

College of West Anglia
Minutes of
The Finance & General Purposes Committee
16 November 2022
8.30 am
Meeting Room, Principal's Suite, King's Lynn Campus

Present	Hein van den Wildenberg	Governor (Chair)
	Tony Kenber	Governor
	Alan Measures	Governor
	David Pomfret	Governor (Principal)
Attending	Paul Harrison	Vice Principal Corporate Services
	Jenny Quaif	Head of Finance
	Rob Petto	Assistant Principal Funding & Performance (part)
	Paul Smith	Head of Employer Liaison, Partnerships and Commercial Training (part)
	Adam Thompsett	Head of Property Services (part)
	Stephen Halls	Clerk to the Corporation

The Chair welcomed Tony Kenber, governor, to his first meeting with the committee.

1 Apologies

Apologies for absence were received from Michelle Blake, Marketing Manager. Donna Woodruff was absent from the meeting.

2 Declarations of Interests

There were no declarations of interest.

3 Minutes of the previous meeting – 28 September 2022

The minutes of the meeting held on 28 September 2022 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. Comments were noted against the following items:

- 27/1/21: Item 10 – Property Strategy – the Vice Principal Corporate Services noted that the AoC had recently published a paper regarding accommodation strategy. The Principal added that the DfE was about to publish a document titled “Further Education: Estates Planning;” this document would be brought to the committee for review in due course.

- 2/3/22: Item 7 – School of Nursing Studies Review – the Vice Principal reported that SMT would be reviewing the terms of reference for this review during its meeting on 21 November 2022 prior to the review commencing.
- 30/3/22: Item 4 – Subsidiary Companies – the Vice Principal reported that this matter remained unresolved with the auditors and that specialist advice would now need to be obtained. The Vice Principal considered that CWA Enterprises (trading company for the college) was beneficial for the college and so should be maintained, although CWA Developments provided no benefit and could be closed.

5 Election of Vice Chair

It was proposed by the Chair and seconded by Alan Measures that Tony Kenber be appointed as Vice Chair for the Finance & General Purposes Committee. This was agreed.

6 Annual Marketing Plan – Review of Progress 2022/23

The Vice Principal would be taking questions on this report in place of Michelle Blake, Marketing Manager, who had given her apologies for this meeting. The Vice Principal reported that the autumn term had been busy for the department with a number of events having taken place, as detailed in the report. The promotion of adult education was a focus for Marketing, noting that in the previous year the adult education budget was under-utilised resulting in some clawback of funds at year-end. The Principal added that adult education was a concern for many colleges, as noted by Andrew Tyley, Deputy FE Commissioner during the finance training morning held for governors on 9 November 2022; the Principal continued that the college was investigating potential new courses for adults, including a number of short courses.

Governors reviewed the attendance levels at recent open days and noted that numbers were down on the previous year. The Vice Principal advised that further open days had been planned and that an overall assessment would be considered once all events had taken place.

Governors asked if the promotional merchandise (pens, key rings etc) given away at open days offered value for money. The Vice Principal explained that prospective students expected to collect merchandise from such events, although there was a concern with the sustainability and environmental effect of providing such items; the Principal added that the items did not generate a return in themselves, although they helped to make the 'stall' attractive and engaging, and encouraged prospective students to visit.

Governors asked if the outdoor summer campaign advising that "it was not too late to apply" had been successful. The Principal did not have detailed information on this particular event but explained that overall, student recruitment for 2022/23 had been strong.

The Chair enquired about the conversion rates of those applying to the college and then actually enrolling at the commencement of the course. The Principal explained that the local education market place, particularly with regard to A levels was very competitive and that some prospective students would submit application forms to a number of education providers and then make a final decision nearer the time.

The Chair asked about the lessons learned from the various campaigns and marketing activities. The Principal noted that direct engagement with schools was positive, although in some instances certain schools were averse to inviting the college in to speak with students; direct mail to prospective students had been carried out in the past although this was expensive and later analysis indicated that this method of engagement gave a poor return on

investment. The Vice Principal noted that the use of social media was currently the popular method to engage with prospective students.

The Chair asked for details regarding the Anglia Training Centre. The Principal explained that this was the college's branded department for providing gas and plumbing training, with the facility located at the rear of the King's Lynn campus.

The Chair asked for the committee's thanks to be passed to Michelle Blake, Marketing Manager, for providing the report.

