



Minutes of the Strategic Finance Committee meeting held on Wednesday 15th November 2017 commencing at 8.35am Principals Office at the Easton Campus Norfolk

Present

S Coby	SC	Independent Member
G Pilcher	GP	Independent Member & Chair
J Townsend	JT	Acting Principal

In Attendance

C Nix	CN	Interim Vice Principal/Director of Estates
R Robson	RR	Director of Governance
M Wilkinson	MW	Interim Vice Principal/Director of Finance

1	<p><u>Welcome and Apologies for Absence</u></p> <p>GP welcomed all to the meeting. Apologies were received from Mark Pendlington (MP).</p>				
2	<p><u>Declarations of Interest</u></p> <p>GP – in relation to RNAA</p> <p>No other declarations of interest were received for any items on the Agenda.</p>				
3	<p><u>Minutes of the Previous Meeting</u></p> <p>The Minutes of the Meeting held on 11th October 2017 were reviewed and confirmed as a true and accurate record of the meeting for signature by the Chair</p>				
4	<p><u>Actions and Matters Arising</u></p>				
4.1	<table border="0"> <tr> <td style="vertical-align: top;">Action 1</td> <td>RR confirmed she had not yet reviewed the Committee terms of reference as Search Committee are discussing the review of the governance structure and the terms of reference will not be reviewed until after that has been confirmed by Corporation.</td> </tr> <tr> <td style="vertical-align: top;">Action 2</td> <td>Action Agreed complete.</td> </tr> </table>	Action 1	RR confirmed she had not yet reviewed the Committee terms of reference as Search Committee are discussing the review of the governance structure and the terms of reference will not be reviewed until after that has been confirmed by Corporation.	Action 2	Action Agreed complete.
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Action 2	Action Agreed complete.				

- Action 3 Action **Agreed** complete.
- Action 4 Ongoing
- Action 5 Action **Agreed** complete.
- Action 6 Action **Agreed** complete.
- Action 7 Action **Agreed** complete.
- Action 8 Action **Agreed** complete.
- Action 9 Action **Agreed** complete.
- Action 10 JT reported that to date the full utilisation of the adults skills budget has not yet been identified. She will produce a report to the Corporation on the utilisation of that budget on the 6th December. Action **Agreed** complete.
- Action 11 Action **Agreed** complete.
- Action 12 Action **Agreed** complete.
- Action 13 Action **Agreed** complete.

In relation to Actions 12 and 13 MW confirmed that the development of the College's existing share point system was being considered.

4.2 GP updated the Committee on a recent meeting he and MP had met with the Trustees of the Felix Thornley Cobbold Trust, the Landlords of the Otley Campus. He and MP had updated the Trustees on the current position with the College and had met with a very supportive and favourable reaction. Discussion took place on aspects of the current position with the lease of the Otley campus and the additional land, together with the rents payable. CN confirmed he would advise the Committee of the details.

[Action – CN to confirm details of leases of Otley campus]

5.1 September Management Accounts

These were noted by the Committee

5.2 October Management Accounts

MW highlighted there had been a number of changes to the forecast since the original budget was approved by the Corporation. Income through lower student numbers is £200k less than anticipated. MW appraised the Committee of the strategy fun bid; funds received would hopefully cover cost directly linked to recovery. The application submitted by the College focuses on quality, particularly around teaching support.

MW confirmed that additional resource had been put into HR in order to assist recovery.

He advised that all new posts are reviewed by the Executive Team; challenge to request for new posts is improving.

MW reported that staff are improving in their use of procurement procedures. He advised that if necessary the system could be turned off to prevent expenditure over budget.

GP emphasised the importance of achieving the savings required and felt that in terms of the reduction in student numbers from those anticipated the College remained over staffed. He noted the importance of securing the Grade 3 at the next Ofsted inspection but also highlighted the necessity to deliver on the Bank's requirements. If they want EBITDA of zero then the College have to achieve that. It was noted that new covenants will want a minimum cash holding.

The committee reviewed the contribution rates by budget area as set out in the Management Accounts. The variance between the various departments was noted. MW highlighted the need for external business planning support which was now being put in hand. Whilst it was noted that all departments make a contribution it was further noted that they need to make a greater contribution. If all departments could get to around 30% contribution this would be reasonable overall and further progress could then be made from there.

