

College of West Anglia
Minutes of
The Finance and General Purposes Committee
19 June 2024
8.30am
Meeting Room – Principal’s Suite

Present	Hein van den Wildenberg	Governor (Chair)	In person
	Carolyn Rand	Governor (Vice Chair)	Remote
	Alan Measures	Governor	In person
	Malcolm Pearson	Co-opted Governor	In person
	David Pomfret	Governor (Principal/CEO)	In person
	Donna Woodruff	Governor (Staff)	In person
	Joe Yexley	Governor	In person
Attending	Paul Harrison	Vice Principal Corporate Services	In person
	Kerry Heathcote	Deputy CEO/Vice Principal Curriculum & Quality	In person
	Rob Petto	Assistant Principal Funding and Performance	Remote
	Jenny Quaif	Head of Finance	In person
	Paul Smith	Head of Employer Liaison, Partnerships & Commercial Training	In person
	Michelle Blake	Marketing Manager	In person
	Jules Bridges	Head of Governance	In person

No.	Action
<p>1 Apologies There were no apologies for absence.</p>	
<p>2 Declarations of Interests There were no declarations of interest.</p>	
<p>3 Minutes of the previous meetings held 28 February 2024 The minutes of the meeting held on 28 February 2024 were reviewed and agreed as being an accurate record of the meeting.</p>	
<p>4 Matters Arising The progress against the outstanding matters from previous meetings was summarised in the report. The completed items are to be removed from the table.</p> <p>CWA Developments has been made dormant following discussions with external auditors. A decision to close the company entirely will be made in due course once specialist advice has been obtained on its benefit as a VAT shelter.</p> <p>The Anti-Fraud policy has been shared with the Audit Committee for consideration.</p>	<p>HoG</p> <p>VPCS</p>
<p>Agenda items were taken in the following order, 9, 8, 5, 10, 6, 7 and 11 through to 18</p>	
<p>5 Management Accounts – April 2024 Overall, the accounts show a surplus of £209k with an expected outturn of £11k. The college maintains its ‘good’ financial health rating with 220 points essentially due to the high cash balance held. To be ‘outstanding’ is 230 points.</p> <p>P Smith joined the meeting at 9.05am</p> <p>Tuition Fees is the largest adverse income variance mainly due to lower student numbers on Green Skills provision, so this activity has been scaled back and adjusted accordingly in the forecast figures.</p> <p>HE income is also behind budget, predicted to be £100k behind at the year end.</p>	

It was noted that a commercial analysis of catering services is available and will be shared with the committee by email. It shows that CWA is falling just short of the benchmark average so there is still room for the college to focus on its cost base.

Governors asked that 'interest received' is shown as a distinct income line in the management accounts. The target YTD is £22k but CWA is now firming up a contract to appoint an advisor to take on a 'riskier' approach to depositing monies. The new Treasury Management policy requires the college to report on such activities so this will be a regular item to report to the committee.

Noting that utility costs are high, a governor questioned how the college procures its utility providers. CWA uses an education purchasing consortium to procure gas and electricity which are on fixed prices for most of the year but are subject to a limit so any usage over the limit is at market rate.

Finally, the Chair mentioned that when the budget was set last year a challenging target on non-pay costs was set at a 20% reduction and wondered if this target was met. The VPCS confirmed that it had been met in the year, but it caused consternation with many budget holders and would be even more challenging to implement/expect again in the coming year.

6 Budget 2024-25 and Medium-Term Financial Plan

The budget is built on top of the curriculum plan and reflects the expected growth in 16-18 study programme learners although as identified in other reports (below) the lagged funding creates increased pressure and challenges on the budget.

In summary the budget presented generates a surplus of £205k and incorporates a 2% pay increase across the board and generates a financial health score of 220 points, which is 'good'. The ESFA assessment of financial health takes account of the college's liquidity, profitability and ability to repay debt.

