

FINANCE COMMITTEE

Minutes of the hybrid meeting held on 18 May 2022 at 3pm

Present physically at SAT HQ:	C Higgins E D'Souza	S Clarke, Chair
Present virtually:	C Ridgeon D Wildridge, Vice Chair	K Points S Healey Pearce
In Attendance:	A Brewster, Finance Manager A Wright, Group Director of Progression J Raffel, CFO N Savvas, CEO S Gales, Governance Professional M Chatt, Observer (and Chair designate)	

Apologies:

- Declaration of Interests and Apologies for absence**
C Higgins, E D'Souza, M Chatt 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.

No apologies for absence were received.
- Minutes of the meeting held on 16 March 2022**
The minutes of the meeting held on 16 March 2022 were **agreed** as an accurate record, subject to the amendment of 'council' on page 1 agenda item 4 to 'national negotiating committee'.

The Committee noted that on 22 March 2022 members received and considered the updated Financial Regulations along with a summary of the material changes, and recommended these to the Trust Board for approval.
- Matters Arising from meeting on 16 March 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.
- Risk Register Extract**
Trustees received an extract of the updated Risk Register, with the risks relating to financial matters highlighted. Of these risks, post-mitigation, there were **0 red**, **2 amber** and **2 yellow** risks.

Trustees discussed why the extract is coming to this Committee. Trustees noted that overall the risks are appropriate and agreed to discuss this item in further detail at the next meeting.
- 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 £0.8m surplus which is a £420k better than budget.
 - The forecast full year forecast surplus is £680k which is £56k ahead of budget.
Trustees commended the overall financial position of the Trust, but queried what was meant by a 'prudent approach' under expenditure – non-pay (other costs). J Raffel explained that we are conscious of the macro pressures which will affect the Trust and are trying to operate as efficiently as possible in order to ensure we remain financially

Action

viable. N Savvas added that due to inflation and the increasing cost of living, staff's salary expectations are rising and the labour markets are seeing wage inflation especially at the lower and middle management skills level; so it is especially important that we remain financially prudent.

Trustees queried why the funding for SEND is still unknown. J Raffel confirmed that this is due to the funding methodology and timing when the Trust receives funding (the Trust is paid termly for this).

Trustees considered the proposed new format in Appendix 4 for the Income and Expenditure Accounts. Trustees agreed the more streamlined reporting style was improved but queried whether it would be advantageous to separate 'energy costs' from 'premises costs'. The Committee **agreed to delegate authority** to the Chair (and Chair designate) and the CFO to review and propose a final version at the next meeting.

Chair
Chair des.
CFO

6. 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: 7 green, 2 amber and 0 red.

Trustees considered the proposal to amend KPI 8 with KPI 8a which would record the current Year 12 cohort and 8b which would monitor the current Year 13 cohort; and for KPI 10 to similarly be replaced with 10a and 10b to forecast the following year student numbers in Year 12 and Year 13. KPI 8a would be used multiplied by the historic retention percentage to forecast KPI 10b, and KPI 9 would be used multiplied by the historic conversion factor for applications to enrolments to forecast KPI 10a.

Trustees agreed with this approach but asked more thought to be given to how to account for SEND students who might be on roll for more than 2 years. The CEO and CFO to review and propose a final version at the next meeting.

CEO
CFO

Trustees discussed whether, alongside the teacher to student ratio, we should report on the pastoral / welfare / learning support to student ratio. Trustees agreed it would be beneficial to add the ratio of student-facing staff to student ratio as an extra line. The CEO and CFO to review and propose a final version at the next meeting.

CEO
CFO

Trustees noted that the benchmarks currently used are internal benchmarks; and asked if we should also report against external benchmarks. The CFO is working to review and will propose a set of external benchmarks at the next meeting.

7. Applications

Trustees received and considered the report provided, and A Wright summarised the key data to date:

- Circa 1,000 submitted applications for ASFC
- Circa 1,850 submitted applications for OSFC

A Wright summarised how the admissions team is working to convert applications to enrolments and keep warm students.

Trustees queried whether our market share is increasing or decreasing, or whether we are increasingly competing with other providers. A Wright feedback that anecdotal feedback from schools is that, as a result of the pandemic, the current Year 11 cohort is working at a lower academic level than in previous years and so students are less confident in applying for A Levels. A Wright also noted that the cost of living and travel is also impacting on student choices, which is why we are working to consider how we best deploy bursary funding.

Trustees asked for a future report, for A Wright to provide an individualised conversion rate analysis over time per school (relative to the Year 11 cohort size). Trustees also asked if we could report on the proportional progression data per school (proportion of

A Wright

the Year 11 cohort progressing into sixth form). A Wright to work with Suffolk County Council to devise this report.

8. Draft Budget for 2022/23

Trustees received and considered the draft budget provided which shows a surplus of £244k has been planned in order to ensure that the Trust can continue to operate effectively and efficiently and invest in its estate.

J Raffel noted that the senior executive team are working to review the staffing costs for next year and to find efficiencies where possible.

Trustees discussed that the budgeted pay award figure within the budget is significantly below the percentage ask of the national unions and noted that, if the national negotiations were successful this would remove the planned surplus.

N Savvas noted that the executive are working to review the operational plan to limit expenditure and/or share staff within the Trust and Group to maximise staff utilisation and efficiency.

Trustees agreed that given the rising in-year costs, we should budget for a 3% surplus to ensure we have sufficient funds to cover unbudgeted in-year costs.

Trustees queried whether the student numbers upon which the budget is predicated are achievable. N Savvas noted that we are confident we will achieve/exceed these numbers; however reminded that due to ESFA lagged-funding rules we will not receive full payment next year for the in-year growth in student numbers. N Savvas noted that we are closely monitoring the growth to minimise additional expenditure or maximise income associated any additional expenditure.

9. Trust's Reserves Policy

Trustees received and considered the report provided which outlined a new proposed approach to the reserves policy, following advice from the Trust's external auditors.

Trustees queried whether there is likely to be a change in policy, similar to in the FE sector, to use bids to fund capital expenditure. J Raffel noted that this is not currently the policy, though there is an annual Capital Improvement Fund (CIF) which we can bid for though this is a funding pot for all schools. J Raffel noted that when a multi-academy trust reaches a certain size it receives a greater capital allocation from the ESFA.

Trustees considered and **agreed** the proposed wording and **agreed to recommend** it to the Trust Board for approval.

10. Financial Regulations

Trustees received and considered the report provided which highlighted suggested amendments to the Financial Regulations following comments from the Trust's external auditors.

J Raffel noted that there may be additional changes following comments from the Trust's lawyers.

Trustees **agreed** the proposed amendments and **agreed to recommend** it to the Trust Board for approval, and **agreed to delegate authority** to the Chair to review and approve on behalf of the Committee any further amendments following advice from the Trust's lawyers.

11. Any Other Business

None.

The meeting closed at 4.31pm

Chair