the eventuality that it is not successful in securing grant capital funding. J Raffel explained how the approved expenditure has been allocated and the potential impact of the Trust being successful in its application for Capital Investment Fund (CIF) to lessen reserves expenditure. N Savvas noted that the Trust is in a strong cash position and is in a growth phase with increasing enrolments. It was however noted that there is a difference between cash held and accounting reserves which J Raffel explained.

Trustees queried how the reserve amount of two month’s estimated expenditure was decided upon. J Raffel noted that this is historic, and the benchmarking exercise of other Trust’s shows that there is a variety of reserve amounts.

Trustees felt that if there was a policy to target a certain level of reserves then this should be reflected in the budgeting and three year planning process based on known levels of revenue and capital expenditure over a longer period.

It was agreed that approval of the Reserves Policy be deferred until the next meeting at which it could be considered alongside the draft budget for next year and the three

JRaffel

year plan. Clarification of the impact of both restricted and non restricted reserves on the policy should also be sought.

8 **Funding Allocations**

Trustees received and considered the report provided which outlined the ESFA funding allocations for 2022/23. The allocations across the Trust has increased £1,217,414 compared to 2021/22, in part due to an increase in the number of students being funded (an increase of 1.3%) and an increase in the national funding rate (an increase of 8.45%).

J Raffel noted that changes in the teacher pay grant mean we will cease to receive this income (circa £200k) however we will continue to receive the pension pay grant.

Trustees queried if there are any other changes associated with the increase in the national funding rate. R Bamford noted there is an increase in planned learning hours (PLH) from 540 to 580; and noted that this is currently being planned for.

9 **Any Other Business**

None.

The meeting closed at 4.02pm