ACTION-CLERK

The report was noted.

Paul Smith joined the meeting at 8.49 am

7 Subcontracting Partnership Report

The Chair offered his congratulations to Paul Smith, Head of Department, who recently celebrated his 40 years' service with the college.

The Head of Department explained that the figures for 2021/22 had now been finalised; overall the year had been successful, noting the challenges which had previously been reported and discussed by the committee.

The current year's activity was based around a reduced portfolio to comply with the ESFA's guidelines on subcontracted activity; for the college, current subcontracted activity was at 31% but this was expected to reduce to the required 25% level as the year continued and the college's own activity increased.

Activity levels with the Norfolk Fire & Rescue Service (NFRS) remained low, even though there was a high number of students within the NEET category in the local area. The Principal noted the financial support that NFRS received from Norfolk County Council and considered that this may be at risk should the county council need to reduce its level of support due to the current economic situation. The Head of Department reported that East Coast College was currently investigating the possibility of engaging with the Norfolk Fire & Rescue Service in a similar activity.

Governors asked about the difficulties of engaging with students in the NEET category. The Head of Department explained that this was a priority for NFRS and that sufficient numbers needed to be recruited, accepting that there would be a number of withdrawals as the course progressed. The Head of Department noted that the course included a 1-week residential element which could be off-putting for some students; additionally there were a number of issues which were experienced nationally and would need addressing by the Prince's Trust. The Principal added that the issues found locally were also experienced regionally and that a multi-agency review to include Norfolk County Council and the DWP would be beneficial to share and review data with key partners.

The Chair asked about the financial risk of partners who were underperforming; the Head of Department explained that the majority of any risk was with the partner concerned, although the college's expected margin on that contract would also be at risk of not being achieved.

The Chair asked about the adult education budget activities with The Skills Network; the Head of Department explained that the CPCA had announced at a late stage its new requirement that this activity should cease, however, with contracts already in place it was agreed that this could continue for the 2022/23 year only.

The Chair noted the delays with activity for Family Action; the Head of Department advised that this work related to supporting adults with mental health issues; the delays had been caused by the referrals process.

The report was noted.

Paul Smith left the meeting at 9.07 am

8 CWA Accounts to 31 July 2022

The Head of Finance apologised for the late circulation of this report and explained that work on the accounts was still progressing, where delays had been caused by an increased number of queries raised by the auditors and requests for additional information and analysis. The Head of Finance advised that a few issues were still to be resolved, such as the decision on the possible impairment of the tower block roof. The Chair asked about the likely value of this; the Vice Principal Corporate Services considered that the possible impairment value could range between £86k to £1.2m, depending on the view taken on how appropriate the method was to calculate the value. The Chair indicated that he considered it beneficial to accept the impairment charge in the 2021/22 accounts, if required.

The Vice Principal advised that there was an outstanding issue relating to the stock holding of the college shop, which had not previously been recorded in the accounts of the CWA Enterprises trading subsidiary. The Head of Finance explained that the current stock value was in the region of £30k and that the auditors were requesting an opening stock value for the 2021/22 year to be ascertained using the values of sales and purchases throughout the year; this exercise was proving to be difficult. The Vice Principal noted that this particular issue had never been raised by the auditors in previous years.

Governors noted from the accounts the increased audit fees; the Vice Principal explained that additional works had been undertaken by the auditors, particular in relation to income recognition as a result of the ESFA no longer providing confirmation of the income earned by colleges, forcing colleges to calculate and confirm its own income levels, which then needed to be reviewed by the auditors.

The Head of Finance reported on another outstanding issue with CWA Enterprises that related to income received for the newly introduced NVQ courses, where it had been found that the income received had not been charged across the active years of the course; auditors had requested that an income accrual/pre-payment adjustment was made to the accounts. The Head of Finance advised that this issue had now been satisfactorily resolved.

The Head of Finance noted that the staff headcount figure and median pay calculation had also caused issues during the audit. The Vice Principal added that the newly implemented HR system (iTrent) had provided poor information for this calculation; however, the median pay calculation had since been agreed although the head count query remained outstanding.

The Head of Finance advised that further work on the pensions section of the accounts was still required and that an updated report from the actuaries was expected to be received by the end of the week (18 November 2022) to allow this work to be completed.