It was noted that in previous years the colleges financial position has been propped up by a number of one-off items. In the current year the college has benefited from an overage arrangement on a parcel of land in Wisbech and £400k has been taken into the accounts, positively impacting the bottom line and in the previous year a number of advanced income items were released from the balance sheet and moved into the profit and loss account.

The 2% pay increase assumed in the budget does come with complexity. The Principal/CEO explained that the college has not engaged in trade union negotiations around staff pay. The AoC consultation with college's suggests that a reasonable increase would be between 1½ to 2% but they will not at this time make a recommended rate on pay. The Principal/CEO is mindful not to negotiate with unions on pay but hold off until January 2025 when more clarity on the national picture is known and more certainty on affordability has emerged.

It was noted that the changes on AEB and partnership activity emailed to committee members in addition to the pack of papers would benefit the bottom line of the budget by £68k, bringing the budget surplus to £273k. Any in-year growth funding received in the year would also positively impact the bottom line, but it was reiterated that this was not guaranteed and therefore an assumption not included in the 2024/25 budget.

The budget has been used to prepare the medium-term financial plan and the 2025/26 plan includes an additional 11FTE teaching staff that will be required to deliver against the new maths and English condition of funding. The key concern throughout the plan is the high staff cost to income ratio. The target from the FEC is in the region of 65% and typically CWA is around the 72%+ mark. The committee is aware of the proposal to make some structural changes to one area of the college which is currently out for consultation. The outcome is not assumed, and any financial change or impact therefore is not included in the 2024/25 budget. In summary the committee was supportive of the budget, whilst tight. The committee would like to see more headroom given some of the uncertainties discussed and given that in previous years the college has utilised non-recurrent measures to achieve a surplus and maintain good financial health. EBITDA improvement is a clear theme for the college, as both the budget and medium-term financial plan highlight. The committee was pleased that this is fully recognised by management and suggested this is a key strategic goal for the college in

the next iteration of the strategic plan. Governors also asked that a reforecast position is reported to the committee if/when significant changes/variances emerged. The Vice Principal Corporate Services confirmed that this is typically performed at the mid-year point and is standard practice.

The committee expressed confidence to support the 2024/25 budget but requested management include commentary to highlight the following to the corporation

- Recognition that in previous years the College relied on non- recurring measures and hence EBITDA improvement is a key theme going forward
- Green Skills prospect built into the budget
- Interest received to be shown as a separate income line item
- £68k AEB/Partnership positive impact on the bottom line included in updated budget to be presented to Board
- No in-year growth assumed on increased 16-18 study programme numbers

The committee will recommend the 2024/25 budget to the corporation at the meeting to be held on 3 July 2024.

Chair

7 ESFA Financial Health Assessment

The letter from the ESFA confirms the good financial health position but also acknowledges the number of audit recommendations for the college to action. Appropriate steps to address the issues are noted and the ESFA do not require any further information at this time.

8 Funding Position and Data Control

An update on the 2024/25 AEB budget expectation was circulated by email yesterday to the committee with an adjustment made to this income line. The effect of this is that non-devolved delivery is now reduced and planned, and guaranteed, at 110% of allocation. The financial impact of this results in a reduction by £38k overall on adult income and reduction of £91k on partner payments and associated costs by £15k, benefitting the overall budget position by £68k.

J Yexley joined the meeting at 8.45am

The 16-18 study programme allocation has been confirmed and this is driving a challenging budget as learner applicant numbers exceed funding allocation by more than 370. Applications are running 20% higher than the same point last year and, due to lagged funding rules, these additional learners bring extra cost pressures on the budget and there is no guarantee of in-year growth funding next year. The ESFA maintains its line that they will always pay in-year funding if affordable and therefore the college has not included this in-year growth income in the budget for next year.

Governors asked if the foreseen increase in student numbers was largely due to demographics or were there other reasons? The increase, which is largely due to demographics, is across college provision and growth has been seen across all areas. The critical point will be the conversion of the applications made. The assumption of 300 additional learners is realistic but this level of growth is likely to tail off in later years as primary school intake numbers are predicted at lower levels.

