

East Coast College Finance and General Purposes Meeting

19th February 2024 9.30am Board Room L6FC

Present:	Committee Chair - Ian Lomax (IL) Mike Dowdall (MD and Estates Chair) Joe Rahman (JR) Peter Blackburn (PB) and on teams David Blake (DB Corporation Chair)	
In attendance:	Urmila Rasan (Deputy Chief Executive) (Head of Finance) Paul Padda (PP Deputy Principal, Curriculum, Quality and Learner Experience) Charlotte Burgess (Deputy Head of Finance) and Wendy Stanger (Director of Governance) And observing Logan-Jaimes Gravells, potential student governor.	
F/24/02/1	Apologies and membership	
Apologies – none as all in attendance.		
F/24/02/2	Declarations of Interest	
MD declared an interest due to being an employee of the LEP. It was agreed that this declaration did not preclude his full participation in the meeting.		
F/24/02/3	To approve the Minutes of the meeting of the 21 November 2023 and any other matters raised previously not otherwise included in the Agenda	
The minutes of the meeting held on 21 November 2023 were approved as a true and accurate record of the meeting.		
F/24/02/4	To review the post-meeting action log	
The action log was reviewed. It was noted that the opportunity register action had been referred to the Board as a whole Board issue and that all other actions were complete.		
F/24/02/5	Management Accounts – December 2023	
The Deputy Chief Executive presented the management accounts for December, the January accounts were in the process of being reviewed. Governors challenged when the management accounts were produced each month. The Deputy Chief Executive advised that this was generally mid-month unless there was an additional review such as the mid-year forecast. The Director of Governance advised that the monthly management accounts were posted to the resources section of the portal so that Governors had access to them monthly. Governors challenged the current ratio forecast figure which was currently below target. The Deputy Chief Executive advised that the current ratio is expected to be greater than 1 by the mid-year forecast as this will be after the final audit income releases are actioned.		

	<p>Governors discussed the College's financial health and noted that it was good based on the budget and forecast, which was one of the Board's objectives. The Deputy Chief Executive advised that the financial health was now borderline outstanding. Financial health for organisations is graded by the ESFA, based on three financial elements: Profitability (sustainability), Solvency (current ratio) and Gearing (debt ratio). This was due to the improved financial position and the reduction in the loans. The accounting treatment of the interest that the College was now receiving on its cash balances helped to neutralise the debt serving costs. The College's debt ratio would reduce in 2025 as one of the loans would be paid off.</p>	
<p>F/24/02/6</p>	<p>December 2023 Financial Forecast Review and Budget Commentary Risk Analysis Review</p>	
	<p>The Deputy Chief Executive presented the forecast review. The Budget Commentary had been updated to include:</p> <ul style="list-style-type: none"> • 2022/23 actuals at year end • 2023/24 forecasts as included in the December Management Accounts • a revised risk analysis which incorporates a January review. <p>A further revised forecast for the period to 31st January 2024 will be presented to the March Committee meeting together with a revised and updated risk analysis.</p> <p>Governors challenged progress on the risks RAG rated as red which were mainly related to apprenticeships. The Deputy Chief Executive advised that apprenticeships had under recruited and this had been reviewed at the Curriculum Growth and Development Committee who were looking at how this could be addressed. The recruitment target had been revised downward and this would have a knock on affect in future years. Governors commented that the recruitment target was now well below that set out in the Strategic Plan and was a key area for improvement.</p> <p>Governors reviewed the financial objectives and the progress on these. A key area for improvement was the contribution rate and it was noted that this was to be considered as part of the overall review of the departments financial contributions. The Deputy Chief Executive advised that the College had become more efficient but improvement was still needed in contribution rates with class sizes still low and increased recruitment and retention needed.</p> <p>Governors challenged if the financial position for 2024/25 had been assessed, as there was a need to look not just at the current year. The Deputy Chief Executive advised that a 3 year forecast would be brought to the Committee after the curriculum plan had been completed and the budget drafted.</p>	
<p>F/24/02/7</p>	<p>Higher Education Centre Financial Plan</p>	
	<p>The Deputy Chief Executive presented the report which had been requested by the Committee. The report set out the return on investment needed for the development of The Place and what this equated to in recruitment and when the College would based on this break even.</p> <p>Governors commented that the plan was not ambitious and there was a need to grow the HE market, given that the area was one of the lowest in the Country for HE take-up. The Deputy Chief Executive advised that the report was the floor target to meet the required return on investment and only included additional learners. It was for the Curriculum Growth and Development Committee to grow and develop the HE market. As governors are aware the HE numbers have fallen and there is a need to review the HE Strategy and agree actions to grow this market.</p>	