The Chair referred to the adjustments made to the management accounts since the preliminary financial results had been reviewed previously. The Head of Finance and the Vice Principal noted that the adjustments included the holiday pay accrual; R14 (income) adjustment and minor necessary audit adjustments. The Head of Finance noted that the financial health score of the college had slightly improved due to the adjustments made.

From the Members' Report within the draft statutory accounts, governors commented positively on the statement that "... Of known destinations, 98% of students moved into employment, further or higher education after they completed college."

Governors asked about the land and buildings reported in the accounts which had been financed from exchequer funds; the Vice Principal explained that these items had been inherited by the college on incorporation.

The Vice Principal said that he would be completing a final proof-read of the statutory accounts that afternoon, but should any governors notice typographical or formatting errors then to advise him for correction before the final version of the report was printed for signature.

The Chair referred to the draft Letter of Representation noting that this would need to be carefully considered. The Chair would refer this matter to the Chair of the Audit Committee.

ACTION-CHAIR

The Chair noted the committee's thanks to all those involved in the production of the draft statutory accounts and the difficulties experienced this time due to staff changes within the finance team and the increased requirements from the audit.

The Committee agreed that it would recommend the accounts and the draft letter of representation to the Board for approval (noting that the letter of representation may require further consideration by the Chair of the Audit Committee).

9 Management Accounts – September 2022

The Chair referred to the Finance Training Session led by Andrew Tyley, Deputy FE Commissioner on 9 November 2022, noting that this had been much enjoyed and valued by those who attended. The Chair would be raising his suggestions and future ideas for the management accounts, particularly with regard to further scrutiny and review of the EBITDA calculation and financial indicator, with the Vice Principal Corporate Services and Head of Finance in due course.

ACTION-CHAIR

Governors considered the September accounts and asked if they represented a meaningful summary of the current position, particularly as many of the year-end accruals and pre-payments still needed to be adjusted for, and that, due to general profiling of the budgets, the non-pay expenditure was incorrectly showing a favourable variance of £324k to date. The Head of Finance commented that income figures in the accounts were based on known actuals at the time and that utility costs, within non-pay were incorrectly displaying a favourable variance of £123k as the prepayment had not been adjusted for. The Vice Principal commented that profiling of the budgets could be improved in the future.

Governors asked about utility costs and the college's exposure to increasing energy rates; the Vice Principal reported that the college was covered in the short term due to its current contract price, however, for the future, management was trying to identify ways to reduce overall energy consumption across the campuses to contain rising energy costs where possible.

Despite the profiling issues within the budgets, and the lack of adjustments for accruals and prepayments, the Principal commented that he found the early production of the management accounts for the year to be useful, especially when reviewing staffing costs as any issues for the year would appear early on.

The Head of Finance tabled a summary of the EBITDA reconciliation she had produced to reflect the calculation presented during the Finance Training Session. The Principal emphasised the need for the college's own calculations of the financial health indicators

within the management accounts to be checked to ensure they matched the same calculations as those used by the ESFA in the financial dashboards which were published from time-to-time.

ACTION-HoF

The report was noted.

10 Financial Dashboard

The Vice Principal Corporate Services advised that the ESFA's financial dashboard was now being reported on-line and that in time he would provide access to this document for committee members.

ACTION-VPCS

Referring to the table of Key Measures within the dashboard, the Vice Principal highlighted that EBITDA for 2022/23 was now displaying with a 'Red' indicator due to the effects of the recent 4% pay award which had increased expenditure and reduced the bottom-line surplus accordingly. Other indicators for the college were healthy, mainly as a result of the college having the benefit of a strong cash balance.

The Vice Principal reported that as part of the recent external audit, stress-testing had been carried out against the college's financial plan; modelling suggested that there was a need to maintain the strong cash balance to support the expected low levels of surplus within the Income & Expenditure account and that the college should avoid using its cash for investment unless high levels of income were guaranteed to replenish the cash used.

The Principal commented that interest rates for funds on deposit were increasing at the current time. The Principal considered that the college could look to investing in efficiency saving projects which created long-term savings.

Governors asked how the college dealt with its funds on deposit with the bank. The Vice Principal advised that he had a meeting planned with Lloyds Bank (college bankers) to discuss future deposits and various options to achieve the maximum return on the funds. The Vice Principal advised that he would prepare a treasury management policy for review.

