

**The College of West Anglia**  
**Minutes of Finance & General Purposes Committee**  
**Tuesday, 18 November 2008, 8.30 am - Boardroom**

<b>Present</b>	Andrew Cave	Chair
	Peter Dixon	
	Derek Stringer	
	Roger Ward	
	David Pomfret	Principal
<b>Attending</b>	Richard Williamson	Executive Director of Finance and College Services
	David Brooks	Financial Controller
	Gordon Gillespie	Director of Capital/Educational Developments (part)
	Hilary Reid	Clerk

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**1 Apologies**

None, all members present.

**2 Minutes of Previous Meeting – 17 June 2008 and 15 October 2008**

The Minutes of the meeting of 17 June 2008 and the Special Meeting of 15 October 2008 were agreed as a correct record and signed by the Chair.

**3 Matters Arising from:**

**(a) Meeting of 17 June 2008**

**(i) Page 1 item 3(i) Local Government Pension Scheme**

The Financial Controller reported that Norfolk and Cambridgeshire LGPS had agreed a transfer value but were not yet ready to inform the College. All ex-employees of Isle would now receive a pension statement. The cost of the scheme was not yet known.

**(ii) Page 3 item 5(v) Borrowings**

The Executive Director of Finance confirmed that discussions with Lloyds continued in relation to timing of the loan and the timing of the submission to the LSC of the AiP. The original terms of the agreement with the Bank remained unchanged.

**(iii) Page 5 item 8 VAT Update**

The VAT matters for Vancouver House had been satisfactorily concluded with HMRC.

Gordon Gillespie joined the meeting at 8.40 am.

**(b) Special meeting of 15 October 2008**

This item was deemed to be “confidential”.

#### 4 Appointment of Vice Chair

The Clerk invited nominations for the position of Vice Chair from within the membership of the Committee.

Roger Ward proposed Derek Stringer, seconded by Peter Dixon.

There being no other nominations, **Derek Stringer was duly appointed Vice Chair of the Finance and General Purposes Committee for a further year.**

#### 4 CoWA Final Accounts, year ended 31 July 2008

The Executive Director of Finance reported on the following items.

(i) **Management Accounts to 31 July 2008**

**Noted.**

(ii) **Final draft Audit Management Letter to 31 July 2008**

**Noted.**

(iii) **Final draft Members' Report and Consolidated Financial Statements to 31 July 2008**

The Director referred governors to his covering report and highlighted the following points:

**Paras 8/9:** In reconciling with the Management Accounts, an Adjustment of £89k was required by the FRS17 standard on pensions accounting and a minor change to fixed assets had been made.

**Paras 10/11:** Overall position was that the budget was met. Income was significantly below budget, notably in the area of Train to Gain. Pay costs had increased for the third year in succession. The two key areas of Train to Gain and Work Based Learning had increased since 2006/07 and continued to grow, although Train to Gain was still significantly below budget.

**Para 18:** The College holds a budget on behalf of the Norfolk Schools partnership – this is a neutral line.

**Para 20:** Fees were not making up the shortfall from the LSC's government grant. The LSC are pressing the College to increase its fees. Management were sharing concerns about the level of fees the market could stand and possible reduced volumes.

**Para 23:** Teaching provision in the year – work based had increased by 19.5% and non-work-based by 0.6%. Pay costs had increased by 4% with no corresponding increase in income. Planned savings of 2% per annum, set out in the financial plan, had not been made. In view of the bank's expectation that the financial plan be met, the College would need to find a way of making these efficiency savings.

**Para 28:** FRS17 – the deficit in the Local Government Pension Scheme (LGPS) had increased. £2.5m provision had been made for the potential claim by Cambridgeshire LGPS.

**Para 31:** The Merger budget ceased July 2008. Some funding was being carried forward to offset the potential claim by Cambridgeshire LGPS. (Para 28 refers).

