

The College of West Anglia
Minutes of
The Finance & General Purposes Committee
18 November 2020
8.30 am
Remote Meeting – Microsoft Teams

Present	Andrew Cave	Governor (Chair)
	Ray Harding	Governor
	Alan Measures	Governor
	David Pomfret	Governor (Principal)
	Gary Webb	Governor
	Donna Woodruff	Governor
Attending	Paul Harrison	Vice Principal Corporate Services
	Neil Harries	Head of Finance
	Ruth Harrison	Vice Principal Curriculum & Learning
	Rob Petto	Head of Funding & Exams (part)
	Paul Smith	Head of Employer Liaison, Partnerships & Commercial Training (part)
	Stephen Halls	Clerk to the Corporation

The Chair welcomed Donna Woodruff, Staff Governor, to her first meeting of the Finance & General Purposes Committee.

1 Apologies

There were no apologies for absence.

2 Declarations of Interests

There were no declarations of interest.

3 Minutes of the previous meeting – 30 September 2020

The minutes of the meeting held on 30 September 2020 were agreed as being an accurate record.

Alan Measures joined the meeting at 8.33 am

4 Matters Arising

The progress against the outstanding matters from previous meetings was summarised in the report for Item 4. There were no questions or other matters raised.

5 CWA Accounts to 31 July 2020

The Head of Finance reported that the draft accounts were still draft and subject to audit, pending any late changes following the partner review by the external auditors later that day.

The overall production of the accounts and subsequent audit had been challenging this year due to the difficulties of working remotely, both for the college staff and the auditors. The auditors had reported verbally that they had no concerns regarding the going concern concept.

The latest revised management accounts surplus was £1.531m. The adjusted surplus for calculating the ESFA's health score was £2.042m and resulted in a "Good" rating. The results satisfied the covenants set out in the loan agreements with the bank and there were no concerns.

The Chair noted the effects of the necessary pension adjustments to the accounts.

The Chair asked Governors to report any typographical errors to the Head of Finance, via email. **ACTION-GOVERNORS**

The Chair asked about the release of capital grant funds. The Head of Finance reported that these were released over the life of the asset, to match the annual depreciation charge incurred.

Governors asked about the use of the term "Parent College" within the accounts. It was accepted that this was a general accounting term and was used in this instance as the College had 2 subsidiary companies which were consolidated into the group accounts.

Governors commented on and discussed the valuation of buildings at depreciated replacement cost. It was understood that this was the preferred method of valuation for buildings which were specialised in their nature, had been mandated for assets inherited from Local Education Authorities on incorporation, was approved by the auditors and was generally accepted in public sector organisations.

Ray Harding joined the meeting at 8.45 am

Governors asked how the accounts and audit would be completed without the subsidiary accounts themselves being finalised. The Head of Finance explained that the subsidiary accounts were awaiting final sign-off by the auditors and that a special meeting would be called to approve the accounts. The deadline for filing the subsidiary accounts was 31 March 2021.

Governors commented that several numerical entries within the narrative of the statutory accounts were still quoting the prior year's values and had not been updated. The Head of Finance advised that the commentaries would be updated accordingly in the final version for approval by the Board. A record of the tracked changes to the report was being maintained.

It was proposed by Gary Webb and seconded by Ray Harding that the accounts for 2019/20 and the accompanying letter of representation would be recommended to the Board for approval at its next meeting on 9 December 2020. This was agreed.

Paul Smith joined the meeting at 8.53 am

6 Subcontractor / Partnership Activity 2019/20

The Chair asked about the benefits the partners received from their respective working relationships with the College. The Principal advised that by contracting with the College this gave the partners access to funding for their respective activities which they would otherwise be unable to obtain directly from the funding bodies. In addition, partners received on-going support, guidance and monitoring from the College to oversee their activities, to ensure procedures were followed, to ensure learners received the best possible experience and to maximise business potential.