The college continues to model the mandated maths and English conditions of funding ahead of compliance in 2025/26. The impact on timetables, student experience, staffing resource, accommodation and utilisation is all being worked through. The AoC and FEC have been asked to feedback to the ESFA to highlight the challenges that this funding condition will create for the sector. The curriculum efficiency report highlights the need to review the delivery and hours of study programmes to deliver a more full-time programme for learners and this vocational lead approach is the model that the college is likely to adopt and is currently modelling.

The college is on track to achieve its AEB 2023/24 reforecast budget. The £200k increase in delivery in 2022/23 was achieved which was the basis of the original budget however subcontracted delivery has reduced but 2024/25 budget plans for further growth.

The apprenticeship income line was reforecast down to £3.65m and this is on track to be achieved. The 2024/25 budget has been set at £3.5m reflecting the strategy to streamline and

reduce the number of standards that the college offers and delivers. This strategy will improve financial effectiveness, quality and performance of delivery and is a deliberate move to rationalise the breadth of offer.

Advanced Learner Loans is likely to drop below the £400k mark at £370k at the year end. £400k has been assumed in the 2024/25 budget so this line will require close monitoring.

The committee was informed that the funding audit with PwC has resurfaced. Further evidence has been requested, some of which is unlikely to be able to be satisfied so a financial adjustment is almost inevitable.

9 **CEFSS Report (Curriculum Efficiency and Financial Sustainability Support)**

The report was shared with the committee. The FEC team conducted the review to assess the colleges approach to curriculum planning, curriculum design, and financial efficiency. Overall, the feedback was strong assurance that processes are sound and in some cases was seen to be best sector practice. There are some areas highlighted where development would improve systems and processes, in the main around documenting the process that the college deploys.

It was noted that some of the data and information contained in the report, and provided to the FEC team were not typically seen by governors and it was confirmed that these are standard reports that staff would routinely see and have access to, so the review was based on live and current data.

In addition, there were references in the report to financial benchmarking information that prior to this process had not been available so it was acknowledged that a more granular benchmark exercise is to be undertaken by management to understand the colleges comparative position.

The two areas identified in the report of potential overstaffing were apprenticeships and support services (student services and mentor teams). It was noted that this outcome was based purely on a payroll exercise so would not necessarily be something that management would take forward.

The Chair asked that management prepare a note to the next committee meeting, explaining which recommendations it would take forward, and which ones not, with a brief rationale.

VPCS

The Chair said he would share the report with Chairs of Audit Committee and Performance Review and Quality respectively.

Chair

10 **Subcontracting Partnership Report – approval of activities for 2024/25**

The overall position is favourable given the loss of some providers early on and the roll-on/roll-off nature of this provision.

As reported above, the plan for 2024/25 is to deliver 110% funding allocation. Some activity has been moved. Pilot IMS for example has moved from non-devolved to devolved on AEB to deliver in the Wisbech area. Other than Pilot IMS the plan looks much the same as this year. Pilot IMS will deliver 3 teams of activity in Norwich, 3 in Kings Lynn and 3 pop-up teams in the Wisbech area in the 2024/25 academic year.

R Petto left the meeting at 9.15am

Confidential item under Instrument 17(2) of the Instrument and Articles of Government
This item was deemed confidential.

The college has achieved the ESFA Subcontracting Management Standard. The partnership management policy will be reworked over the coming weeks and will be presented to the committee for consideration at the first meeting in the new academic year.

HoELP&CT

P Smith left the meeting at 9.20am

11 **College Financial Handbook 2024 (Briefing)**

Governors received a briefing setting out the requirements of the College Financial Handbook 2024. The briefing detailed the individual responsibilities of the Accounting Officer (Principal/CEO), Chief Financial Officer, the college, and the Corporation for example. The

document prescribes things that 'must' or 'should' be carried out and these have been incorporated into college procedures such as the Financial Regulations when last reviewed and detailed in the governors Schedule of Matters Reserved and Scheme of Delegation. The Chair asked that the briefing is shared with other governors.