Discussions highlighted on sport as this was an area of big turnover. It was noted that students in this area are funded at £4,000.00 per student as this was based on GFE funding. Sport had recruited approximately 60 less students than anticipated for the 17/18 year, staffing has not been adjusted accordingly. It was noted that animal care at Easton was also down by approximately 60 students but had maintained its contribution rates by adjusting its staffing levels appropriately.

Concern over the impact of lagged funding was noted, in 2018/19 a further £635k savings would be required.

Members queried the withdrawals of students. JT confirmed that there is a rigorous process of reviewing every learner each week. GP sought assurance that there would be little variation on the student figures from now until the end of the year. JT confirmed that mitigating factors for retention were being put in place, for example addition of parents evenings for students considered vulnerable and altering the work patterns so students do not feel that they do not wish to come back to College after the Christmas break.

6

CRS

The Committee reviewed the Finance & Savings Sections of the CRS. It was noted that savings being made in year were now rolling through. MW once again confirmed that the purchase ordering practices were being tightened.

GP confirmed that prior to the previous Corporation meeting he had attended a Staff Forum Meeting at the Otley Campus. The meeting had concentrated on the

need to make savings across the College and GP noted that staff had been extremely supportive of this process coming up with ideas in the meeting on potential areas for savings. GP reported that the Deputy Principal had conducted this meeting in a very positive fashion and had engaged staff with the process.

7

Bank Review

The possibility that the Banks may require a covenant over the use of the proceeds from the land sale was considered. The pros and cons of this were considered.

MW confirmed that the annual statements and accounts (item 10 on this Agenda) contained an emphasis of matter paragraph on the going concern issue. This is not an audit qualification. MW emphasised that Corporation will need to make a decision as to whether or not to sign, submit the accounts to the ESFA and publish with the emphasis of matter paragraph in it or try to wait until matters can be resolved with the Banks and the auditors will then agree to remove the emphasis of matter paragraph. This however may delay submission of the accounts until March. MW confirmed that he is currently waiting for a response from the ESFA as to their view of such a late filing. It was suggested that it would be preferable for MW to also check with Andrew Tiley from the FE Commissioner team his view. It was also suggested that the Banks will need to be advised of the existence of the emphasis of matter paragraph.

MW highlighted an audit adjustment in respect of ESFA funding. He advised that this had previously been split on receipt of between teaching and bursary but that payment was now being made in one lump sum. The accountants wanted the College to include the total sum received in I and E but MW was not comfortable with that as the College is obliged to spend the bursary element of the payment on the students entitled to those funds. Members were comfortable with the stance taken by MW.

8

College Financial Grading

The Committee reviewed the paper provided by MW. Governors was advised of the current situation regarding the College financial health rating. Despite significant losses the College has always been able to show a financial grading of satisfactory or above based on its strong balance sheet. Recent results have impacted the balance sheet adversely. The result of that is that the College will be classed as financially inadequate on the back of the 16/17 results. The impact of that is that the College will receive a notice of concern and further ESFA monitoring, the ESFA have explained that this will roll into their schedule of visits already arising out of the Ofsted grade 4. MW noted that by the end of 17/18 the College will no longer be rated as inadequate.

9

Finance Calendar

The Committee noted the finance calendar presented by MW.

10

Annual Accounts

	<p>The Committee reviewed the accounts of the College and the subsidiary companies. It was noted that these would also be reviewed at Audit Committee but would go straight to Corporation for formal approval.</p>
<p>11</p>	<p><u>Treasury Report</u></p> <p>The cautious approach previously agreed by the Corporation was noted. Placements are therefore only made with UK entities with an acceptable credit score effectively only high street banks plus COIF. The report was noted by the Committee.</p>
<p>12</p>	<p><u>Land Sale</u></p> <p>CN provided an update to the Committee. He confirmed that a meeting was taking place today with South Norfolk District Council to discuss the variation to the Section 106. A representative from the purchaser would be at the meeting. It was hoped that the decision could be retained at officer level as a referral back to Committee would add to the potential time involved. The outcome will impact the anticipated timeline.</p> <p>[Action CN to confirm the outcome of the meeting when known to members of the Committee]</p>
<p>13</p>	<p><u>ILR Audit</u></p> <p>MW confirmed the positive outcome of the recent ILR audit noting the negligible impact on overall funding receipts.</p>
<p>14</p>	<p><u>AOB</u></p> <p>None</p>
<p>15</p>	<p><u>Date of Next Meeting</u></p> <p>Confirmed as 17th January 2017 at 8.30am</p>