



Minutes of the Strategic Finance Committee meeting held on Monday 12th March 2018 commencing at 4.00pm at the Offices of Larking Gowen Diss Norfolk

Present

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

In Attendance

J Whyman	JW	Independent Member
J Cook	JC	Interim Vice Principal – Finance
C Nix	CN	Director of Estates
R Robson	RR	Director of Governance

1	<u>Welcome and Apologies for Absence</u> None
2	<u>Declarations of Interest</u> GP – in relation to RNAA JW – Chair of Audit Committee, in attendance following discussion at strategy day No other declarations of interest were received for any items on the Agenda.
3 to 7	<u>Management Accounts, Budget and Cashflow Forecast, Pay Savings, Bank Review and Land Sale</u> <i>It was agreed by all present not to follow the set agenda for items 3 to 7. Discussion flowed back and forth between the items scheduled and the minutes for these items are therefor recorded as one combined item.</i> The Committee received the following papers for noting and discussion: <ul style="list-style-type: none">• January 2018 Management Accounts• 18/19 Budget and Cashflow Forecast• IBR

GP noted his discussions with the Deputy FEC (AT), that both the FEC team and the banks needed to be confident in the College's ability to budget and the banks' positions on security.

The need to set a realistic budget to show that the College understood its financial position was highlighted. GP confirmed that revised forecasts, cross referenced and tested against all available data, were needed. JC confirmed that this could be done, with other scenarios also possible (better and worse than current data). GP confirmed that this should be worked on the current application data, as any improvement on that position could not be confirmed until enrolment. JT highlighted the need to ensure that progression data was verifiable.

JT advised the Committee that she had met with the Head of HR, Jayne Pease (JP), earlier in the day to progress plans for Phase 5 of the restructure. Phase 6 was also being built in to ensure that the College could react to any reduction in projected student numbers on enrolment. She confirmed that the consultation would be based on the worst case scenario basis.

GP emphasised the need to base decisions on courses to be delivered, staffing and the two campus College model on live, accurate data and to ensure that all decisions were fully costed through. He confirmed that the Committee would need to monitor the progress of the restructure to ensure that the required level of cost saving was achieved within a fixed timescale.

[Action – SFC to monitor Phase 5 and 6 restructure, timeline to include student recruitment and dates to cut courses]

The lack of progress with the land sale was noted. It was also noted that funds from that had not been factored into the budget/forecast.

JC confirmed that the pressure point for finances would be in January to March 2020. If enrolments do not increase further cost cuts would be needed to ensure stability.

The Committee discussed what would be an acceptable level of staff cost as a percentage of income; at present the College is at 67% which is over 10% in excess of sector norm. The Committee **agreed** that this should reduce to 60% for 18/19 to be achieved via cost saving and further reduce to 55% in 19/20, to be achieved via growth in income.

Discussion on course viability took place. It was noted that courses viewed as not viable had been cut in 17/18. Marketing options were considered and the need to adopt a more commercial approach was noted. The benefit of incentivising staff to increase enrolment was noted.

The need for strong governor oversight and clear milestones for savings were noted.

JT advised that the Gender Pay Gap Report would be taken to the March Corporation meeting. This had highlighted the need to undertake a salary review to be completed over three years after the completion of the restructuring. The

Committee agreed that there was a need to review the salary /rewards offered to staff to ensure that the College could recruit and retain the right staff. JT confirmed that hours/weeks worked were being reviewed. She highlighted the need to have a more dynamic delivery model across all income streams with a less siloed approach to staff and to delivery. The Committee reflected that AoC and Landex salary/rewards benchmarks should be considered as part of the review. Members considered the costs and current requirement to offer LGPS to non-teaching staff.

[Action – salary and rewards review to be implemented post-restructure, to be monitored by SFC]

GP asked what plans were in place to reduce non-pay cost. JC confirmed that the College did not have a procurement specialist, he advised that he was currently looking at the CPC Framework; procurement specialists for the FE sector. GP asked for a report to the Board on potential for non-pay savings.

[Action – JC to take a report on non-pay savings to the March Board]

The Committee reflected that the existing style of Management Accounts were not easy to follow and did not obviously highlight the main issues to the reader. It was agreed that the February Management Accounts should begin to be more simplified and accessible to the reader and should include restructuring costs. JC confirmed that he would share AoC guidance on management accounts with the Committee. Accounts should show contribution by course and how that is calculated.

[Action – February Management Accounts to include restructuring costs and to be more accessible to the reader.]

[Action – Accounts to include contribution by course information]

[Action – JC to share AoC guidance on management accounts with the Committee]

[Action – SC to review Accounts with JC before Corporation]

The Committee agreed that an early meeting with each of the banks would be preferable, to take place before Easter. A subsequent joint meeting with both banks to then be considered. The need to review the valuation and resulting approach for security was noted.

[Action – meet banks as soon as possible]

[Action – discuss with banks the valuation and security approach taken by Savilles]

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Finance Department Staffing

JC confirmed that he was working well with the Management Accountant who was a very capable and valuable member of the team. He advised that the team currently had two vacancies that he was seeking to fill on an interim basis over the

next week or so.

9 **Finance Committee/ Task and Finish Group**

It was agreed that the SFC would continue to meet monthly. If it was felt necessary an additional task and finish group would be established to oversee the restructure. JW would continue to be asked to attend the SFC as an attendee only. The potential conflict of interest with his role as Audit Committee chair was noted. If it was felt that was an issue at any point JW confirmed that he would cease to attend or step out as required.

10 **AOB**

None

11 **Date of Next Meeting**

Confirmed as 8.30am on 11th April 2018 at Easton.

The Chair closed the meeting at 6.09pm