**Para 32:** Non-pay costs had increased by 8.3% overall, significantly ahead of income. A substantial part of this was planned - the surplus made in the previous year had been too high and higher non-pay budgets had been set this year deliberately.

**Para 41:** Depreciation – College/HMRC settlement for additional VAT on the building of Vancouver House at £441k had been capitalised.

**Para 43:** Projects – Work with the Chinese organisation and Chinese students continued but on a more risk-free basis.

**(iv) Draft Letter of Representation**

The Executive Director of Finance advised that the Letter of Representation sought confirmation that the current value of the capital project is appropriate and that it is capitalised. The outstanding contingent liability was the pension fund which, if settled prior to the Corporation meeting on 10 December, would require the accounts to be adjusted.

**Andrew Cave proposed, seconded by Peter Dixon, that, subject to minor corrections, the Committee recommend to Corporation the approval of the Members' Report and Consolidated Financial Statements to 31 July 2008 and the signing of the Letter of Representation. Agreed.**

**6 Student Union Accounts 2007/08**

The Financial Controller presented the Student Union accounts. The vast improvement on last year and the evidence of stronger control was noted.

**Derek Stringer proposed, seconded by Peter Dixon, that the Student Union Accounts be recommended to Corporation for approval. Agreed.**

**7 Management Accounts to 30 September 2008**

The Financial Controller presented the accounts to 30 September 2008. A complete set of papers was tabled.

He commented that two months into the year the overall picture was a little disappointing. The accounts show a trading deficit of £240k against a budgeted surplus of £35k. This was directly reflected in the overall deficit of £523k.

Governors were asked to note the following points:

- An assumption had been made that the College will meet all LSC targets. The employer responsive target was not being met currently.
- An assumption had been made that T2G targets will be met. Early indications are that this area is substantially below target.

The Principal commented that action was being taken to address these issues. He saw the biggest risk as being 16-18 funding which accounted for 70% of LSC income but assured the Committee that this looked secure. Work-based learning had grown by 10% last year and continued to do so. The overall income from this contract was £2m.

The Financial Controller continued his report:

- Part-time fees were currently £66k under budget but because of problems with the EBS system there was a lack of confidence in the accuracy of the figure. More work was required in this area. Page 5 of the accounts showed tuition fees and charges down. It was anticipated that January starts would impact positively.
- Overall, pay costs are currently £286k under profile. Part-time lecturers are £85k and support staff currently £72k under budget. These costs were expected to come in on budget.
- Property costs are currently £319k over budget. There were concerns about the impact of non-budgeted summer works carried over and the overall position of property costs.
- The Principal's contingency fund opened at £632k was now £139k. A substantial part of the drop was accounted for by pay award decision, the cost of utilities and essential reports.
- The capital programme had not yet been finalised.

The Financial Controller concluded his report with a summary of the overall position: Income had decreased by £325k, pay costs were down by £255k and non-pay costs had increased by £232k.

The Executive Director of Finance advised the Board of the resignation of the Financial Controller. A successor had been appointed and there would be a handover period before David Brooks left at the end of December 2008.

The Chair wished to record his sincere thanks, and those of his colleagues, to David Brooks for his work and the contribution he had made to the Committee, adding that he would be missed.

**The current position was noted.**

## **8 LSC Funding and Data Control**

This item was deemed to be "Confidential".

Peter Dixon left the meeting at 10.20 am.

## **9 Contract over £100,000 – Teaching Block Milton**

This item was deemed to be "Confidential".

David Pomfret left the meeting at 10.30 am.

## **10 Any Other Business**

None.

## **11 Chair's items for Briefing to Corporation**

- Recommend signing Letter of Representation and approval of Financial Statements
- Recommend SU accounts

## **12 Date and Time of next Meeting**

Tuesday, 10 February 2009 at 8.30 am.

**The meeting closed at 10.45 am**

**The meeting was followed by the AGM and Board meeting of CWA Enterprises and  
CWA Developments**