	<p>The Deputy Principal, Curriculum, Quality and Learner Experience advised that as well as considering The Place, there was a need to consider the Lowestoft Campuses HE offer and how improvements could be made to help ensure an equal experience and the College's overall, HE course mix and offer. One area being explored was fee structures as the cost of HE was a factor excluding potential students.</p> <p>Governors commented that the College's HE offer mainly attracted mature students and the College needed to attract younger student too, including internal progression, and this may be achieved by providing the HE experience at a lower cost. The Deputy Principal, Curriculum, Quality and Learner Experience commented that the cost of HE necessitates a significant loan even without the accommodation costs. There was a lot of work needed to market and sell the benefit of HE to the local community. There was a risk that the curriculum reform would also have a detrimental effect on progression.</p> <p>Governors agreed the following action:</p> <ul style="list-style-type: none"> • to recommend to the Curriculum Growth and Development Committee that there is a curriculum plan which at least meets the recruitment pattern needed to achieve the required return on investment for the Place. 	JB
F/24/02/8	St Eds subcontracting	
	<p>The Deputy Chief Executive presented the report and advised the Committee of the additional risk mitigation put in place to manage the St Eds subcontract. This had been reflected in the risk register, ESFA updated and an amendment to the sub-contracting agreement issued.</p> <p>The Deputy Principal, Curriculum, Quality and Learner Experience advised that the subcontract was alternative provision for vulnerable learners with special education needs, social emotional and mental health needs and behavioural issues or those that had not engaged with education. The College was working closely with them to help support the provision.</p> <p>Governors challenged the process for contracting sub contract provision. The Deputy Chief Executive advised that the College had been asked by the ESFA to take on the St Eds subcontract to protect the provision. The Deputy Principal, Curriculum, Quality and Learner Experience advised that subcontracting was reviewed annually and was reviewed as part of Curriculum Planning and a report to approve brought to the Board.</p> <p>The Committee agreed that the risk mitigation put in place was appropriate.</p>	
F/24/02/9	Departmental EBITDA Review	
	<p>The Committee Chair presented the report and advised that he had been working with the Deputy Chief Executive on a full absorption costing model to review departmental contributions.</p> <p>The Deputy Chief Executive advised that the full costs of support departments have been allocated to each delivery department on the basis of a formula relating to teaching hours rather than using actual usage by department. Each department was identified as belonging to one of four levels, level 1 delivery departments, Level 2 delivery departments with income streams which have no associated expenditure, such as solar panel income, Level 3 support departments which provide a direct service to students and Level 4 support departments which provide services across the College. The graph included in this initial review showed the departmental turnover and EBITDA and thereby highlighted those departments that had the biggest impact on the overall College's financial position and EBITDA.</p>	

