

FINANCE COMMITTEE

Minutes of the hybrid meeting held on 6 November 2024 at 4.30pm

Present physically at WSC: A Duffety, **Chair** M Chatt, **Vice Chair**
E D'Souza N Savvas, CEO (part)

Present virtually: C Higgins

In Attendance: A Brewster, Group Head of Finance
A McGarel, CFO
D Barton, Group Assistant Principal Adult (part)
L Carroll, Group Head of Project Accounting, Risk and Transformation
L Moody, Group Principal University and Professional Development (part)
L Parish, Group Assistant Principal Apprenticeships (part)
P Stittle, Executive Director Business Development
S Gales, Governance Professional
S Minns, Group Head of Admissions and Enrolment
S Prickett, Group Director Finance & Operations

Apologies: J Drake

Absent:

1. Appointment of Chair and Vice Chair

The Governance Professional informed that the Corporation appointed A Duffety as Chair and M Chatt as Vice Chair for 2024/25, at its meeting in July 2024.

2. Declaration of Interests and Apologies for absence

C Higgins, E D'Souza and M Chatt declared their roles as Trustees, and N Savvas as CEO of the Eastern Education Group Trust. No other conflicts of interest in relation to the items of the agenda were declared.

Apologies were received from J Drake.

The Chair welcomed Martin Chatt to the Committee.

3. Terms of Reference, Committee Skillset and Agenda Planner

Governors received and considered the draft Terms of Reference, Committee Skillset and Agenda Planner provided.

Governors discussed the Committee Skillset and asked for 'ideally' to be removed from item 6.

Governors commended the agenda cycle though queried why the Financial Regulations have not been presented to this meeting as per the schedule. The CFO noted these are slightly delayed and will be presented at the next meeting.

Governors **approved** the Terms of Reference, Committee Skillset and Agenda Planner, and **agreed to recommend** to the Corporation, subject to the amendment above.

4. Minutes of the meeting held on 26 June 2024

The minutes of the meeting held on 26 June 2024 were **agreed** as an accurate record.

5. Matters Arising from meeting on 26 June 2024

Five of the nine matters arising were complete, two were noted, one is due to be reported in Spring 2025. P Stittle provided a verbal update in relation to MA6 in agenda item 12.

Action

Gov. Prof.

6. **Finance Report**

Governors received and noted the detailed financial report provided, and the Group Head of Finance summarised the report:

- The year-to-date position is a deficit position better than budget,
- The forecast year end position is a deficit of £86k, though with the planned increased income and/or challenge of £450k we forecast to achieve a year-end surplus position

Governors noted the significant additional enrolment of sixth form and SEN students, and queried the Executive's confidence that the college will receive the growth case funding (increased income from the ESFA for sixth form and from Suffolk County Council for high needs funding). A Brewster explained the historic reliability of growth case funding from the ESFA and of high needs funding top-up paid directly by Suffolk County Council, and noted they have confidence the additional income will be paid to the College.

Governors queried the scale of the worst-case financial position if the increased income was not received. The CFO informed that to meet the needs of the additional students enrolled at the College, we have incurred c£300k additional costs (e.g. staffing, reallocation of resources to create additional rooming capacity, etc.) and noted we are closely monitoring this spend to ensure that in all eventualities the College remains financially sustainable and achieves a year-end surplus position.

Governors discussed the '£450k challenge' and queried how this has been communicated to staff, to ensure there is a focus on achieving the challenge and that it is being driven at all levels in the organisation. The CFO explained that we are asking all staff to utilise less resources and/or more effectively to achieve an overall 2% saving. Governors noted we are still very early in the academic year, though asked to receive regular reports on achievement of the challenge budget throughout the year and for the CEO to reiterate the importance of achieving the challenge to senior leaders and managers where appropriate.

CFO

D Barton, L Moody, L Parish and N Savvas joined at 4.48pm

Governors discussed the HE income deficit c£115k compared to budget and queried the likely full-year income deficit. The CFO noted we are still calculating the 2024/25 enrolment but advised recent changes to staffing have helped offset the reduced income. The CEO advised that we expect future years to show improved HE enrolments, and therefore income, as a result of the improved appeal of our UPD strategy.

Governors discussed the premises cost and queried whether the £102k variance is a concern or due to the early reporting within the academic year - e.g. higher expenditure against the profiled budget but total expenditure will remain within the full-year budget. The CFO confirmed it was the latter and they have no concerns about over expenditure on premises at this time.

7. **Key Performance Indicator Report**

Governors received and considered the KPI report provided, which noted that of the KPIs, RAG rating of the data shows: 12 green and 3 amber.

