

**College of West Anglia
Minutes of
The Finance and General Purposes Committee
21 June 2023
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 |
| | Donna Woodruff | Governor (Staff) | In person |
| | David Pomfret | Governor (Principal) | In person |
| Attending | Paul Harrison | Vice Principal Corporate Services | |
| | Kerry Heathcote | Vice Principal Curriculum and Quality | |
| | Rob Petto | Assistant Principal Funding and Performance | |
| | Jenny Quaif | Head of Finance | |
| | Paul Smith | Head of Employer Liaison, Partnerships and Commercial Training | |
| | Michelle Blake | Marketing Manager | |
| | Raza Tahir | Head of IT Services | |
| | Adam Thompsett | Head of Property Services | |
| | Jules Bridges | Head of Governance | |

| No. | | Action |
|-----|--|-------------------------------------|
| 1 | <p>Welcome/Apologies The Chair welcomed Carolyn Rand to her first meeting of the committee.</p> <p>There were no apologies for absence.</p> | |
| 2 | <p>Declarations of Interests There were no declarations of interest.</p> | |
| 3 | <p>Minutes of the previous meeting – 1 March 2023 The minutes of the meeting held on 1 March 2023 were reviewed and agreed as being an accurate record of the meeting.</p> | |
| 4 | <p>Matters Arising The progress against the outstanding matters from previous meetings was summarised in the report. There were no items to carry forward.</p> <p>External auditors have been approached to review the value of retaining the two subsidiary companies, and VAT implications. This will be considered in their first audit visit in July.</p> <p>Several banks have been contacted about placing funds on deposit and the college would be satisfied to place some funds with Lloyds. A Treasury Management Policy will be put in place acknowledging that deposits would be restricted and short-term fixed rate arrangements for a month to 3 months, rather than years, to maintain good financial health which is dependent upon liquidity.</p> <p>The new project manager in property services is taking forward the possibility of outsourcing the external promotion of room/facilities hire to generate income through an agency. An approach has been made and continues to be researched.</p> | <p>VPCS</p> <p>VPCS</p> <p>VPCS</p> |

All other items were completed and are to be removed from the report.

HoG

5 **Management Accounts – April 2023**

The Head of Finance highlighted that pay costs are 6.8% over budget year to date resulting an overall forecast increase of £1.2m applied to the accounts. Investigation has shown anomalies with the original budgets set for 2022/23 and ineffective curriculum planning in some areas where staffing levels understated the resources required to deliver the provision. A more robust and connected approach between curriculum and finance has been taken to develop the 2023/24 budget. Further to the annual strategic conversation the college has commissioned the FE Commissioners team to undertake a review of the college's application of curriculum planning tools and processes and its alignment with financial planning, providing external scrutiny of the budget setting process and its relationship to curriculum planning.

Several income balances on the balance sheet, which generally are only recognised in the income and expenditure account when there is certainty that the income is due to the college and no danger of clawback, have been reviewed and brought to account. These tally to quite a value on the balance sheet and those greater than 5 years old have been released, totalling £412K. The resulting reforecast brings a small increase to the forecast surplus of £51K to £53K. The Chair asked for assurance that the funding released was justifiable and not at risk of clawback. The VPCS confirmed that there are some items left on the balance sheet more than five years old where there could be a risk of clawback, so a judgement has been made against each element and only income earned in the past with certainty of no clawback now being recognised. The Chair of the Audit Committee will be informed of this release from the balance sheet as external auditors may consider this as an area of focus.

VPCS

The committee also picked out that college refectories remain over budget year to date and asked how poor performance is being managed. This is a UK wide issue and colleges and schools generally are finding this challenging. A report on refectory performance across the education sector shows CWA midway compared to other colleges. This report will be shared with committee members.

HoF

The refectory year to date shows a loss of £143K. The manager is passionate about providing meals for all but the pressures of increased food costs, increased staffing costs due to the increase of the national minimum wage in this area will leave no option but to increase prices in the next academic year. Attempts have been made (as of May 2023) to meal deal selections, adjusted meal portions, using frozen produce instead of fresh, but this is unlikely to recover or impact the loss by the year end. On a more positive note, additional funding has been secured to provide breakfast for eligible students (value of £4) in addition to lunch allowances. It was recognised that there is an underlying challenge here to balance a commercial function with a service function. The quality of service and quality of offer has significantly improved since no longer outsourcing but financial parameters need to be set to achieve commercial viability against satisfying the increasing demand. It was noted that poor performance is consistent across all sites.

6 **Budget 2023-24 and 3-Year Financial Plan**

This has been a particularly challenging budget to set, inflationary pressures, especially utilities have added more than £300K, the full year impact of the national living wage, and increasing number of 16–18-year-olds incurring additional costs of provision, but lagged income all contribute to an extremely difficult budget position. The key characteristics of the 2023/24 budget are that it delivers a slight surplus of £15K and provides for a 2% pay award across the board (costing £0.4m) with no

restructuring or redundancies built into it. The financial health rating would remain good at 200 points and an £80K contingency has been built in.

