

**The College of West Anglia**  
**Minutes of Finance & General Purposes Committee**  
**Tuesday, 10 November 2009, 8.30 am - Boardroom**

<b>Present</b>	Andrew Cave	Chair
	Roger Almond	
	Derek Stringer	
	Roger Ward	
	David Pomfret	Principal
<b>Attending</b>	Richard Williamson	Executive Director of Finance and Information
	Nicholas Barrett	Head of Finance
	Mark Harris	Head of Funding and Exams (part)
	Hilary Reid	Clerk

---

*The Chair formally welcomed Roger Almond as a member of the Committee.*

**1 Apologies**

Peter Dixon.

**2 Minutes of Previous Meeting – 1 October 2009**

The Minutes of the meeting of 1 October 2009 were agreed as a correct record and signed by the Chair.

**3 Matters Arising**

***(i) Page 1 item 3(ii) - Financial Plan***

The Executive Director of Finance and Information reported on the meeting with LSC early in November. The LSC had accepted that the College's plan was provisional and it would have to submit a further financial plan sometime in the future.

***(ii) Page 1/2 item 4 – Pensions Settlement***

The Executive Director of Finance and Information had communicated the offer to both Cambridgeshire and Norfolk Pension Schemes. A formal acceptance had been received from Cambridgeshire but there had been no definitive response from Norfolk.

***(iii) Page 2/3 item 5 – Alternative Workshop Facilities***

The Principal advised that agreement had been reached with the owner of Polar Systems to an extension to the lease beyond two years but that there may be a need to find alternative Motor Vehicle facilities for 2010/11.

**4 Election 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 Andrew Cave.

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

## **5 CWA Accounts year ended 31 July 2009**

The Executive Director of Finance and Information reported. He noted that there were still outstanding matters to be addressed in the papers presented to the Committee -

- £1.5m budgeted for the LGPS settlement, which would need to be transferred from "LSC funding in advance" to a provision for a pension payment.
- £1.4m written off the net book value of buildings charged to the I&E account
- Liability in respect of the H&S incident was not able to be quantified. There would be a contingent liability note.
- Note 26 – Post Balance sheet events: This statement was to be removed

The Executive Director, presented the Members' report and consolidated financial statements. He referred the Committee to his covering paper adding further comments, as follows:

- **Building Provisions:** The Workshop block, Beech House and half of the Technology Block would be written off at £1.4m in the 2008/09 accounts, classified as depreciation.
- **Impairment of Buildings:** A maximum life of 10 years had been set for other, older buildings that had not been recently refurbished and would increase building depreciation in future years by approx £200k. The 2008/09 accounts were not affected.
- **Going Concern:** The Corporation would have to satisfy themselves that it was reasonable to prepare the accounts on this basis. Reference was made to the guidance note prepared by Baker Tilly, enclosed with the agenda papers. The issue arose because of –
  - (a) The demise of the building programme
  - (b) The pessimistic outlook for funding of FE colleges
  - (c) The absence of a large cash cushion and possible need for loans in 2010/11
- **The Long range financial plan** showed the College recovering its long term financial health, but on the basis of major assumed efficiency savings over 4/5 years which might be difficult to achieve. The cash-flow projection showed a positive cash position over the next 12 months. A £10m loan agreement was in place. LSC permission had been received to borrow £5m and the other £5m could (it was believed) probably be approved if needed. On this basis, and bearing in mind the other comments in his paper, the Executive Director judged the College to be a going concern.

Governors discussed at length their concerns regarding the future viability of the College and concluded that it was appropriate for the Board to confirm the view that the College was a going concern at least for the next 12 months.

Governors considered the wording of the Statement of Corporate Governance and Internal Control and in particular the paragraph on "Going Concern".

