

**The College of West Anglia
Minutes of
The Finance & General Purposes Committee
20 November 2019
8.30 am
Meeting Room, Principal's Suite, King's Lynn Campus**

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

1 Apologies

Apologies for absence had been received from Ray Harding and David Pomfret. The Clerk reported that Gary Webb had advised that he would be arriving late for the meeting due to a work commitment.

2 Declaration of Interests

There were no declarations of interest. *(See also note 4, below).*

3 Minutes of the previous meeting – 2 October 2019

The minutes of the meeting held on 2 October 2019 were agreed as being an accurate record and signed by the Chair. There was a query raised regarding the discussion on the allocation of all overheads. The Clerk would review this particular minute after the meeting.

(Clerk note: following review it was agreed that the minute was correct, but that an action point would be added to the matters arising schedule for the committee to review the allocation of overheads in light of the report from Tribal Consulting, expected this term). **ACTION-CLERK**

4 Matters Arising

The progress against the outstanding matters from previous meetings were summarised in the report for item 4. These were accepted by the Committee and there were no questions raised.

Governors commented on the improved situation for enrolments, highlighted by the Principal at the last meeting.

Adam Thompson advised the Chair that he had a declared interest in item 12 – Property Strategy 2019. This was noted.

Paul Smith joined the meeting at 8.35 am

5 Subcontractor / Partnership Activity 2018/19

The Head of Employer Liaison, Partnerships & Commercial Training advised Governors that the report summarised the activity from the previous year (2018/19) and looked at the planned activity for 2019/20. Performance in 2018/19 was considered to be successful with targets being achieved. The Chair asked about the contracts that were out-of-area and the possible implications for the college. The Head of Department summarised the nature of the contracts with each partner. Of note, Solutions for Polymers Ltd was a high income generating activity for the college (approx. £27,000 per student), and although out-of-area, the teaching carried out was very much of a specialist nature. Also to note was The Skills Network, covering a contract with the Greater London Authority which was anticipated to end at the end of 2020/21. New activity was anticipated to commence with Open Road, based in King's Lynn. This contractor had been approved by the committee previously. Governors noted that performance overall had achieved 1.9% over target, but with regard to 16-18 provision this was 13.7% lower than the plan. The Head of Department explained that partners often found it difficult to recruit 16-18 year olds, unless they were NEET students, adding that looking to recruit 16-18 year olds from out-of-area was frowned upon in the sector. Governors asked if there would be a decline in activity if the college stopped working with some of the larger providers who were out-of-area. The Head of Department explained that there was sufficient scope to increase activity with other existing partners.

Governors asked about any current concerns with the apprenticeship levy fund. The Head of Department advised that further changes were due to take effect from 1 January 2020. The college was working with a number of local companies who had already created their digital account and had funds available to cover training.

The report was noted

Paul Smith left the meeting at 8.48 am

Rob Petto joined the meeting at 8.49 am

6 Funding Position & Data Control

The Chair commented that with 2,654 learners, just some 46 learners short of the target for 2019/20, the figures looked to be very promising. The Head of Funding & Exams advised that for this time last year figures stood at 2,596 so all looked promising. However, the Head of Funding & Exams explained that he would be cautious until the R04 return was submitted on 3 December 2019, just in case there were any late changes. The Head of Finance, noting the Head of Funding and Exam's caution, explained that the Medium Term Financial plan at item 8 on the agenda had yet to incorporate the effect of any increase in student numbers on income in 2020/21. It was anticipated that firmer forecasts for incorporation into the MTFP would be produced after the R04 return was made in early December at which point 2019/20 recruitment figures would be known with greater certainty, although the early indications were for a positive effect on income projections going forward.

The Chair noted his concerns regarding possible changes with the government and its policies following the General Election on 12 December 2019. The Chair noted the benefit still to be calculated relating to study programme funding for 2020/21. The Chair also noted the additional £37k to be received following the over-performance of allocation as this was within the 3% margin allowed.

The Chair asked about apprenticeship levy sharing by companies. The Head of Funding & Exams explained that this was not a knowledgeable area for the department at the present time. The Register of Apprenticeship Training Providers led to a number of companies coming into the sector, perhaps without ensuring their quality measures were adequate. Action was now being taken in the sector to check the quality of all providers, resulting in a reduction in the number of organisations remaining on the register. Where a provider was removed their learners were moved to another suitable provider. The Vice Principal Curriculum & Learning reported that the college would be looking to work with companies interested in levy sharing, noting that the Local Enterprise Partnership was already looking at the issue. At the present time there was no guidance in the sector how levy sharing would operate. Governors asked if staff time could be recharged to companies in respect of consultancy services for setting up levy sharing activities. The Vice Principal Curriculum & Learning advised that this was not possible, however the college would benefit by having increased apprentices who were being financially supported through levy sharing.

