

The College of West Anglia
Minutes of
The Finance & General Purposes Committee
16 June 2021
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
	Hein van den Wildenberg	Governors
	Donna Woodruff	Governor
Attending	Paul Harrison	Vice Principal Corporate Services
	Ruth Harrison	Vice Principal Curriculum & Quality
	Virginia Grace	Head of Finance
	Paul Smith	Head of Employer Liaison, Partnerships & Commercial Training (part)
	Stephen Halls	Clerk to the Corporation

1 Apologies

There were no apologies for absence.

2 Declarations of Interests

There were no declarations of interest.

3 Minutes of the previous meeting – 5 May 2021

The minutes of the meeting held on 5 May 2021 were agreed as being an accurate record.

4 Matters Arising

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

Paul Smith joined the meeting at 8.32 am

5 Sub-Contractor / Partnership Activities – Approval of Activities for 2021/22 and Supply Chain Fees & Charges Policy 2021/22

The Head of Department commented on the subcontractor reforms and the guidance that had been issued by the ESFA. In some instances, the guidance was confusing, and clarification had been requested by the College to the ESFA.

Governors asked about the review of the current sub-contractor activities and the net contribution received by the College from activities. The Head of Department advised that the Committee would review the out-turn report for 2020/21 at its November 2021 meeting, once all matters for the year had been finalised. Regarding contribution, this activity generated a margin of approximately 25%. If sub-contracted activity reduced it was likely that it would be replaced with on-campus activity resulting in no loss of income to the College.

Ray Harding joined the meeting at 8.39 am

Governors noted the cessation of the Dick White Referrals contract from December 2021 and asked if the affected learners would transfer to appropriate courses at the Cambridge Campus. The Head of Department explained that this contract was currently winding down and that it was expected all learners would have completed their courses by December 2021. When originally created, this was envisaged as being a short-term contract making use of available non-levy funds. Governors noted that Dick White Referrals was now able to contract directly with the ESFA for funding. The Head of Department commented that the market place for this area of study was large with room for other providers with no impact expected for the College.

The Chair noted that the College's returns had been submitted by the deadline of 31 May 2021, particularly those seeking the ESFA's authorisation to continue with specific aspects of the sub-contractor portfolio in 2021/22 and asked if any communication had been received from the ESFA regarding this. The Head of Department advised that as yet, nothing had been received, adding that no indication had been given by the ESFA as to when its decisions would be reported; the Head of Department noted the need for the College to agree its contracts with providers by 1 August 2021. The Principal added that this current uncertainty provided some risk to the College, and its learners. The Principal was mindful that CWA's provision in this area was currently more than that of other colleges of a similar size, and that CWA had plans in place to rationalise this down to the 25% expected target. The Chair asked for confirmation that the reduction of this activity would be replaced with on-campus activity; the Principal confirmed that this was the intention, with on-campus activity providing a higher margin of contribution for the College, although there could be some temporary interruption caused by the impact of Covid.

Governors asked if this activity had been included on the Risk Register. The Vice Principal Corporate Services confirmed that this was the case.

The activity plan for 2021/22 was approved.

The Supply Chain Fees & Charges Policy for 2021/22 was approved.

Paul Smith left the meeting at 8.49 am

6 Budget 2021/22

The Head of Finance advised the Committee that the proposed budget for 2021/22 had been cautiously created and provided a modest surplus for the College. The assumptions used had not been overly optimistic. Noting the disruption caused by Covid during the current academic year, for 2021/22 the assumption taken had been that this would be a normal year with no major lockdown imposed. The summary at Table 1 within the report provided governors with a comparison of the proposed budget with the current year's budget. It was noted that the forecast for the current year, as listed in Table 1, had since been updated with the latest figures being reported within the Management Accounts for April 2021 at Item 7.

Governors asked about the approach taken with Apprenticeships. The Head of Finance explained that Heads of Faculties had been fairly positive about what could be achieved assuming there was no Covid disruption. The Principal reported that for the 2020/21 year

where the Apprenticeship budget had been set at £3.5m the out-turn was expected to reach £3.7m, pre-Covid interruption. There were a number of timely completions currently outstanding which would roll into 2021/22 taking around 20% of the income into next year.

Governors noted the increasing pay costs. The Head of Finance noted that the budget allowed for the effects of the support staff job evaluation review and the inclusion of catering staff where this function was being brought in-house for 2021/22. Pay budgets continued to be adversely affected by the Local Government Pension Scheme deficit.

