College of West Anglia
Minutes of Finance & General Purposes Committee
Wednesday, 18 March 2025
12.30pm – 3.00 pm
Remote via TEAMs

Present	Hein Van Den Wildenberg	Governor (Chair)
	David Pomfret	Governor (Principal)
	Donna Woodruff	Governor (Staff)
	Joe Yexley	Governor
Attending	Paul Harrison	Vice Principal Corporate Services
	Rob Petto	Assistant Principal Funding and Performance
	Paul Smith	Head of Employer Liaison, Partnerships & Commercial Training
	Michelle Blake	Marketing Manager
	Jules Bridges	Head of Governance

No.		Action
1	**Apologies** Apologies for absence were received from Cally Rand. The Deputy CEO/Vice Principal Curriculum and Quality, Kerry Heathcote and the Head of Finance, Jenny Quaif, also passed on their apologies for absence.	
2	**Declarations of Interests** There were no items of interest declared other than the staff governor and staff non-senior post holders shared an interest in item 8 of the agenda.	
3	**Minutes of the Previous Meeting on 13 November 2024** The minutes of the meeting held on 13 November 2024 were reviewed and **agreed** as being an accurate record.	
4	**Matters Arising** The progress arising from the previous meeting was summarised in the progress report and all actions reported had either been resolved or, where appropriate, an update had been provided on progress elsewhere on the agenda. It was reported that the procurement exercise for VAT advisors is almost complete and meetings with five firms were held last month with an appointment to be made shortly. The issue around CWA Developments will be addressed further to this appointment. Item 8 is to be carried forward regarding making an approach for a Treasury Management Specialist. The Vice Principal Corporate Services will check procurement rules also to ensure that a variation in process can be undertaken.	VPCS
5	**Subcontractor/Partnership Activities Update** Good progress is being made against the 2024/25 subcontracting plan with some partners already having met their enrolment and financial income targets. Except for one partner who is likely to undershoot their target due to meeting complex learner needs, all other partners are on track. Solutions for Polymers Limited (S4PL) are now on the Apprenticeship Provider and Assessment Register (APAR) as a main provider. Approximately 30 apprentices are identified for transfer (before 31 March 2025) with the remaining 27 to stay with CWA to complete their apprenticeship by 31 July 2025.	

The Chair noted that the numbers of learners versus last year are lower for the Norwich School of Beauty provision and wondered why this was the case. There has been more delivery on campus this year and therefore subcontracted numbers are reduced, and this is likely to continue given the predicted reduction on the non-devolved adult skills budget and rationalisation of partner arrangements.

P Smith left the meeting at 12.45pm

6 Management Accounts – January 2025

The Chair commented that items 6, 7, and 8 are intrinsically linked. The Vice Principal Corporate Services dealt with the management accounts and the revised budget together, starting with the revised budget first.

There are a significant number of factors affecting financial performance in the current year, it follows the year-to-date position presented in the management accounts is of limited value. The forecast in the income and expenditure (page 18 of the pack) has the reforecast budget as the forecast year end and the variances reflect the adjustments to the budget identified in the item below. It was noted that the college maintains its high cash balances and sums on deposit and despite not appointing a treasury advisor the college is getting more experienced at putting sums on deposit and the sum assumed in the revised budget is relatively pessimistic.

7 Recast Budget and Revised Mid Term Financial Plan

The Vice Principal Corporate Services commented that this is an unprecedented period of uncertainty carried into the financial year, mainly because of late government notifications of in-year funding. The key issues affecting the 2024/25 position were itemised in the report on page 24 of the pack, relating to funding, announcements in the Government's November budget and considerations of a pay award for the year. In relation to the latter, a provision for a 2% backdated pay award had been built into the budget for the year but no announcement made to staff, awaiting further clarity on funding. The following item on the agenda proposes a 2.5% and some targeted increases at the bottom end of the support pay scale to differentiate spine points because of the new National Living Wage announcement from the budget. Overall, the revised budget shows a significant growth in pay costs due to increased numbers of staff to cover an increase in High Needs and Study Programme learners, increased Employers' National Insurance contributions, National Living Wage, additional half percentage pay increase and differential on bottom end of the support pay scales, and other increases for new posts. These additional pay costs are offset slightly by a grant promoted by Government to support the additional National Insurance costs which originally was thought would be funded at 100%, but 50% has been assumed in the revised budget. This may be slightly pessimistic, as the AoC have suggested this may be as much as 80%, but this is yet unknown. The college will also benefit from reduced pension contributions because of the DfE providing a guarantee to LGPS (Local Government Pension Scheme) in relation to FE colleges (backdated to December 2024).