Adult Loans were discussed, noting that there was circa £60k in applications pending. Governors were advised that the timetable and cut-off period for FE students was different to that for HE students. If all loans were processed the college would receive £399k against a target of £420k.

The report was noted.

Rob Petto left the meeting at 9.05 am

7 CWA Accounts to 31 July 2019

The Chair referred to the draft statutory accounts noting that a number of sections were still in need of finalisation. The Vice Principal Corporate Services advised that most sections were complete and that the later version, to be reviewed the Audit Committee at its meeting on 27 November 2019 was the latest version. The Head of Finance reported two adjustments which had yet to be reflected in the accounts: an accrual for pension strain costs of £42,000 and a proposed provision for restructure costs of £300,000. The Head of Finance reported that, taken together, these adjustments would not affect the financial health scoring, "Requires Improvement", or the position in respect of the deficit, the first of two successive deficits permissible under the College's loan covenants, as previously reported to the Committee.

On the matter of the provision for restructure costs, the Vice Principal Corporate Services informed the committee that KPMG had suggested that the college could consider accruing £300k costs relating to restructure plans for 2019/20 into the accounts for 2018/19 on the grounds that the decision to restructure had been announced and an estimate based on past experience had been made in the 2019/20 budget. The committee agreed to accept the suggestion, noting that this would help the financial position for 2019/20. The ESFA had raised no issues to this when they were consulted on the matter. It was anticipated that the FEC would understand the advantage of taking this action. Governors asked if there were any tax implications in making the adjustment. The Vice Principal Corporate Services explained that the college was not liable to corporation tax and so there were no implications.

The Chair noted that one or two paragraphs had been repeated in the report. The Vice Principal Corporate Services confirmed that these errors had been corrected in the latest version.

The committee discussed the actuarial valuations for the pension funds. The Chair was concerned that the auditors had not made any particular comments regard the going-concern concept. The Chair asked about the increased costs for internal audit appearing in the accounts. The Head of Finance advised that additional audits had been undertaken in the year relating to sub-contracting and funding.

Governors asked if the outstanding retention on any building works had been allowed for in the accounts. The Vice Principal Corporate Services explained that retention had been allowed for in the value of assets, offset with a corresponding amount under creditors.

Governors queried why the staff cost per individual had increased by 2.05% on the previous year, when there had not been a pay award. The Head of Finance explained that although there had not been an inflationary pay award there had been some increases by staff moving up the pay spine and also the effect of minimum/living wage requirements.

It was agreed that a final version of the accounts would be emailed to all members of the committee in advance of its final review and approval by the Board in December 2019.

ACTION-HoF

It was proposed by Andrew Cave and seconded by Alan Measures that the accounts for 2018/19 and the accompanying letter of representation would be recommended to the Board for approval at its next meeting on 11 December 2019, subject to the committee reviewing any amendments in the latest version to be emailed out (see action point, above). This was agreed.

8 Medium Term Financial Plan Update

The Head of Finance explained that the college was now very early in the planning cycle for updating the medium term financial plan. Various factors had been included in the plan, such as land sales, revised demographics and grant funding announcements. The bottom line position for 2019/20 had moved from a deficit position to a surplus of £308k. The Head of Finance confirmed that the figures included the £300k adjustment for restructure costs proposed by KPMG (*see Item 7*). The Head of Finance explained that this would be a living document and would be updated as and when there were material changes. The Vice Principal Corporate Services advised that there were two land sales to account for, these being the land at Gaywood Fields and the triangle of land near to the Cambridge Campus. Governors were concerned that it was the land sales accounting for the surplus, with the college's trading position actually running at a deficit. The Vice Principal reported that managers had met on Monday to begin challenging the financial plan and the expectation was that, as student numbers firmed up, the savings target would reduce. Governors asked about any sensitivity analysis that was being carried out on the figures being incorporated. The Vice Principal advised that sensitivity analysis was carried out as part of the budget setting process but not on a line-by-line basis.