There are some fundamental risks inherent in the budget and the issues that undermined the budget last year have been addressed so that uncertainties around payroll for example are not being carried through. Gas and electricity budgets are predicated on closing large numbers of buildings during holiday periods, but the biggest risk is around the 20% cut to all non-contracted non pay costs, saving £0.6m, effectively funding the pay award. Main funding lines are based on the discussions from regular funding meetings and generally are pessimistic, apart from HE income, proposing it flat lines from last year and optimistically increases as student numbers increase with 40 firm acceptances, compared to 28 at the same point last year.

It was noted that the forecast contribution is 40% which is low compared to target but is consistent with what has been achieved in previous years. The Medium-Term Financial Plan shows 'good' or 'outstanding' financial health across the duration of the plan, increasing cash but noting no pay rise assumed for 2024/25.

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

Acknowledging that Performance Review & Quality, Employment Policy, and Finance & General Purposes committees of the Corporation all have influence in elements of the budget it was suggested that committee chairs convene in the year, through the membership of the Search and Governance committee to take this as a single agenda item to take a more integrated look at the plans for 2024/25.

HoG

Members of the committee, with the exclusion of one member who was not comfortable, **agreed** the 2023/24 budget and 3-year financial forecast as presented and will recommend for approval, at the Corporation meeting to be held on 5 July 2023.

7 Funding Dashboard and ESFA Assessment

The Vice Principal Corporate Services had no further update to the report. The only thing to emphasise was to remind governors to contact the Head of Governance for log-on details to access the portal.

All

Rob Petto joined the meeting at 9.50am

8 Funding Position and Data Control

The Assistant Principal Funding and Performance highlighted that apprenticeships are looking successful with an outturn of £4m but contra significantly by AEB which is around £400K short of the initial budget target. In the next academic year, the budget is set at less than this year but still assumes growth (£200K college growth) and modest growth on subcontracting AEB as well. There is the potential to award an additional £200K on subcontracting to what is being delivered now.

The report mentions opportunity for growth in the Fenland area and the APSS explained that within the CPCA, this is a varied and wide demographic, prosperous area, with high levels of education, and high paid employment. Fenland and Peterborough which is conversely the opposite end of the scale. With devolution, this has been identified and there is a keenness to see these areas catch up and work with the college, particularly for the Fenland area, to be the main provider and offer more.

It was noted that the new ESFA innovative provision funding is now available, and this will enable the college to use 3% of its AEB allocation to fund development of

AEB provision, meaning that CWA can cost against staff development, resources, and third-party costs as well (subject to meeting funding guidance/rules).

The college continues to explore opportunities to run skills bootcamps, which are short intensive courses aimed at adults. Discussions continue with CPCA to secure funding for this additional provision.

Rob Petto left the meeting and Paul Smith joined the meeting at 9.55am

9 **Sub-Contractor/Partnership Update**

It was noted that the report presented was an interim report and a different format to the report normally presented at this meeting in the academic year. The new subcontractor standard requires a procurement process which is delaying the ability to confirm the arrangements for the next academic year.

The procurement process is progressing, and the plan shows that the deadline for the return of tenders is now due. An evaluation of the tenders, against a scoring criteria determined prior to tender release, then ensues, and a proposal plan brought back to the committee for consideration. The HoG will convene an extra meeting of the committee proposed for 19 July 2023 to consider and approve the plan for the 2023/24 year and the Supply Chain and Fees Policy. The plan is not anticipated to change substantially in terms of volume, learner count or financially.

HoG

The start of an audit has commenced, and some initial feedback has been received. The process is very prescriptive, but the outcome expected to be satisfactory. This is then presented to the ESFA by 31 July 2023 with some contracts, due to roll over, required to be in place for 1 August 2023 so hopefully there will be some flexibility in approach.

Noting that the planned provision has been divided into four lots, the Chair commented that Norwich was an area specified for delivery and questioned if this was also prescriptive? It was confirmed that the planned delivery was mirrored against what was currently delivered and by subcontracting this enabled widening of participation and there is a proven demand for this provision in this area.

It is thought that there will not be a requirement to tender subcontracted provision annually, but likely to be every three years. Some programmes are three-year programmes so it would make sense to issue a three-year contract, others are one-year programmes so a one-year contract would be issued with the option to extend up to three years.

P Smith left the meeting at 10.05am

10 **Contracts £100k-£500K & Single Payments >£1m**

The report was noted and confirmed nil returns for contracts of £100K to £500K, and for single payments more than £1m between 8 February 2023 to 24 May 2023.

11 **Policy Reviews**

1. **Fees Policy**

The Committee received the policy, noted the minor updates highlighted with tracked changes and **approved** the policy as presented.

2. **Annual Insurance Policies/Cover**

The VPCS reported that normally at this point in the year insurers would have issued a formal cover document for the following year so the information in the report is based on the conversations between the Finance and Procurement Officer and insurers. The cover is unlikely to be different from the itemised report presented but would be brought to governors' attention if there were substantive changes. It

was noted that the policy does include Flood Risk and governors resolved to **approve** the cover presented.