Governors discussed staff costs in relation to the FEC benchmark and queried if it should be amber. The CFO explained the FEC benchmark is guidance rather than mandated and has to be considered in a broader context taking consideration of insourcing, outsourcing, etc. hence we have RAG rated performance to our in-house benchmark.

Governors discussed the financial health grade and noted we are self-assessing as 10 points above the Outstanding threshold. Governors noted plans to wind down the ESFA and integrate into the DfE, and queried if this will change the methodology/approach of the grade. The CFO informed whilst there is a proposal to change, the government have not yet reached a decision. The CFO confirmed if/when they do we will update the KPI metric used.

8. **2023/24 Year-end outturn and Group services Value for Money Report**

Governors received and considered the reports provided and A Brewster noted the year end position before any audit adjustments is a £201k surplus which is £26k worse than budget.

Governors commended the strong outturn given the financial challenges in 2023/24.

Governors discussed the annual report of Value for Money of Group services, and noted the net recharge to the Trust is above the maximum amount prescribed in the RPT agreement. Governors discussed that the ESFA's guidance on RPTs has changed and queried whether we should end the RPT agreement if it is no longer valid/needed. The CEO proposed we replace the RPT agreement with a document outlining the principles of inter-Group shared services and asked the CFO to bring a proposal to the Committee. Governors suggested we seek the professional advice of our lawyers/external auditors to ensure we meet the requirements of our regulators.

Governors **agreed to recommend the reports to the Corporation.**

9. **Going-concern Report**

Governors received and considered the report provided and **agreed to recommend it to the Corporation.**

Governors commended the Executive for the strength of financial management.

10. **Student numbers for current year (Enrolments)**

i. **Sixth Form Provision**

Governors received and considered the report provided. S Minns summarised the live data compared to the budget and our ESFA allocation.

Governors queried the reasons for the significant growth and whether this level of growth is likely to continue and how sustainable it is in terms of our capacity. The CEO noted the growth of our Level 1 and Level 2 provision, has resulted from students not achieving the higher GCSE outcomes; and therefore, not ready to progress to A Levels – and noted this adversely impacted ASFC but benefitted WSC. The CEO explained this underpins our Group strategy as working together we can ensure students are on appropriate courses for their needs and are supported to progress and achieve. The CEO added that more students are choosing WSC as the environment is more appropriate for their future ambitions (e.g. vocational routes into higher/degree apprenticeships) and for their SEN needs (as they know our reputation for providing outstanding wrap-around support for students).

Governors queried whether this level of growth is likely to continue and how sustainable it is in terms of our capacity. The CEO informed that the local demographic data shows continued growth in sixth form for the next six years, and the significant infrastructure investments in the east (e.g. new housing) may further increase demand. The CEO confirmed we are keenly aware that capacity within the current sixth form sites is limited and explained that short term, we are reviewing our Property Strategy to reconfigure our current estate more effectively and, longer term, we are exploring additional site options with Suffolk County Council.

Governors queried whether government decision about the future of Vocational Extended Diplomas will impact this academic year. S Minns noted it will impact our ability to offer these to new students for 2025/26 and so could impact enrolment for 2025/26. The CEO explained following the government decision we can adjust our curriculum offer accordingly.

ii. **University Studies Provision**

Governors received and considered the report provided, and S Minns summarised the live data compared to the budget.

Governors queried whether the courses we intend to reinstate for 2025/26 will achieve sufficient enrolments to be financially viable. L Moody outlined how these courses are being promoted and noted we have students within the Group pipeline who are seeking to progress.

iii. **Full Cost Pipeline**

Governors received and considered the report provided, and P Stittle summarised the live data compared to the budget.

Governors queried the likely impact of Skills England. P Stittle noted it is still very new so it is hard to gauge the impact the new approach will have on relations with employers and funding opportunities.

11. **Risk Register Extract**

Governors received an extract of the updated Risk Register, with the risks relating to financial matters highlighted. Of these risks, post-mitigation, there were **2 red**, **4 amber** and **3 yellow** risks.

L Carroll informed that a new Risk Register is being developed to better capture Group-wide and College-specific (rather than environmental) risks.

Governors queried whether the new Risk Register will include an updated risk to reflect the 2024/25 under-enrolment of HE. L Carroll confirmed it will, and noted the new Risk Register extract will be presented to the Finance Committee at the next meeting.

Governors queried if there is a risk of further misalignment between pay in the FE sector compared to the school sector, which could impact staff at WSC compared to the EEGT. The CFO noted this is a concern and we are awaiting clarification from the government to help us quantify the level of risk.

Governors reviewed the risks and **felt assured** by the mitigations proposed.

12. **Any Other Business**

- **Ofsted**

Governors wished the Executive good luck with the upcoming Ofsted inspection.

The meeting closed at 5.42pm