There are other elements of funding that have changed as the college knew that it was eligible for additional funding for the increase of study programme learners and ordinarily this would have driven an in-year increase of c.£1.4m but notification has been received that this will only be £811k. The budget has also been revised to recognise the increase in high needs funding by an additional £600k, although the delivery costs associated with this are significant.

Other areas of uncertainty to flag to the committee in the revised budget, the government has promised £50m to the sector in 2024/25, the CWA proportion is still unknown and, therefore, the college has not taken advantage of this in the budget, but this could potentially be utilised to make a one-off non-consolidated pay award if this remains affordable. The other area of uncertainty, as mentioned above, is the National Insurance support grant allocated as 50% benefit in the revised budget but may be as much as 80%. An announcement is not expected until May 2025.

The upsides highlighted to the committee that will help the bottom line, once announced, include the proportion of the £50m unallocated Government grant, potential National Insurance support grant (from 50% to 80%), additional ALS funding for High Needs learners, interest receivable on deposits and partnership payment potential reductions.

In summary, staff costs are largely unallocated to cost centres, the budget returns 220 financial health points which is at the high end of 'good' and even if the budget were reduced to £40k a 'good' financial health rating can be maintained. The budget has been used to update the Medium-Term Financial Plan (MTFP) which shows consistent surpluses and 'good' or 'outstanding' financial health across the predicted four years. The key focus for the committee on the revised budget is a robust position, despite a decrease on the bottom line from the original budget to a surplus of £213k and generates good key performance indicators in terms of financial health.

Governors noted that, despite only getting a fractional in-year growth funding this year, the increase in student numbers will be funded in 2025/26 in full, but the MTFP shows a tight margin on the bottom line, so what assumptions have been made and what potential upsides might there be next year that are yet to be accounted for? The key element of uncertainty and potential upside next year is around the teachers pensions support grant which has been assumed will carry in from 2024/25 to 2025/26 to the end of March 2026 (end of Government's financial year), but there is reasonable confidence that this would be advanced again and likewise it has been assumed in the MTFP that no TPSG in any of the remaining years. The other key area assumption is around a potential pay increase and an expectation that FE colleges will get wrapped up into a national pay award position and the government is indicating a 2.8% increase for next year, although this has not been assumed for in the 2025/26 MTFP, as there is no certainty that this will be funded by government.

On commercial activities and utilities, governors commended the positive work and success to save costs and generate income. This has been achieved in the main in refectory and nursery activities. There is a slight cloud on the horizon however with the nursery as the Government is to put a clamp on some of the voluntary payments that parents put into the nursery which may have a negative financial impact. Increasing student numbers obviously has a positive impact on catering sales and there is a proposition to timetable two lunch slots in 2025/26 that will have a positive impact. In terms of utility costs, these have reduced in the main due to purchasing costs in advance from a consortium to a ceiling based on usage to date, and there is confidence of a downward trend on costs. The college has also taken a positive approach in an attempt to be more energy efficient by closing buildings in quieter times for example.

The Chair asked if there was a link between the revised budget and the MTFP regarding tuition fees as there was a downward adjustment in note 6, but the MTFP showed more optimism in this regard. There is a focus on green energy and while currently this provision is not attracting sufficient levels of fee income, there is more optimism in the future that this is a growth area, and the skills agenda is expected to follow this.

Finally, it was noted that the MTFP shows a drop in the year-end cash balance of just over £2m and this is because this follows the capital works to the Tower Block roof. HE income also shows a reducing assumption in 2025/26 as the budget this year has not been achieved and the HE future doesn't look any brighter. A close focus will be needed in future years in this regard. Another item to keep in focus will be depreciation which albeit a non-cash item but will hit the bottom line if government's announcement around a capital grant which could contribute toward the Tower Block roof costs or other capital works which could be used to allocate against capital works, likely to increase depreciation.

8 Pay Award Proposal

The Principal/CEO explained that one of the pressures placed upon the revised budget was a decision to upgrade the original budget assumption of 2% and uplift to 2.5% back dated to 1 August 2024. The decision to defer a decision around pay to later in the year was in hope that a later timeframe would provide more certainty on funding, but this hasn't transpired with any certainty, Employer National Insurance contributions, Teachers Pension Support Grant, proportion of £50m government funding for the sector, capital allocation all yet to be determined and based on 'affordability'. The AoC made a recommended pay award rate at 2.5%, and the National Living Wage has leapt forward at a higher percentage rate causing a concertina impact at the bottom end of lower pay spine points for support staff from 1 April 2025.

The proposal is that the AoC recommended rate of 2.5% is the minimum figure appropriate, and anything higher than that in the revised budget would not be financially viable. There is the prospect to look at bigger differentials in pay bands in future years but at this time a percentage uplift for all staff is the model proposed.