After much discussion –

**It was agreed that nothing should be added to the statement (page 17 of the Members' report and consolidated financial statements refers) and (as indicated) that the statement "subject to a going concern review" be deleted.**

They requested that the Executive Director and Principal précis, in the paper to the full Board, the key steps of the discussion which the Committee had gone through in reaching their recommendation in order to satisfy the Board that the issue had been addressed properly and thoroughly.

**Roger Ward proposed, seconded by Andrew Cave, that the Committee recommend the College accounts be presented to Corporation as a “going concern” supported by information containing the key points of the discussion leading to the decision. Agreed unanimously.**

The political impact of the accounts was acknowledged. The Principal advised that the Press Release requested by governors prior to publication of the accounts was being discussed with the Head of Marketing. **Action: DP**

Typographical and other errors identified by the Chair were to be discussed outside the meeting.

The Executive Director of Finance and Information explained his reasons for the method of presentation of performance against corporate goals in the Members’ report, which differed from previous years.

**Derek Stringer proposed, seconded by Roger Ward, that, subject to satisfactory completion of the draft, the Members’ Report and Consolidated Accounts for 2008/09 be recommended to Corporation for approval. Agreed.**

#### **Letter of Representation**

The Executive Director of Finance and Information presented the Letter of Representation for approval. He drew attention to the specific points in paragraph 3 of the Letter.

**Roger Ward proposed, seconded by Andrew Cave, a recommendation to Corporation that the Letter of Representation be approved for signature by the Chair of Governors. Agreed.**

#### **Management Letter**

The Executive Director of Finance and Information observed that there were no issues of significance in the Management Letter. However, he did note the recommendation in connection with the signing-off of the Chair’s and Principal’s expenses for action.

#### **CWA Enterprises and CWA Developments**

A Board Meeting and Annual General Meeting for the two College companies would follow at the conclusion of this meeting.

### **6 Student Union Accounts 2008/09**

The Head of Finance presented the accounts of the Student Union. He reported a deficit for the year of £900. The trip to Thorpe Park had generated income of only £150 against a cost of £1,348.20 and governors expressed their concern.

The Head of Finance confirmed that the level of record keeping was sound and there were no issues arising.

**Andrew Cave proposed, seconded by Derek Stringer, that**

- (a) The Student Union accounts be recommended to Corporation for approval, and
- (b) Future funding be conditional upon there not being a trip to a theme park such as Thorpe Park.

**Agreed.**

## **7 Management Accounts to 30 September 2009**

The Head of Finance presented the management accounts to end September 2009 noting their limitation. He highlighted the changes in the way in which the management accounts were to be presented in future. The changes included more appropriately phased budgets (eg phased according to expected actual income) and break-down of income and non-pay costs by Faculty and contribution by department.

The accounts forecast a trading position deficit of £1.0m and an overall deficit of £1.2m, prior to reforecast.

**The current position was noted.**

Mark Harris joined the meeting at 10.07 am.

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

The Head of Funding and Exams presented a report on the College's out-turn for 2008/09 and on the current position 2009/10.

### **2008/09 LSC Funding**

The following points were highlighted:

- Virement between LSC budget headings was not possible
- 16-18 final out-turn was within 1% of the College target and there was likely to be no claw-back of funding
- A claw-back of funding of £100k was incurred for 19+ "learner responsive" which was just below target. £160k claw-back had been recovered mid-year by the LSC, so the College was expecting £60k of this to be refunded to it.
- Employer responsive provision T2G (Train to Gain) hit target
- The target of £1.9m for 16-18 Apprenticeships was yet to be finalised but expected to be met
- A potential claw-back against the PCDL allocation of £130k had been allowed for in the accounts

### **Data Control**

- All year end controls had been completed and the final form F04 return would be made on time in November
- In the current year, achievements data was allowed to be posted until 15 January 2010
- For 2009/10 onwards final achievements adjustments would be required with the final return in November

**Governors noted the reduction in claw-back for adult learner responsive provision and the dilution in the SLN/learner ratio.**