The Head of Department reported that the summer term had been particularly challenging for both the College and its partners due to coronavirus, with some partners still suffering difficulties and being impacted by the continuing situation. The College was supporting all partners where possible. Notably, apprenticeship income had not been supported by the funding bodies, where, under the rules, funding was not able to be claimed when training had been paused, as had been experienced for particular partners during the summer period. In addition, the number of employers taking on new apprentices had reduced, and this was being experienced nationally with the number of new starters much reduced at the start of the autumn term.

There was a concern with the non-devolved Adult Education Budget activity where some partners were currently finding it difficult to deliver their services under coronavirus regulations, where face to face delivery was essential, or sufficient space was not available to safely deliver teaching.

The Head of Department outlined new reforms from the ESFA launched in February 2020, noting particularly further controls on the management of subcontracted provision. The proposals would have an adverse impact on the College's ability to continue to deliver the current provision and changes would be required. The ability for the College to work flexibly with some partners would be much reduced. Managers would continue to monitor the proposed reforms to ensure the partnership plan for 2021/22 onwards remained compliant with the ESFA requirements. The College did respond to the consultation on the proposals. It was expected that further guidance, particularly focusing on Governors' responsibilities would be published in due course. Governors asked for a copy of the ESFA's consultation document to be circulated following the meeting.

ACTION-HoD/CLERK

The Head of Department outlined the current 11 partners, noting the 2 new partners for 2020/21, Open Road West Norfolk Trust and The Norwich School of Beauty, which governors had approved previously.

Noting the requirement that providers should understand their rationale for subcontracting activity and publish this on their websites, the Head of Department referred to Appendix 2 which outlined clearly the rationale for engaging with each partner. The Chair asked if the ESFA had reviewed this document. The Head of Department explained that the ESFA did not require a copy to be sent directly to them, just for it to be published in the public domain (e.g. website). It was noted that this report needed to be reviewed and approved each year by Governors.

Governors asked about the definition of the College's "niche" provision that had been mentioned in the report. The Head of Department explained that this referred to provision that was more specialised in its nature, such as the apprenticeship partnership in polymer processing, to that of more general provision.

The Principal reminded the Committee that the reduction of subcontractor provision had been discussed by Governors on previous occasions and that the current strategic plan, approved by the Board in July 2020 included a target to reduce activity by 25% and to refocus on local priorities during 2020/21. The College would continue to look to reduce this provision in future years and reduce its reliance on this income stream. The Principal noted that certain colleges within the sector had struggled with the mis-management of this provision, causing both financial and reputational damage.

Governors asked about the level of risk should the restrictions of coronavirus continue. The Head of Department explained that those partners whose delivery methods required face to face contact would continue to suffer; further, for apprenticeships, where these had been put on hold temporarily, funding would be paused causing cash-flow and financial difficulties. The Principal added that the College was not expecting to have any income clawed-back for

its 16-19 provision or Adult Education Budget as this had been assured by the ESFA. The College's own financial risk was on the margin of the activity, being the difference between the total funding received and the amount paid to the partners for the activity which they have provided.

It was proposed by Ray Harding and seconded by Alan Measures to approve the CWA Subcontracting Arrangements 2020/21, as detailed in Appendix 2. This was agreed.

*Paul Smith left the meeting at 9.26 am
Rob Petto joined the meeting at 9.26 am*

7 Funding Position and Data Control

The Head of Funding & Exams reported that recruitment was strong with the likelihood that the full year target of 2,780 learners for 16-18-year-olds would be achieved, benefitting the allocation to be received for 2021/22. However, in light of the coronavirus disruption, the ESFA would possibly be reviewing the lagged funding model and consider using an alternative data year on which to base the future allocations.

The Principal noted the potential of increased income for future years from the funding report but advised the Committee that the figures included in the latest medium-term financial plan had been reduced to take a more prudent approach.