It was noted that there is not a huge amount of headroom in the revised budget but there are some likely upsides on additional funding and allocations to come and this could give the college some opportunity around pay decisions once certainty from government on funding is received. There is no specific proposal at this time and a proposal would only come if this were affordable.

Committee members concurred that this was a sensible approach, and it is important in terms of staff morale and retention. The Principal/CEO commented that as part of the Ofsted inspection the standout feedback from the staff survey under the question of what the college could do to better improve, was 'pay'. It is a challenge, but it is felt that anything less than the AoC recommended rate would create resentment. Staff may feel some disappointment that it is not higher but, generally, the broad assumption is that it will be acceptable.

The committee agreed the proposal and will put a recommendation to the Corporation to approve the pay award at the meeting to be held on 26 March 2025. Chair

9 ETIO (ex-Tribal) Benchmarking Report

The exercise was commissioned earlier in this academic year based on 2023/24 position and provides comparison data with the last exercise commissioned by the college in 2018/19. The exercise attempts to benchmark data in terms of income and costs to a different group of benchmark colleges such as land based, multi-site, cost efficient, typical FE and CWA 2018/19 benchmark. It was noted that the CWA income profile is different to many colleges as CWA has a substantially higher profile of high needs learners which then skews other cost profiles, such as support staff costs for example.

The stand-out areas of this exercise are around utility costs, and Property Services Department (PSD) costs that are out of line with the sector and other areas were more marginal. There are some CWA structures that make the outcomes of the report difficult to unpick, academic/curriculum management for example is benchmarked against colleges with a 3-tier structure whereas CWA only has 2 so the results are to be interpreted with caution and not therefore comparative like for like. IT services have come out relatively expensive compared to other colleges, but this is improved on 2018/19, and PSD costs show room for improvement. There are actions now to tease out and unpick what can be changed and/or bring costs back in line with 'benchmark'.

The Principal/CEO commented that assumptions have not been built into the revised budget or MTFP based on any outcome or possible decision from the report. There are some suggestions in the report that may drive some staffing efficiencies, but these are not included. Governors asked for visibility of decisions and changes that are made because of this report to be reflected in the budget/MTFP and brought to the committee's attention.

It was noted that the report found that CWA pay costs are high against benchmark and there are two potential reasons, 1) the college carries more staff than perhaps it should and 2) the outturn data that CWA is compared with is data prior to its biggest pay award at 5.6% and therefore these are potential factors that need to be taken into account.

10 Contribution Analysis

In recent years the team has worked hard to join up curriculum planning, funding and financial reporting and the process is tight between the funding position and data control report and the management accounts; however, the area that still needs work is in relation to contribution. It is acknowledged that the contribution table included in the management accounts has frustrated governors for some time and in preparing the report this time has highlighted several underlying issues for the team to resolve. The key issue related to a change in approach with English and maths a number of years ago in curriculum planning, from a contribution generating part of the college to a cost centre approach similar to other support areas which is not matched in the management accounts, leading to two very different versions of the truth. The team will work on the underlying issues in April ready for the March 2025 management accounts and the Chair asked for contribution to be added as a matter arising for the next meeting of the committee to be held in June 2025. HoG

D Woodruff left the meeting momentarily at 1.40pm, returning at 1.42pm

11 Funding Position and Data Control

The college has been notified that in-year growth funding will be awarded at 2/3rds of allocation due to affordability which would equate to c.£811k additional income with a small subtraction for T Level under delivery in year which has been baked into the revised budget. Clarification on the 2025/26 funding allocation has also been received, and the college can expect to receive a 3.78% increase to base rates and other factors that drive allocation for next year, and student growth that drives the lagged funding model is predicted to provide a £2.9m increase for the 2025/26 academic year.

Study programmes is a strong position caveated by the significant in-year growth funding shortfall to support the increase in learners. The college is anticipating further growth in student numbers in 2025/26 posing significant issues in accommodation and staffing capacity.

CWA is expecting to meet and exceed the adult devolved (CPCA) and non-devolved allocation. The latest prediction on CPCA is that the college will achieve 109% of allocation. CPCA will fund 110% and this is the same on non-devolved. In 2025/26 there are cuts on adult funding, although CPCA funding will be subject to a modest increase but will only be funded up to 103%, not 110%. A 3% cut (c.£1.4m) on non-devolved is also anticipated which will somewhat limit the college’s ability to grow in an area where the college has recently seen some success. One of the consequences of this will result in the college rationalising its offer and prioritise what will run and what won’t, including likely significant sub-contract partner rationalisation.

Governors were aware that apprenticeships is a more negative position and the transition of S4PL learners has been factored in. The forecast year end position is £3m which accounts for the rationalisation of standards delivered and S4PL transition element. There are some areas where the level of starts is lower, so a modest expectation has been taken in the MTFP for 2025/26, but there is an assumption in 2026/27 and beyond to grow apprenticeship provision.

