

EASTON&OTLEYCOLLEGE

Minutes of the Strategic Finance Committee meeting held on Thursday
14th June 2018 commencing at 8.30am at the Otley Campus, Suffolk

Present

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|---------------|-----------|---|
| S Coby | SC | Independent Member |
| M Pendlington | MP | Independent Member |
| G Pilcher | GP | Independent Member & Committee Chair |
| J Townsend | JT | Principal |
| T Barker | TB | Co-opted Member (via telephone) |

In Attendance

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|----------|-----------|--------------------------------|
| J Cook | JC | Interim Vice Principal/Finance |
| C Nix | CN | Director of Estates |
| J Pease | JP | Head of HR |
| R Robson | RR | Director of Governance |

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| 1 | <u>Welcome and Apologies for Absence</u> None received |
| 2 | <u>Declarations of Interest</u> GP - RNAA MP - University of Suffolk No other declarations of interest were received for any items on the Agenda. |
| 3 | <u>Minutes of the Previous Meeting</u> The Minutes of the meeting held on 9 th May 2018 were reviewed and confirmed as a true and accurate record of those meetings for signature by the Chair |
| 4. | <u>Actions and Matters Arising</u> All open actions were reviewed. All ongoing. There were no matters arising. |
| 5. | <u>May Management Accounts</u> JC presented the accounts to the Committee, it was highlighted that the projection for the year had deteriorated since the April accounts but that this was expected to recover by the year end. JC advised members of the revision in 19+ income, reasons for that were confirmed to be recruitment to short courses, |

withdrawals and a failure to claim some funding. Members queried why funding was not claimed. JC confirmed that the required paperwork had not been completed and submitted in a timely fashion. The Committee confirmed that this should be viewed as a compliance issue that those responsible should be held accountable. The Committee sought confirmation that systems were in place to ensure that this failure to claim did not reoccur. JC confirmed that the registry and curriculum teams were working to ensure that this failure could not be repeated in the future.

The treatment in the accounts of vacant posts was discussed; historically adjustments have been made at the end of the year. The Committee took the view that in the current financial climate adjustments should be made at the end of every quarter.

[Action - Quarterly Performance to be included in Management Accounts]

Members noted the cash flow position, JC highlighted the potential issues for February/march 2019. The need to bring this to the attention of banks and the ESFA was noted. JC confirmed that this has been discussed with the banks. The ESFA have confirmed that they will support the College over that period.

Members noted the impact of lagged funding for 16-18 as well as the in-year funding for WBL and HE.

A member queried the potential further saving around the phase 5 restructure. JC confirmed that the actual cost would depend on the pensions cost.

Changes to 19+ funding for 18/19 were noted. JT confirmed that courses would need to be ready to sell from September. Members queried why this had not been done more successfully to date. JT advised that work had previously been undertaken too late and so numbers had not been recruited. She confirmed that this work had been done already for 18/19, whereas previously this had been done in-year. The need to ensure funding is appropriately reviewed and funding that can be claimed is claimed was highlighted.

[Action - 19+ AEB (adult education budget) funding claim this academic year : report on how position can be improved]

[Action - Report on next year's plans for delivery to increase planned budget AEB 18-19 especially with new criteria]

6. **Applications/Recruitment**

JC confirmed that SharePoint shows FE recruitment data live to all. Members noted the current shortfall in the number of applications required. Ongoing work to lead to more applications was noted. Members considered the potential to increase the current conversion rate and to decrease the dropout rate to census date. The need for a good enrolment and induction process was emphasised. A member asked for an update on the success of the digital marketing campaign; JT confirmed that an update would come to the next Board meeting. She also confirmed that the new summer internal marketing campaign would launch shortly.

[Action – Create SharePoint targets for HE and WBL]

Members asked if incentives were in place for students. JT confirmed that there were incentives in place for students attending the Keep In Touch days and induction. She highlighted the need to ensure that the right students were recruited to the right courses.

Members asked for further clarity on the implications of recruitment below current targets. The potential need for Phase 6 restructure was considered. JC highlighted the need to continually review staffing requirements to ensure that costs remain under control and that bank covenants can be met. The need to increase commercial income and non 16-18 income was considered.

[Action - Provide the Committee with worst case scenario model if FE recruitment remains 500 short of target]

7. **Phase 5 Re-Structure**

JC noted that the process has achieved slightly in excess of the target savings. He also confirmed that due process has been followed. JP advised that one appeal had been lodged to date.

Members reviewed savings made by area (copy in minute book).

The Chair asked if disciplinary processes were still being followed where necessary. JP confirmed that none had been pursued during the restructure period but that two were now pending. A member asked if further savings would be possible without impacting quality. JT advised that further savings would become increasingly difficult to achieve. It was noted that the marketing and sales departments are yet to be reviewed.

The Chair asked for the thanks of governors to be passed to the whole of the HR team for the way in which the restructure process had been dealt with and the outcome achieved.

8. **Banks Update**

It was noted that the banks are looking to move to a quarterly review of covenants. The Chair asked if this was to be cumulative, JC confirmed that it was. JC confirmed that the banks will agree one set of covenants but that these are extremely tight.

A member asked what the implications of breach would be. JC confirmed that in the first instance he would anticipate a conversation and confirmation of remedial action. He noted the potential for additional review work at the cost of the College. The potential for an increase on margin and foreclosure were noted.

The best use of future proceeds of sale of land were considered in light of early repayment penalties.

The security being requested was discussed. It was noted that this was far in excess of the level of outstanding borrowing. The need to ensure that the LTA loan was considered was noted. Members asked for confirmation of how review

of covenants would be reported, JC confirmed that this would be done within the Management Accounts.

9. **Land Sale**

CN updated the meeting; discussions ongoing between the joint venture company, the proposed purchaser and South Norfolk District Council. The potential for increased cost to the joint venture company was noted. All involved are aware that they would need to bear their own proportion of that cost. The purchaser continues to undertake further DD at their own expense.

10. **Dates for 18/19**

Agreed dates to be scheduled to enable the Committee to receive the Management Accounts for review as soon as possible after they become available.

11. **AOB**

12. **Date of Next Meeting**

Wednesday 4th July 2018 8.30am at the Otley campus.

Meeting closed at 10.21am