HoG

The Principal/CEO confirmed that treasury have now approved (retrospectively) the severance payment made to a member of staff.

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

The report was noted by the committee with no arising questions given that single payments more than £1m between 26 October 2023 and 30 January 2024 was a nil return.

13 **Policy Reviews**

1 **Draft Reserves Policy**

The document has been drafted in response to the College's Financial Handbook 2024 requirements and sets out recommended levels of free reserves held by the college at the year-end which should be in a range from £3.5m to £5.0m which, in normal circumstances, would allow the college to operate for between 42 and 60 days.

Governors questioned if the analysis of cash management should be brought into corporate risk management practice. It was suggested that it may be prudent to include a risk on the corporate risk register around 'failure to deliver EBITDA improvement threatens longer term viability'.

VPCS
HoG

The Chair commented that he had asked to include in the policy that management (offline) would look for suitable actions to bring the levels of free reserves back into line if working outside of the recommended range. In addition, the Head of Finance was asked to ascertain if the college has operated within the range in the previous three years as a comfort check. The committee will recommend the policy to the corporation for approval at the meeting to be held on 3 July 2024.

HoF
Chair

2 **Fees Policy**

The committee received the policy with a few minor amendments relating to format changes and updates to job titles. Sections referencing ILR and ESF have been removed and a new section on HE fees added. The committee accepted the changes and resolved to **approve** the policy as presented.

3 **Supply Chain and Fees Policy**

The committee received the updated policy with minor amendments. The policy was **approved** by the committee.

4 **Annual Insurance Policies/Cover 2024/25**

It was noted that the final fee from insurers is expected next week so the sum advised in the report was an indicative cost at this time. There are no changes to insurance arrangements and cover other than limiting the risk around kitchen fire suppression. The Head of Finance was asked to check that the policy schedule covers flood risk and the final figure once received is to be included, if possible, in the 2024/25 budget.

HoF

A Thompsett joined the meeting at 10.20am

14 **Strategies and Plans**

1 **Capital Project Update**

Confidential item under Instrument 17(2) of the Instrument and Articles of Government

This item was deemed confidential.

The college is still waiting to secure the £2m funding for the Green Skills Centre in Wisbech. The £2m from CPCA has been agreed but the match funding from Anglian Water has not been confirmed. A supply chain joint funding agreement with Anglian Water is in draft which each contributor company needs to sign the legal agreement for their part of the funding commitment. There are 16 partners with 14 signed. Some expenditure has been committed to enable the project to commence and stay on track.

The first meeting of the Property Steering Group will be convened for the end of July 2024. The terms of reference for the group were agreed by the committee. The group will consider

HoG

what the term 'sustainability' covers, as part of its work at its first meeting. The Property Steering Group will allow for a more extensive discussion of the capital projects.

A Thompsett left the meeting and M Blake joined the meeting at 10.30am

2 Marketing Plan 2024/25 and Progress Report on 2023/24 Targets

The Marketing Manager highlighted that the department has been given the opportunity to restructure to increase capacity and breadth of offer/service. These changes will release management capacity to better focus on strategy and development areas, particularly on areas not covered within current capacity.

In the year the department has extended its school liaison work particularly focusing on the conversion targets from applications. There are now 16 schools, and the plan is to increase this in future years. This year has seen an increase in requests from years 7, 8, and 9 at schools for IAG (Information, Advice, and Guidance) and leaflets have been designed to improve knowledge and understanding of the options available to young people considering the college as a choice.

Applications for 2024/25 are up and the college has increased and maintained its market share. Attendance at open days is up by 7.7% and an autumn evening open event will be added to the programme for next year to offer an alternative to Saturdays for people to attend an event out of office hours.

Digital employer engagement is up with increased social media activity, social media followers and website interaction. The library of case studies is being maintained and at least three case studies per subject area, targeting the school leaver audience, are planned.

Regarding Higher Education the department ran a joint event with NEACO (Network for East Anglia Collaborative Outreach) promoting UcWA to Level 3 learners and attended the UCAS event in Norwich where data was captured for over 235 prospective, HE learners, and their learning preferences. The collaborative partnership with the OU has been achieved and OU courses are now available online for September intake.