ACTION-VPCS

Governors asked about the demographic projection for the college. The Principal considered that the college was currently in a position of growth and potential increasing student numbers for the next 8-9 years, after which it was anticipated that student numbers would then begin to fall. The Principal noted that it was important for the college to focus on its adult offer which should increase and provide an offset for any income lost from the 16-19 age group over time.

Governors asked if there were any plans to invest in climate change projects. The Principal stated that this was under continual review and Salix grants would be pursued but noted that green energy sources were more costly than the traditional sources of energy at the present time.

The report was noted.

Rob Petto joined the meeting at 10.05 am

11 Funding Position and Data Control

The Assistant Principal Funding & Performance advised that the current position with regard to student numbers and income for the year was as expected, with the latest information suggesting that student numbers were currently 110 up on the previous year. Attendance levels were being closely monitored to minimise any further withdrawals by students which would affect the income to be received in future years. The Assistant Principal considered

that in order to maintain current income levels for the future, growth of 61 students would be required.

The Assistant Principal was concerned with AEB income which was currently down although action was being taken in partnership with the CPCA with the creation of a funded post for an Adult Community Education Co-ordinator to review and promote this area of work; it was anticipated that income for adult education would increase as the year progressed. ESOL income was also currently down on budget, mainly as a result of introducing shorter courses, but again, the expectation was that this income would increase during the year.

The Chair referred to comments noted by Andrew Tyley during the Finance Training Session that many colleges were currently struggling with its adult education targets. The Chair was pleased to note that the CPCA was assisting in this area by providing its support for the Adult Education Co-ordinator.

Apprenticeship income was considered to be strong, and although the number of enrolments were currently behind target, it was expected that these would improve over future months with the target being exceeded; target income of £3.75m would certainly be met, and possibly even surpassed.

The Principal commented that there were a number of underperforming areas across the various income streams, but hoped that these would be matched by those expected to over-perform during the year.

Governors referred to the CPCA's possible plans to review education provision within its area to address 'Cold Spots.' The Assistant Principal considered that any possible plans at this stage would not affect the college as the CPCA was looking more to review provision within the Peterborough and Fenland area.

The Chair asked about the retention factor; the Assistant Principal explained how this was calculated and how this affected the college's income levels in the current and future year.

It was agreed that a training session on funding, to be provided by the Assistant Principal, for members of the F&GP Committee and other interested governors would be arranged for the spring term 2023.

ACTION-CLERK/APFP

The report was noted.

Rob Petto left the meeting at 10.16 am

Adam Thompsett joined the meeting at 10.16 am

12 Tower Roof Repairs – Update

This item was deemed 'Confidential.'

Adam Thompsett left the meeting at 10.36 am

13 Strategic Targets 2022/23 Progress Review

The Chair referred to the Finance Training Session and suggested that the EBITDA financial health score should be added to the college's strategic monitoring targets when the next set of targets were reviewed.

ACTION-CLERK/VPCS

Governors referred to target 2.8 regarding the hire of college facilities and asked how safeguarding issues were managed when facilities were hired out to third-parties. The Vice Principal responded that in the main, most hirings to date were for educational use or social

services, where it was expected that those involved would already have some awareness or training in safeguarding matters. The Vice Principal reported that the college was currently looking to open its car park at King's Lynn for use by those attending football matches at the Walks stadium, with a parking charge made to raise additional income.

The report was noted.

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

This was a nil return.

The report was noted.

15 Governance & Financial Management Regulations 2022

The Clerk advised that this item had been deferred by the Board at its meeting on 12 October 2022 as 2 items remained outstanding at that time. Since that meeting, management had decided that the item referring to human trafficking and modern slavery would be included in a separate college policy and so therefore would not now be included in the Regulations. The other outstanding matter relating to cash flow had now been addressed and a proposed addition to the Regulations had been detailed in the report.

The Committee agreed to recommend the draft regulations to the Board for approval.

16 Any Other Business

- i. Government's Autumn Statement (Budget) – the Chair noted that the autumn statement would be presented on 17 November 2022 and asked the Principal to provide a brief summary for governors of any items affecting the college or the FE sector following its publication. **ACTION-PRINCIPAL**

17 Chair's items for briefing to the Corporation

- i. Marketing plan – review of progress to date
- ii. Sub-contractor activities
- iii. CWA accounts to 31.7.22
- iv. Tower block roof repairs

18 Date and time of next meeting

Wednesday, 1 March 2023, 8.30 am.

The meeting closed at 10.40 am