The Clerk raised a question from Ray Harding, in absentia – asking why in 2020/21 if the projections were for the college to move to a surplus position was the drop in the cash reserve expected to deteriorate at a faster rate than it was expected to in 2019/20? The Head of Finance explained that it was because 2019/20 was bolstered by two projected land disposals: £1.0m in month 5 and £0.5m in month 10.

The report was noted.

9 Management Accounts – September 2019

The Head of Finance explained that the accounts did not include a contribution analysis, and consequently no key performance indicators, because the year end accrued position was unwinding and funding income had yet to be allocated to faculties and departments through the MIS system. The required data was usually available for the December management accounts. Consequently, the accounts serve, principally, to give an early view of trends in pay and non-pay expenditure.

The Chair asked why the figures in the balance sheet within the management accounts differed to those in the statutory accounts. The Head of Finance explained that there was a different presentation in the management accounts and that a number of year end journals still needed to be processed to the management accounts pending the signing of the statutory accounts.

Governors noted that the full year budget and forecast columns in the trial balance were identical and did not reflect any current variances, therefore suggesting that all lines would move back to the expected budget by year end. The Head of Finance explained that the forecast column was only updated in the spring term to take into account any variances which were approved and were expected to continue to the end of the year. It was agreed that finance staff would consider if there was an improved way to display this information. **ACTION-HoF**

Governors asked what financial information was viewed by the FE Commissioner. The Head of Finance reported that the Commissioner was sent the same documents which were reviewed by Governors.

The report was noted.

10 ESFA Financial Dashboard

The report included the ESFA Dashboard for March 2019 although a more recent dashboard had been published for October 2019 and was circulated to the committee. The Chair noted that the report provided a different way of presenting the data that was already reviewed by the committee. The Vice Principal Corporate Services noted that at times the comparisons with the sector proved to be interesting. The Vice Principal particularly noted the graph for staff costs as a percentage of income declined in the forecast years suggesting that there was some game playing in other colleges. It was unclear from the analysis if other colleges had allowed for the TPS grant in their calculation of staff costs. It was considered that the information provided in the analysis was not overly useful.

The report was noted.

11 Contracts Between £100k & £500k and Single Payments Exceeding £1m

*This item was deemed “confidential.”
Neil Harries left the meeting at 10.30 am*

12 Property Strategy

The Vice Principal Corporate Services explained that the report was intended to remind the committee of the current areas for consideration in relation to the college’s estate, in advance of a more detailed report being presented to the committee in January 2020. The Vice Principal

noted that Fusion had previously been engaged by the college to manage such matters but since any project was likely to be on a small scale in the short term this would be handled in-house by the college's Property Services Department. The lack of cash to fund any major property scheme was noted. Governors noted the need to look for grant funding. The Vice Principal added that 100% grant funding would be needed as the college could not afford to match fund any project.

Neil Harries re-joined the meeting at 10.33 am

Governors asked if the lack of property development was causing any concern to curriculum areas. The Vice Principal Curriculum & Learning advised that it was good to receive scheme suggestions from staff but they needed to be realistic and limited in cost. All schemes would be considered against the overall priorities of the college.

Governors asked if there were any retention monies still being held by the college relating to former projects. The Head of Property Services advised that monies were still being retained due to defect issues.

The report was noted.

13 Strategic Targets 2019/20 Progress Review

The Chair noted that it was perhaps too early in the year to gain any meaningful indication in the performance targets at this time. Two items were showing as "red" and would not be achieved (relating to enrolments). There were some "green" targets - good progress (benchmarking and cash balance) with the remainder classed as being "behind target." Governors discussed the poor level of enrolments for English and History degrees. The Vice Principal Curriculum & Learning advised that ARU would be meeting with the college in December 2019 to discuss the growth of the Bio-Science degree course.

The report was noted.

14 Any Other Business

- i. One of the governors noted that they were experiencing difficulties understanding the information being presented. The Chair asked all to consider the style and type of information received and to offer any suggestions for improvement to the Vice Principal Corporate Services and Head of Finance. **ACTION-Governors**

12 Chair's items for briefing to Corporation

There were no items to be raised separately for the Board to note as the two main items, Statutory Accounts for 2018/19 and the Medium Term Financial Plan would be on the agenda for the next Corporation meeting.

13 Date and time of next meeting

Wednesday, 29 January 2020, 8.30 am, King's Lynn Campus.

The meeting closed at 10.44 am