Governors asked for the Head of Finance's opinion if, in reality, the 2021/22 year would be better than the budget being proposed. The Head of Finance noted again that the budget had been cautiously put-together and that it was likely that some areas would perform better than had been allowed for during the next year.

Governors asked for the latest forecast figures for 2020/21, as noted in the Management Accounts for April 2021, be included in this report before it is presented to the Corporation for approval on 30 June 2021.

ACTION-HoF

Governors asked how both revenue and capital budgets had been affected by Covid. The Head of Finance advised that a "normal" year had been anticipated for 2021/22, with usual class sizes expected and premises costs back to normal. Some capital funding had been received which had not yet been utilised and could be used to support further needs caused by Covid if required. The Principal advised that the Strategic Plan for 2021/22 would be incorporating some positive aspects identified during the pandemic, such as reduced vehicle usage caused by the increased use of remote meetings. The Vice Principal added that some savings had been identified with less people on the campuses, slightly offset with increased cleaning costs and ventilation systems working at full capacity; income from commercial courses was showing an improvement.

Governors asked about income relating to the School of Nursing Studies, to be launched during the next academic year. The Principal advised that for now, income had not been included in the budget for this activity. Discussions regarding funding and contribution levels were still being had with ARU, and so, prudently, this had been excluded for the present time. Further, the Principal was expecting the School of Nursing Studies to launch in January 2022 but due to issues surrounding the validation process with the Nursing & Midwifery Council there was a potential risk of a delay for the launch.

Governors noted the Contribution Analysis table at Appendix 1 of the report and asked how commercial income was accounted for. The Head of Finance explained that commercial income had been included within the income figures for each area. The Vice Principal referred to the Equine area which received an element of livery income; although this certainly added to the contribution of this area the Vice Principal was mindful of the non-financial benefits received by the students – equine care, animal handling etc. The Vice Principal Curriculum & Quality reported that she would be expecting commercial activity to increase in these areas now that the effects of the pandemic were reducing.

Governors asked about the £556k* income received into Agriculture. The Vice Principal Curriculum & Quality advised that this related to the L2 Stockman course and the L3 Crop Technician course. In time, it was expected that the move from Frameworks to Standards would allow for more courses to become available.

*(*Clerk note: following the meeting the figure of £556k for Agriculture was found to have been overstated by £451k - this amount should have been included within the figure for Animal Care. Both figures were amended in the final budget report reviewed and approved by the Board at its meeting on 30/6/21).*

Governors asked for clarification on Commercial Income, where in Table 1 this was detailed as being £1,164k, but in the KPI table at section 7 this was detailed as being £2,057k. The Head of Finance explained that within the KPI table the value also included self-funded student fees and full-cost tuition fees.

Governors asked for an update on the lease of the farm buildings at the Cambridge campus. The Vice Principal Corporate Services advised that terms had been recently agreed and that final surveys were currently being completed.

It was proposed by Gary Webb and seconded by Ray Harding that the Committee recommends the proposed budget for 2021/22 to the Board for approval. This was agreed.

7 Management Accounts – April 2021

The Head of Finance apologised to the Committee for the late circulation of this report. The Chair was concerned about the delay in reporting the accounts and asked about the production timetable. The Head of Finance advised that the May accounts were currently being finalised and would be reported the following week; the target date for reporting accounts was usually the 21st of the following month.

Governors queried the overspend on student support staff costs, anticipated to be £516k overspent by year-end. The Head of Finance advised that some staff, notably those engaged in Functional Skills and Learning Support Officers had been omitted from the budget in error. The Vice Principal added that in some instances the increased costs had been matched with increased student support funding received.

Governors considered the key performance indicators and asked about the increased forecast total income and what had caused this. The Head of Finance noted the improved income relating to Apprenticeships and catch-up funding where a grant of £400k had been received. The Principal added that funding support for high needs students had increased in the current year (offset with some additional costs).

Governors commented on the number of Creditor Days which had increased from 19 days in March to 27 days in April. The Head of Finance advised that this indicator fluctuated depending on the timing of the payment runs to suppliers during the month.

Governors reviewed the staff costs as a percentage of income ratio, which had reduced from 74% in March to 68.6% in April. The Principal commented that the ratio was affected by the timing of income received into the College. The Chair reminded the Committee that the accounts had benefited by the £300k provision for restructure costs for 2020/21 being charged to the previous year, with the agreement of the auditors.