The plan for 2024/25 is to build upon its successful skills bootcamp campaign that attracted 14 students onto the programme. The return to learning campaign for Access to HE courses will be reintroduced to reinvigorate the promotion of adult learning opportunities. The team intends to use its additional resource in school liaison to have a specific focus on dispelling myths for young people who have been misinformed about FE and college life. An additional open day at Downham Market will be added to the schedule for the autumn and spring terms and some specific taster events will be included in the event calendar as these proved successful with events targeting girls into construction and discrete group sessions in hospitality for example. The Marketing Team will continue to build on its success with its community courses and continue to grow and promote its new OU and UcWA offer. The committee thanked the Marketing Manager for a comprehensive report and update and were content to share and recommend the plan with the Corporation for their approval at the meeting to be held on 3 July 2024.

The Chair commented that in view of the restructuring and increased scope of the marketing and communication department, the committee would have a keen interest in progress against the planned deliverables in the new academic year.

M Blake left the meeting at 10.50am

3 Strategic Targets 2023/24 Progress Review

The tracker showed a couple of targets that are behind but in the main most have made reasonable and good progress. The committee agreed that the tracker report provided a fair reflection of target progress.

15 Review of Committee's Performance, Terms of Reference and Annual Business Cycle

The committee considered the prepared review and concluded that it provided a fair and accurate summary of the committee's performance during the year. The Chair thanked HoG for the comprehensive review carried out, in support of this. It was noted that the Board of the subsidiary company (CWA Enterprises) would benefit from appointing additional Directors,

Chair

VPCS

typically drawn from the membership of this committee. This is to be resolved by the Company Secretary.

The Terms of Reference were considered, and it was concluded that these remain fit for purpose. The committee agreed the terms of reference approving the increase of membership from 6 to 7 members and quoracy from 3 to 4.

Similarly, the annual business cycle was considered, and it was agreed that the business items covered in the year would enable the committee to fulfil its responsibilities. The review of the business cycle next year will reflect the works of the Property Steering Group once established and operating.

16 Any other business

Further to review and cleanse of the fixed asset register, the committee was asked to consider agreeing to write-off c.£430k (NBV of zero) of IT equipment that is no longer in operation. This is equipment such as overhead projectors that have been replaced with interactive whiteboards for example. The committee **approved** the write-off.

17 Chair's items for briefing to Corporation

- The college maintains good financial health.
- The committee supports the 2024/25 budget and medium-term financial plan. The proposed budget is tight but with more headroom, i.e. surplus plus contingency than in previous recent years.
- Bigger headroom is appropriate given a) uncertainties and b) the last 2 years have necessitated non-recurrent measures of c.£400k each to achieve a surplus and good financial health.
- EBITDA improvement is a key theme as both the budget and MTFP highlight.
- The committee received the Curriculum Efficiency and Financial Sustainability Report (CEFSS) from the FE Commissioners team. The college has an action plan to address recommended areas of development. The report has been shared with the Chairs of Audit and Performance Review and Quality committees.
- The college has achieved the ESFA Sub-contracting Management Standard.
- Retrospective approval for the severance payment has been received.
- The committee has approved the Fees Policy and the Supply Chain and Fees Policy. The draft reserves policy is on the agenda for the Corporation to approve at the meeting to be held on 3 July 2024.
- StoneKing LLP has been appointed to support the claim concerning the Tower Block Roof repairs.
- The first meeting of the Property Steering Group will be convened for the end of July 2024.
- The committee has reviewed its terms of reference and annual business cycle. These are on the agenda for the corporation to approve at the meeting to be held on 3 July 2024.

Chair

18 Date and time of 2024/25 meetings

Wednesday, 2 October 2024 at 8.30am
Wednesday 13, November 2024 at 8.30am
Wednesday 12, March 2025 at 8.30am
Wednesday 18, June 2025 at 8.30am

Meeting ended at 10.50am