Rob Petto and Raza Tahir joined the meeting at 10.15am

12 **Strategies and Plans**

1. **IT Strategy Annual Report**

This is the first IT strategy for the college since IT has been brought back in house. The strategy is shaped around people, processes, and how the IT infrastructure and delivery will be maintained to support teaching. The objectives are about the technology, people and processes, to recruit and retain the right calibre of people, identify the core aspects of IT systems and how it is kept secure while maintaining uninterrupted delivery.

The Principal/CEO commented that the transition from an outsourced service to an in-house service has been achieved seamlessly and the Head of IT has only been in post for less than a year. The college has achieved the reaccreditation for Cyber Security and the Head of IT confirmed that the college is as secure as it can be. IT moves at such a pace that not every eventuality can be covered but the team continually keeps up to date with patching and the technology available to them. Cyber Essentials Plus is in the process of being revalidated and the bar is raised every year. There is every confidence that the college is ready and will achieve.

The VPC&Q commented that the IT strategy dovetails well with the newly developed Digital Elevation Strategy. This is the main driver that outlines the educational/curriculum needs from a digital perspective and how technology can enhance and deliver an advanced experience and outcomes for learners.

A governor asked about recruiting subject matter specialists and how this would work. Knowledge and expertise are maintained in house as much as possible, but the college would look to partner with others if the expertise didn't exist. The APF&P commented that the college has been successful in appointing an experienced and competent IT team and critical posts filled with good calibre, quality people who are valued and offered every opportunity to stretch and challenge themselves and develop professionally. There is flexibility within the team and staff can work from home one day a week but cover at each campus must be maintained so that the support is available at any given time. The Head of IT and the team were congratulated by the committee for their work. The strategy was **approved**.

Rob Petto and Raz Tahir left the meeting and Adam Thompsett joined at 10.30am

2. **Property Strategy Progress Report**

Confidential item under Article 17(2) of the Instrument and Articles of Government
These discussion items were deemed to be confidential.

A Thompsett left the meeting and Michelle Blake joined the meeting at 10.55am

3. **Marketing Plan 2023-24 and Progress Report on 2022/23 Targets**

The report was well received by the committee noting that the marketing plan was developed before the budget was finalised and some adjustments therefore may need to be made. Governors were impressed by the momentum of the document and questioned if there was a cross selling approach used where provision is upsold to key influencers. The Marketing Manager confirmed that parents are a huge part of the 16-18 provision, as well as the work of the college with schools. AEB is a key cross selling opportunity that is a big focus across every area of provision. T Levels is another opportunity for the college as CWA is the only provider in the area offering T Levels but the biggest unique selling point for the college against a school, is that it is not a school. The committee complimented the team on the recent student awards event and Springboard TV. The marketing plan was **approved**.

Michelle Blake left the meeting at 11.05am

4. Strategic Targets 2022/23 Progress Review

Strategic target owners have updated the termly progress made. A couple of targets have been achieved, and in the main good and reasonable progress has been made against others.

The Chair intends to dedicate some time to progress the strategic target to procure a new finance system.

13 Review of Committee's Performance, Terms of Reference and Annual Business Agenda

The committee considered the prepared review and concluded that it provides a fair and accurate summary of the committee's performance during the year. The HoG was asked to include that the production of the management accounts has improved. Contribution analysis is to be added in area 4 for improvements. Annual revenue and capital budgets, integration of curriculum planning with budget setting and pay award can also be added. Regarding 2a) it should be noted that the approval of the Treasury Management Policy has been brought forward and the training for governors in the year, funding workshop delivered by the APF&P, and the AoC session delivered by Andrew Tyley are to be added. The Chair also suggested extending the meetings of the committee to 2½ hours in 2023/24. Governors said that they would also benefit from a session on college forecast but it was agreed that it would be beneficial to await the outcome of the FEC review of curriculum planning.

HoG

The amendments to the Terms of Reference were considered and it was concluded that these remain fit for purpose. A recommendation will be taken to the Corporation at the meeting to be held on 5 July 2023.

Chair

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.

14 Any other business

Discussions continue with regard to the future use of the farmland at Cambridge, but no proposals have progressed at this time.

15 Chair's items for briefing to Corporation

Chair

- The committee has considered the 2023/24 Budget and 3-year financial forecast. The Chair will highlight the risks associated with the budget to the corporation.
- Subcontracting contracts has gone through a tender process. The committee has an additional meeting planned for 19 July 2023 to consider the subcontracting plan for the 2023/24 academic year together with approving the Supply Chain and Fees Policy, and Treasury Management Policy.
- The Fees policy was considered and approved.
- The college insurance arrangements for the 2023/24 were considered and approved.
- The committee considered and approved the IT strategy.
- The college will pursue a legal claim regarding the failure of the Tower Block Roof. An insurance claim was unsuccessful.
- The committee considered and approved the 2023/24 Marketing Plan.
- The college will exit its provision from Providence Street and is considering relocating to the Downham Market premises.
- Meeting times of the committee will increase to 2½ hours.

- The committee recommends the Terms of Reference are approved by the Corporation.

16 **Date and time of next meeting**
Wednesday, 27 September 2023 at 8.30am

Meeting ended at 11.10am