The Chair noted the error in paragraph 1.2, where the surplus was noted as being £485k but was in fact £419k (see table at section 3). The Chair was concerned about the large reduction in the forecast surplus reported in the March accounts to that now showing in the April accounts. The Head of Finance considered that there was now an improved view of both income streams and the effects of the support staff job evaluation review. The Principal noted his own disappointment at such a negative swing in the forecast out-turn surplus as the end of the year approached.

The report was noted.

8 ESFA Dashboard – May 2021

The Vice Principal Corporate Services commented on the positive dashboard received from the ESFA, based on the figures reported by the College in its annual accounts for 2019/20.

With there being no areas of concern within the finances it was anticipated that early intervention by the ESFA would cease. The Principal was pleased that the report confirmed the “Good” financial health of the College. The Principal was hopeful that the FE Commissioner would now also be satisfied that the College’s finances were positive and secure for the future. The FEC would be reviewing the May 2021 management accounts in due course. The Principal asked for these to be circulated to committee members for review, questions and comments as soon as they were finalised, prior to being submitted to the FEC.

ACTION-HoF/Clerk

The report was noted.

9 LIBOR Loan Facility Transition Proposal

The Vice Principal Corporate Services noted that the banking industry’s impending change from LIBOR loan rates was causing some “excitement” across the sector for colleges with variable rate loans. The Vice Principal advised that the College currently had one outstanding loan at a fixed rate, due to be paid by July 2023, however, there was still a requirement for the college to sign a new agreement and to select a new interest base, just in case the College wished to take advantage of a revolving loan facility before the current loan was paid in full. The Vice Principal advised the Committee to consider the Bank Rate, rather than the SONIA rate (sterling overnight index average) with it being less volatile, likely to remain low and easier to forecast. The Vice Principal asked the Committee to also approve that the new agreement be signed by the Chair and Principal (as per the original agreement).

Governors endorsed the proposals presented by the Vice Principal, agreeing that the Bank Rate was easier to track and monitor.

The Committee approved that a new agreement be signed by the Chair and Principal, selecting the Bank Rate in the event of the associated revolving loan facility being activated.

10 ESFA Funding Agreement – Review of Contract

There were no questions or concerns raised regarding the contract reviewed by the Committee. The Chair was mindful of the need for colleges to accept and sign the contracts in order to receive funding.

The report was noted.

11 College Insurance Policies/Cover – Annual Review

The Head of Finance advised that the report provided the Committee with a summary of the insurance cover currently in place and the levels of cover for 2021/22. The Principal asked for further information in respect of cyber cover. The Head of Finance explained that an additional policy had been taken out to cover a cyber attack on the College, noting recent attacks on other colleges. CWA’s level of cyber cover was £1m.

Governors asked about the current insurance cover for flooding. The Head of Finance advised that the policy was unchanged from the previous year but would investigate the details of this particular cover and advise committee members in due course. **ACTION-HoF**

The Vice Principal Corporate Services noted that a flood map from the Environment Agency showed a vulnerability to flooding at the rear of the King’s Lynn Campus, near to the Technology building.

Governors noted the business interruption cover of £91m and enquired about the exclusions to this if claimed. The Head of Finance explained that the level of cover related to three-

times the turnover level of the College. With regard to exclusions, the Head of Finance would check the details of the policy and advise committee members in due course.

ACTION-HoF

The Chair asked about the premiums for the 2021/22 year. The Head of Finance advised that these were still being calculated by the insurers and would be received shortly. An increase in the premium for cyber cover was expected due to the number of claims made by other colleges; similarly, an increase was expected in employer liability cover due to a general increase in claims received during the Covid pandemic. A general increase for inflation and buildings' valuations was also to be expected.

The report was noted.

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

There were no items to report to this meeting. There were no questions or concerns raised.

The report was noted.

13 Strategic Targets 2020/21 Progress Review

The Clerk advised that the latest updates to the strategic targets were reviewed by the Board at its meeting on 19 May 2021. There were no questions or concerns raised.

14 Any Other Business

- i. Governors asked for an index for report items with page numbers to be included within the pack. The Clerk would amend the agenda page to also include page numbers. **ACTION-CLERK**
- ii. Governors asked for information regarding the College's approach to climate change matters. The Principal advised that Sue Brown, Energy & Environment Officer, would be giving a short presentation to the Board at its October 2021 meeting.

15 Chair's items for briefing to the Corporation

- i. Budget 2021/22 – review and recommendation to the Board for approval;
- ii. Sub-contractor Activities – review and approval of the activities for 2021/22 and approval of the Supply Chain Fees and Charges Policy 2021/22.

16 Date and time of next meeting

Wednesday, 29 September 2021, 8.30 am.

The meeting closed at 9.49 am