

**The College of West Anglia  
Minutes of  
The Corporation Special Board Meeting  
29 January 2020  
10.30 am  
Room U120, University Centre, King's Lynn Campus**

<b>Present</b>	Sharon Cambridge	Governor (Chair)
	Chris Ashman	Governor (Vice Chair)
	Andrew Cave	Governor (Vice Chair)
	Dave Clark	Governor
	Rebecca Hamilton	Governor
	Ray Harding	Governor
	Scott Leadley	Governor
	Samantha Penn	Governor
	David Pomfret	Governor (Principal)
	Gill Rejzl	Governor
	Lee Smith	Governor
	Gary Webb	Governor
<b>Attending</b>	Paul Harrison	Vice Principal Corporate Services
	Neil Harries	Head of Finance
	Stephen Halls	Clerk to the Corporation

The Chair welcomed everybody to the meeting and thanked everyone for attending this special meeting of the Board to consider the ESFA's Integrated Financial Model return.

**1 Apologies**

Apologies were received from Alan Measures, Lucy Nethsingha, Adam Thompsett and Roderick Watkins. Ruby Platt was absent from the meeting. Mollie Pemberton was not required for the meeting.

**2 Declarations of Interests**

There were no declarations of interest.

**3 ESFA Return: Integrated Financial Model for Colleges (IFMC)**

The Principal introduced and welcomed Neil Harries, Head of Finance to the meeting. The Principal explained that Neil Harries had prepared the IFMC return on behalf of the College and had faced many challenges during its completion, including various software updates due to errors within the model which had necessitated the re-inputting of data on several occasions. The Principal advised that although the return, which required Board approval, was due in on 28 February 2020, it had been considered beneficial for it to have been prepared in advance of the FE Commissioner's visit on 4 February 2020.

The Head of Finance explained that the purpose of the new return was to replace the current suite of ESFA financial returns, namely the December College Finance Record and the July College Financial Plan, as well as the Cashflow Against Debt Servicing (CFADS) return and the cash flow template introduced earlier in 2019. It was understood that the ESFA planned to discontinue these returns with effect from 2020.

The Principal referred Governors to the College's own medium-term financial plan (MTFP) which provided an up-to-date internal monitoring report for the current budget and future forecasts and was reviewed regularly by both the Finance & General Purposes Committee and the Board. The Principal felt that the new ESFA return offered no additional value to that already provided by the medium-term financial plan.

The Head of Finance confirmed that the current data from the College's medium-term financial plan (MTFP) had been used to populate the IFMC return. It was noted that the financial health scoring calculations differed between the MTFP and the IFMC, with the IFMC returning more favourable scores, particularly in 2021-22 where the MTFP health rating was "Good", yet the IFMC rating was "Outstanding." The Head of Finance stressed that the 2021-22 variance was a marginal result reflecting a difference of 10 points only. The Principal added that pay costs and sub-contracting activity were showing differently between the two models.

The Vice Principal Corporate Services advised that there remained some outstanding issues with the software model, with conference calls taking place the previous week trying to resolve errors. It was reported that the ESFA was still running roadshows to introduce the IFMC and that several colleges were still to commence completing the return. Concerns had been raised by the Association of Colleges to the Department for Education and the ESFA. It was noted that prior to submission a further software update would be necessary which could result in some changes to the outputs being reported.

Governors reviewed the return and raised the following points:

- i. Income in 2021/22 drops from the previous year. The Head of Finance confirmed that this was correct and had been reflected in the latest MTFP report reviewed in December 2019. The Principal added that there was an overall growth in income figures moving forward but there was some fluctuation in particular years.
- ii. Equipment values reduce in the balance sheet indicating a lack of investment. The Head of Finance explained that depreciation costs would indeed reduce the value of the assets, although £500k per annum had been allowed for in the capital programme.
- iii. Concern was expressed that the Board was being asked to approve a model which still contained errors and was still to be updated with a final software version. The Chair advised that the final recommendation would include caveats to manage the approval process.
- iv. There was a good level of reassurance that in most cases the IFMC return mirrored the outputs of the College's own internal MTFP.
- v. Did the ESFA have any expectations as to how a college would manage its finance system and processes. The Vice Principal explained that the IFMC would be an annual requirement and that suggestions had been made that college systems should be adapted to match the requirements of the ESFA. The Principal added that the timing of the IFMC return was likely to move.
- vi. The ESFA already received this information from other sources and so it appeared to be a duplication of work.
- vii. Would the Board also be expected to approve the final version (after the software update). The Head of Finance responded that hopefully the final software version would not result in a change to any of the major outputs and would still reflect the MTFP, previously approved.
- viii. The model indicated that there was an actuarial gain of £300k when in fact this related to a provision for restructuring costs. The Head of Finance explained that this was one of the current errors and would hopefully be corrected in the final

software version. This did not affect the bottom line position or any of the financial health scores.

- ix. Ratios appeared to be incorrect. The Head of Finance explained that this was due to the incorrect treatment of sub-contractor costs within the IFMC.
- x. Reassurance was provided that the IFMC was in line with the MTFP. Disappointment was expressed that the ESFA had issued a model that did not work and caused additional work and pressure for college finance staff during the completion of the return.
- xi. Any material changes in the outputs in the final version to be brought back to the Board for review.
- xii. Governors asked what indicators within the IFMC would trigger intervention. The Principal advised that a health scoring of "Requires Improvement" would normally trigger the intervention process.
- xiii. Concern was expressed that colleges had been asked to complete returns that were known to be calculating incorrect outputs. The Principal advised that he was confident that the college's own MTFP was correct but was concerned that the health ratings calculated within the IFMC could display a more adverse score.
- xiv. A copy of the final return, once submitted, to be circulated to all Board members.

**ACTION-CLERK**

**It was proposed by Andrew Cave and seconded by Ray Harding to approve the submission of the IFMC return to the ESFA, accepting that there may be further updates to the model's software before the end of February 2020, subject to:**

- i. **Should any software changes in the model result in any changes to the reported information within the return these should be reviewed by the Chair, Chair of Finance & General Purposes Committee and the Principal and**
- ii. **Should any change be significant (for example, resulting in the return calculating a worsening position in the college's financial health scoring) then the return should be reviewed again by the Board before its submission.**
- iii. **Copies of the final return (once submitted) to be circulated to all Board members.**

**This was agreed.**

#### **4 Date and time of next meeting**

Wednesday, 18 March 2020 at 8.30 am, Wisbech Campus.

**The meeting closed at 11.18 am**