	<p>Governors commented that as part of this review there was a need to review the KPIs and to consider the College's growth plans against the EBITDA. For instance, growth in L6FC had a bigger impact on EBITDA than in work based learning. The Deputy Chief Executive commented that where departments were achieving a lower or a negative EBITDA this could be due to lower class sizes, workshop space needed, resources needed to deliver and higher support costs.</p> <p>Governors challenged the average class size and contribution rate that the College needed to achieve. The Deputy Chief Executive advised that the average class size needed to be circa 20 and the College was currently operating at 14 and the average contribution rate 50% when the College was operating at circa 29%. This shows that the College is running at under capacity and needed to grow or reduce its offer. If the offer was reduced the accommodation costs would only be reduced if it was repurposed for other use. Governors commented that this needed to be shown in the financial review and plans developed to move to the average class size and contribution rates needed.</p> <p>The Deputy Principal, Curriculum, Quality and Learner Experience commented that the College needed to review this analysis as part of its overall planning and consideration of what provision was offered and prioritised, why it was offered and where and the opportunities there were to develop and grow.</p> <p>Governors discussed the report and agreed that it was a useful initial piece of work that should be further developed for the March meeting, before being shared with the Board. There was a need to consider facility management and consolidation of costs, as well as contribution rates, class sizes and teaching hours. The redevelopment of Great Yarmouth and the opportunity for provision growth that it offered also needed to be considered in the College's planning.</p> <p>Governors commented that it had been evident in the Governor Walkthroughs the amount of support that students needed and this additional support was at a cost to the College.</p> <p>Governors concluded that it should be remembered that this was only a review tool to help the Board better understand its business and that student, community and employer needs needed to be assessed in any decision making. The reputational damage to cutting provision and/or costs could be greater than the costs saved.</p> <p>Governors agreed the following action:</p> <ul style="list-style-type: none"> • Departmental EBITDA graph to include the % EBITDA achieved and additional graph of departmental contribution rates to be included. These to be considered at the March Finance and General Purposes Committee before being considered by the Board. 	UR
F/24/02/10	Integrated curriculum and financial planning (as presented to Curriculum Growth and Development Committee)	
	<p>The Deputy Chief Executive advised the Committee on the integrated curriculum and financial planning presentation which had also been presented to the Curriculum Growth and Development Committee. This set out the College's curriculum planning and budgeting process and how this considered the Strategic Plan's objectives.</p> <p>Governors commented that this again demonstrated that the College needed to grow and develop as it was not meeting its strategic objectives related to the majority of its provision. There was a need to understand the College's competitors, and develop a strategy for growth. This needed to include ensuring that the students recruited were retained.</p>	

F/24/02/11	Finance Risk Register	
<p>1. Has the risk register been reviewed Yes, February 2024</p> <p>2. Is the Committee content that the risks are relevant and are being updated Yes, the risks have been updated for key areas and these have been highlighted in the summary report and as discussed at the meeting including for subcontracting and apprenticeships.</p> <p>3. Is the Committee content that the risks are being mitigated Yes, additional mitigation has been added. There was though a need for consideration of additional mitigation around recruitment and reputational and relationship management</p> <p>4. Where a red risk is the Committee assured that appropriate action is being taken Action has been taken but more is needed. This has been commenced with the full absorption costing model to help enable a review of the business.</p> <p>5. Where does the Committee have significant concerns. The Committee's main concerns are:</p> <ul style="list-style-type: none"> • apprenticeships and its declining recruitment. This has been affected in some areas by reputational damage which is hard to now address and rebuild as companies have moved to alternative providers. • The need to grow all provision and for the College to become more efficient to meet its strategic aims. This needs to be supported by market intelligence to focus recruitment targets. • Devolution and the effect on the provision and risk of new entrants into the market. 		
F/24/02/12	Agenda Planning	
<p>Mid-year forecast and risk review</p> <p>Analysis of market share and market trends</p> <p>Development and additional reporting of the absorption costing model</p>		
F/24/02/13	Review of Meeting	
<ol style="list-style-type: none"> 1. Confidential Items - St Eds subcontracting report detailed 2. Were Learners prominent in discussions? Considered as part of the financial review and in the recruitment discussions 3. Risk Management: any issues discussed which may require an additional Assessment – as noted in the agenda item 4. Equality & Diversity: any issues discussed which may require an additional Impact Assessment – None 5. Health & Safety: any issues discussed which may require an additional Impact Assessment – None 6. Sustainability: any issues discussed which may require an additional Impact Assessment – None. 		

7. Media: any issues discussed to inform local media - None

8. How did the meeting go – a well chaired meeting with detailed and informed discussion.

The student who had been observing that the College needed to use its students to help market its offer and address the transport issues that restricted student's choice.