

Resources - 3 year forecast

Mon 04 December 2023, 08:30 - 09:00

Teams

Attendees

Board members

Dave Vasse (Principal), Nazia Shah (Assistant Principal), Andy Boucher (Chair), Marian Orafu (Member), Richard Boulton, Rosali Pretorius (Member), Richard Boulton (Director of Finance), Kay Sandford-Beal (Director of Governance)

Meeting minutes

1. Welcome and confirmation of quoracy

Information

To confirm that the committee is quorate to approve and recommend the 3 year forecast

Andy Boucher

The Chair welcomed members to this additional meeting of the Resources Committee to review and approve the 3 year forecast. The meeting was quorate. Nazia Shah joined the meeting at 8.50am.

2. Declarations of interests and Confidentiality Statement

Information

To confirm that there are no conflicts against any item on the agenda.

Andy Boucher

There were no declarations of interest received.

3. Review of 3 year forecast 23-26

Decision

To review and approve the 3 year forecast 23-26

Andy Boucher

Members had been provided with the College's 3 year financial forecast (23-26) in advance of the meeting predicting the College to remain in 'Good' financial health. DV explained that the budgeting and forecast process for the forthcoming year was usually completed each May. At this stage in the year, it was possible to see actuals to date for 23-24 so the current year was considered a reliable forecast. For the years beyond, forecasting had been prudent, but in reality should be more enabling. As part of the '14-16 Strategy' there were plans to extend into year 10 as well as year 11 but this had not been included within the financial planning at this stage, as this was not yet secure.

A Governor observed and highlighted that the budget should not include '000' above to top line financial figures as the totals should only refer to millions (not billions as the spreadsheet currently reflected). The Chair thanked the Governor for this observation.

Q - Governor: Last year, the budget was a total of £11.5 million but has now jumped to £13.5 million. What has contributed to this difference?

A - DV: This is a result of discretionary funding, which includes capital project funding (£870k towards specialist equipment), an anticipated 5% growth in student numbers and the 6.5% uplift in the funding rate.

Q - Governor: How is the capital accounted for?

A - RB: It is shown over a couple of years. Therefore you can see the £870k and the Post 16 and T Level funding will be released as they come through.

DV informed members that the timescales match the length of the project and that the expenditure profile was reliable over a period of 8 months.

A Governor raised concerns over the growth of the predicted pension deficit over the 3 years and queried the annual charges. RB confirmed that the figures included annual cost to the College of pension provision and that the forecast pension deficit highlighted what the pension would need to be over the next 3 years. RB

highlighted that the key metrics excluded the pension provision and that the most important aspect to review was the predicted operational surplus.

Q - Governor: How many more teachers do you plan to recruit?

A - DV: We are currently working on those calculations and use a 'Course File' to calculate the teaching staff required in line with recruitment targets. It is hard to predict to what extent 'A' Level teaching will be offset by vocational teaching. We will know by the end of term and then look to recruit in January, subject to affordability.

Q - Governor: Do you believe it to be achievable?

A - DV: It will be challenging to grow in an entrepreneurial way. There is speculation and risk as to the impact of the defunding of vocational courses. We do not want to carry a small deficit as it will impact the reserves. By January 2024 we will know of the Government's inflationary increase, which will impact our recruitment ability.

The Chair again raised concerns regarding the pension deficit and volatility in pension liability, predicted to total £3.4 million going into 2025 and suggested the creation of a Pension Deficit Management Strategy.

DV highlighted that support staff were funded by local government and that teaching staff contributions were matched by the DFE. The Chair advised that this would need careful monitoring. DV suggested that a separate report be brought to the next Resources Committee.

ACTION: RB to produce report and KS to add to agenda

A Governor suggested that the Finance Manager be present at the next meeting to ensure that explanations of the workings behind the document could be explained, to provide greater clarity to Governors.

ACTION: KS to invite Hussa Ali to next Resources Meeting

The Chair asked if Governors were happy to approve the 3 year forecast.

DECISION: The Governors showed their approval of the 3 year forecast with a show of hands.

 [3 Year Financial Forecast 23_24 24_25 25_26 at December 2023.pdf](#)

4. AOB

To identify any other items of urgent business not on the agenda

There were no items of AOB identified.

Information

Andy Boucher

5. The meeting closed at 9am