

The College of West Anglia
Minutes of Finance & General Purposes Committee
Friday, 19 June 2009, 8.30 am - Boardroom

Present	Andrew Cave	Chair
	Peter Dixon	
	Derek Stringer	
	Roger Ward	
	David Pomfret	Principal
Attending	Richard Williamson	Executive Director of Finance and College Services
	Nicholas Barrett	Head of Finance
	Hilary Reid	Clerk

1 Apologies

None – all members present.

2 Minutes of Previous Meeting – 28 April 2009

The Minutes of the meeting of 28 April 2009 were agreed as a correct record and signed by the Chair.

3 Matters Arising

There were no matters arising.

4 Management Accounts to 31 May 2009

The management accounts to 30 April 2009, circulated with the agenda, were set aside. Members considered the draft management accounts to 31 May 2009. In presenting the accounts, the Executive Director of Finance and College Services highlighted the following points:

- The full year forecast overall deficit of £815k remained subject to a plus or minus £500k.
- The current position was better than the re-forecast budget - £1.7m employer engagement income was envisaged; fee income had increased; full cost employer fees had risen dramatically; depreciation had reduced; as had capital expenditure.
- There remained uncertainties around adult learner responsive and employer responsive income.

Governors commented that the accounts demonstrated action had been taken to address a problem that had been identified.

The Principal reported that further briefing meetings with staff concerning the re-structure process were to be undertaken in the context of other colleges and future funding projections.

The current position was noted.

5 Financial Plan

This item was deemed to be "Confidential".

6 Budget 2009-10

This item was deemed to be "Confidential".

Mark Harris joined the meeting at 10.40 am

7 Funding and Data Controls

The Executive Director of Finance and College Services introduced the new Head of Funding and Exams, Mark Harris, and reported the current position with regard to funding and data controls.

(i) Systems and data control:

The Executive Director advised that standard controls for learner provision had been run and further cleansing was planned over the summer in preparation for the F04 return, due in September; register reconciliation reports were not yet complete, mainly due to late returns from out-lying campuses; the Train to Gain element of employer responsive provision had been transferred from the PICS system onto the main EBS student records database; and suites of control reports had been written and tested but were waiting to be loaded onto the server.

(ii) Funding position:

The Executive Director summarised the current position. Adult learner responsive 2008/09 forecast was £4.45m, down to £3.65m for 2009/10. £100k was anticipated from franchise provision. Train to Gain funding of £1.57m was expected to rise to £1.8m+ but the allocation for 2009/10 of £2.7m remained uncertain.

Overall, a 1% drop in funding for next year compared to the current year's allocation was forecast. Increased funding for 16-18 and positive Train to Gain outcomes were off-set by a small cut in funding for apprenticeships, significant cuts in adult provision and reductions in learning support.

Because the College was unlikely to exceed the £4.4m funding generated for adult learner responsive provision a claw-back of £160k of funding was expected to be recovered by the LSC at the end of July 2009.

(iii) Staffing:

The Executive Director confirmed that the minor MIS restructure had been completed.

Governors noted the current funding and data control positions.

Mark Harris left the meeting at 10.55 am

8 Insurance Levels

The Head of Finance reported verbally to update members regarding insurance levels. The premium for the College last year had been £261k compared to a benchmark figure of £165k at St Helen's College, although there was no land-based provision there. Deducting land-based costs, the College premium would be about £195k.

Initial quotes for 2009/10 were £291k, an increase of £30k. The budget allocation for insurance was £223k. Quotes were requested at a new excess level, which reduced the cost to £278k, still £50k over budget. Buildings insurance was increased from £89m to £120m based on the "new build" projects and it may be necessary to obtain a valuation of the existing buildings to secure an acceptable level of buildings and contents cover. Zurich had been asked to quote again on a £5k excess.

The contract with Zurich ends July 2010, after which time the College will re-tender.

Public liability insurance was still being considered. If £5k excess was applied, a saving of £7-£8k could be achieved. However, claims under that limit would have to be self-managed by the College.

There was an option not to insure the College's horses which would mean meeting the vets' bills as they arose. This could save £14k.

Governors suggested the Head of Finance should obtain a quote for buildings and contents insurance of £90m with an excess of £5k; they supported a proposal to incur the £5k excess for public liability; and the proposal not to insure the horses.

9 Write-off of Capital Project Development Costs

The Executive Director of Finance presented a paper for information setting out the implications for the College's financial accounting if either or both the new build projects failed to proceed.

He advised that the costs capitalised to date totalled £11.044m (including the Milton new teaching block) and included project management, architects' fees, planning applications, site survey and specialist design consultants. LSC grants received, which could not be clawed back, totalled £885k. If the King's Lynn project did not go ahead the net cost the College would have to write off was £4.715m; if neither project went ahead the net cost would be £7.735m.

This write-off would have a massive impact on the College's revenue reserves, taking them down to zero or below.

The information was noted.

10 Contracts over £100,000

The Principal reported the following contracts over £100k:

- Konica: tender for copiers across the College circa £130k
- Salford Software – IT solutions to plan the migration from Novell to Microsoft as part of the ILT Strategy - £104k

The Executive Director of Finance said that funding contracts - Train to Gain for example - exceeded £100k and it was agreed that a review of their classification in the Financial Regulations was required so as to exclude routine changes to funding contracts from this reporting requirement. The Director undertook to provide details to a future meeting.

Action: RW

Noted.

11 Any Other Business

- (i) RWd: Queried the current condition of the employee who had recently suffered a serious accident on campus and the actions being taken by management in relation to the HSE, insurers and legal advisers. The Principal provided an update and responded to concerns about Board accountability and risks for the College as a whole.
- (ii) PD: Queried whether it might be appropriate for the Board to lobby the LSC and/or government in connection with the new build projects. The Principal advised that the Area Director of the LSC had suggested he come along to talk to the Board and it would be appropriate to invite him to the Corporation meeting on 8 July. **Action: DP**
- (iii) PD: Apologies tendered for absence at the meeting of 10 November 2009.

12 Chair's items for briefing to Corporation

- Financial Plan
- Budget 2009/10

13 Date and Time of next Meeting

Tuesday, 10 November 2009 at 8.30 am

The meeting closed at 11.45 am