## **2009/10 LSC Funding**

- A contingency sum of £200k had been set aside
- 16-18 final out-turn was expected to be at least 98% of the allocation of £17m
- There was scope to increase the funding generated for 16-18
- ALS data to MIS had been delayed by restructure
- T2G targets had to be met on a monthly basis with reconciliation every 3 months
- T2G was ahead of profile currently but monthly enrolments were difficult to manage. The contract carried a considerable risk.
- £1.5m already achieved of the £1.7m apprenticeship target
- Adult provision was on target
- The allocation for PCDL had been increased by approximately 30,000 hours
- R2R (Response to Redundancy) was a new contract with a budget allocation of £100k against the LSC allocation of £800k. Funding earned so far was very low – around £15k.
- E2E (Entry to Employment) for 16-18s – recruitment had been poor for Cambridgeshire and claw-back was anticipated. The contract was at risk for future years.
- HE provision had been reported to be on target

## **Data Control**

- Enrolment backlogs were at a minimum
- ILR record checks had been delayed due to the increased number of learners, the late processing of the academic plan and restructure. The LSC were applying strict rules on changes to learner data between returns and undertaking more audits
- DSAT (Data Self-Assessment Toolkit) software was to be issued shortly by the LSC, but this left only a couple of days before the first ILR data return was due, so only the critical DSAT checks could be done.
- Control reports were being scoped around the new timetable and register system
- There was approximately a 25 day backlog of scanning OMR registers. Temporary staff were being employed to assist.
- The course roll-forward process for 2010/11 had begun

New EBS curriculum planning software training had been undertaken by the MIS team.

The Head of Funding and Exams concluded his report noting that it was anticipated that targets would be hit this year with the exception of E2E in Cambridgeshire, PCDL and R2R. Additional Learning Support was as yet unknown.

**Governors were pleased to note the controls now in place and noted the current position.**

Mark Harris left the meeting at 10.55 am

## **9 Financial Memorandum Part 2**

The Executive Director of Finance and Information explained the changes to the conditions of the Financial Memorandum Part 2 (the annual funding contract with the LSC) noted in his report.

The Memorandum incorporated a number of changes, some of which were contentious or significant, over which the College had no control. Attention was drawn to the following:

- The value of the contracts (£4.7m and around £20m)
- The LSC's right to split the contract between its own financial years
- The likely requirement for funding audits

- Removal of reasonableness statement
- Data protection requirements
- Queries about funding amounts

The Executive Director confirmed that re-negotiation was not an option.

**Andrew Cave proposed, seconded by Derek Stringer, approval for the Principal to sign the contract and return it to the LSC. Agreed.**

#### **10 Asset Disposal/Write off**

The Executive Director of Finance and Information reported verbally. He advised that £7.8m for the capital project and £1.4m on buildings had been approved for write-off in the annual accounts.

Permission to write off the cost of the disposal of IT equipment with a book value of £0.5m was sought. This equipment was fully depreciated and had no value in the books.

Governors asked that the Director check the procedures for disposing of IT equipment to ensure that it was suitably cleansed before its disposal.

**Action: RW**

**Andrew Cave proposed approval of the write-off. Seconded by Roger Ward and agreed.**

#### **11 Contracts over £100,000**

The Principal confirmed there were no further contracts over £100,000 to report.

#### **12 Any Other Business**

- (i) **Membership of the Board of College Companies:** The Executive Director of Finance and Information raised the need to clarify the policy with regard to membership by F&GP members of the Board of the College Companies. Governors recommended a paper be prepared for consideration by Corporation at its next meeting on 9 December. **Action: RW**

#### **13 Chair's items for briefing to Corporation**

- Accounts/SU Accounts
- Letter of Representation
- Financial Memorandum
- College companies policy change

#### **14 Date and time of next Meeting**

Tuesday, 9 February 2010 at 8.30 am

**The meeting closed at 11.16 am**