The Head of Funding & Exams continued in that the Adult Education Budget had been fully received as planned without clawback. For 2020/21, the allocation from the CPCA had been set at £415k. The College was in discussions with the CPCA regarding an increase to the allocation for the current year to around £550k.

Apprenticeship income continued to suffer due to the reduced number of apprentices caused by the effects of the coronavirus pandemic. The number of new apprenticeship starts for September was reduced on the previous year, however this was partially offset by strong historic recruitment meaning more learners on programme at the start of 2020/21 than in 2019/20.

For Adult Loans, the budget of £392k was likely to be exceeded in the current year with an increase in the allocation being requested. The College was noticing an increasing number of adults infilling across many courses and subject areas, positively impacting both AEB and Adult Loans.

High Needs Learner Funding was expected to exceed target due to the increased number of students needing support. Associated costs would increase proportionately as well. This was funded from the local authorities. This had been reflected in the medium-term financial plan.

The Principal commented that this was a positive report, and although there were some risk areas, he was confident of the College's ability to deliver on its targets during the year.

Governors asked how management was considering the longer-term position of the economy. The Principal considered that in the short-term apprenticeship activity would reduce but would then improve as the economy began to recover. To offset this, there would be a need for non-apprentice adult provision. The Principal was awaiting information regarding the National Skills Fund, due in April 2021, to help support other initiatives. The Principal was optimistic for the College and the FE sector due to the support and interest being noted in areas such as the College of the Future report, Love our Colleges campaigns and new opportunities with the DWP (e.g. Kickstart).

Governors asked how the activity on non-devolved Adult Education so far compared with previous years. The Head of Funding & Exams advised that income to R04 last year was at £571k, whereas for the current year it was anticipated to be in the region of £704k.

Regarding partnership activity, Governors asked which provided the higher return for the College, in-house provision or sub-contracted activity. The Principal advised that in-house activity provided the higher margins, with an overall expected contribution of 55%, against a set margin of 15% for sub-contract activity, hence this was one of the reasons for the College to look to reduce its sub-contract activity by 25% during the period of the Strategic Plan.

The report was noted.

Rob Petto left the meeting at 9.49 am

8 Medium-Term Financial Plan Update

This report was deemed "Confidential."

9 Management Accounts – September 2020

The Head of Finance advised that with this being the first set of accounts for the new financial year it was too early to draw meaningful conclusions from the figures produced. Further, several year-end accruals were still to be adjusted for and contribution analysis was not possible as income details per course and faculty would not be available until after the R04 return had been completed. However, it was noted that staff costs were currently in line with budget expectations, as was non-pay expenditure, which included some coronavirus-related items.

The report was noted.

10 Contracts £100k-£500k & Single Payments > £1m

There had been no items to report during the period under review.

The report was noted.

11 Any Other Business

- i. Electricity Suppliers – Alan Measures would provide contact details of Anglia Farmers for the College to consider when reviewing its future procurement of energy supplies.
ACTION-ALAN MEASURES
- ii. Cyber Security – The Chair, along with one or two other governors had attended an online training session on Cyber Security, provided by JISC. The Vice Principal Corporate Services advised that this was a growing issue for colleges and that much work had already been undertaken at CWA in testing out IT systems to ensure they were secure and robust to withstand a cyber-attack. The issue would be discussed and monitored by the Audit Committee at a future meeting.
- iii. Neil Harries – the Chair noted that this would be the last Finance & General Purposes Committee meeting attended by Neil Harries, who would be retiring at the end of the autumn term. The Chair expressed the thanks of the Corporation, the Committee and his own personal thanks to Neil for his support of the College and his advice and guidance during meetings. The Chair wished Neil well with his future plans.

12 Chair's items for briefing to Corporation

There were no items for briefing as the main items of business would be on the agenda at the next Board meeting (9 December 2020).

13 Date and time of next meeting

Wednesday, 27 January 2021, 8.30 am.

The meeting closed at 10.22 am