Finally, regarding the advanced learner loans budget at £400k, the college has seen a slight increase on allocation as more learners are eligible for Free Courses for Jobs (level 3 funded opportunity) in year. The confirmed income to date is short of allocation but the gap is expected to come in close to budget.

12 Contracts £100k-£500k and Single Payment >£1m

The report confirmed that just one contract had exceeded £1m, the details of which were included in the report and was considered reasonable for the purchase. Single payments more than £1m is a nil return.

M Blake joined the meeting at 2.00pm

13	**CWA Website Annual Review** The report provided an overview of the management developments, hosting and security of the website. An AI chatbot (ISAK) was introduced to the website in March 2024 and has had 416 conversations with website visitors. Mainly AI facilitates easier access and navigates to information on the website, term dates, details of a course etc. The team continues to work on the quality of videos on the website, working with Springboard TV to produce these. A new analytic tool has been added, google tag manager, which tracks journeys through the website to see what visitors are viewing, where they are looking, how long they stay online for etc. SharpSpring (a marketing automation tool) that plugs into the back of the website to analyse traffic only allows details on those accessing the website in the last year but for groups such as employers causes a significant barrier so it is proposed this is replaced with HubSpot which will also replace ISAK as a chatbot is included. The main benefit of HubSpot is that it will allow data links from the website to social media platforms and other internal systems.	
	In addition, the team is currently in the process of upgrading the CMS (Content Management System) that allows the team to manage and update the website. The upgrade will provide the opportunity to revisit and refresh web pages and content with perhaps more illustrative content and easier navigation tools.	
	Governors commented that it was interesting to see the trend increase in people using AI and questioned if HubSpot will bring big costs or savings as it enables turning off other applications. It is a significant cost, and the first three years of the purchase will be capitalised. There is a need to change approach as the website is the biggest and most significant marketing tool and needs to stay current with the latest tools to attract and communicate with as many visitors as possible.	
	When the college changes to HubSpot, governors asked if comparison reporting would still be possible, and it was confirmed that it would. Google analytics would still be available. HubSpot draws visitors to the website and plugs them together dependent on what they are searching for or chatting about. The team will also continually monitor the AI chatbot tool to ensure that responses are accurate and appropriate.	
M Blake left the meeting at 2.15pm		
14	**Strategic Targets 2024/25 Progress Review** The progress review confirms good progress against most of the strategic targets, six have made good progress, one reasonable, one is behind target and one target not achieved. The Chair commented that the new finance system to replace Sun accounts has a green (good progress) status but there has only been one meeting of the task and finish group so it was agreed that progress should be downgraded to amber (reasonable).	HoG
	Strategic target 4.9 regarding the creation of an AI strategy is shared also with the Performance Review and Quality committee. The corporation will also receive an update on this and progress against all other strategic targets.	
15	**Any Other Business** ***CWA Subsidiaries*** The Chair, and the Principal/CEO are Directors of the Boards of the subsidiary companies, but members are drawn from the membership of this committee so more director appointments are required. The company secretary will action this.	VPCS
	CWA Developments is not trading, and the future of this entity is under review and subject to the advice of specialist VAT advisors once appointed.	VPCS
	Date of next Property Steering Group Meeting Some agenda items of interest for the Property Strategy Group are overdue such as an update on the Tower Roof situation and progress on the Green Skills Centre at Wisbech so it was agreed that a meeting would be convened as soon as possible.	HoG

16	**Chair's Items for Briefing to Corporation** • The Vice Principal Corporate Services is to provide an overview of the revised budget and Mid-Term Financial Plan to the corporation at the meeting to be held on 26 March 2025. The Chair will contribute as necessary. • The Principal/CEO will do a similar introduction on the Pay Award proposal to the Corporation at the meeting to be held on 26 March 2025. • The finance team are working on enhancing and resolving the issues with reporting on contribution analysis. It is hoped this will be resolved for the March 2025 management accounts. • The committee received an update on funding. In-year growth funding has been confirmed at 2/3rds of allocation (c.£811K) and 2025/26 study programme funding will be an increase of c.£2.9m. • The committee received an update on the management developments, hosting and security of the college website with new tools planned to be introduced to aid easier navigation and communication with visitors to the website. • Strategic Target 4.5 (New finance system to replace Sun accounts) is to be downgraded to amber (reasonable progress) not green (good progress). • The Company Secretary of the CWA subsidiary companies is to arrange the appointment of more Directors to join the Board. • A meeting of the Property Steering Group is to be convened.	Chair VPCS Principal/CEO
17	**Date and Time of Next Meeting:** Wednesday 18 June 2025 at 8:30am (Meeting Room, Principals Suite, KL)	

Meeting ended at 2.15pm