

**The College of West Anglia
Minutes of Finance & General Purposes Committee
Tuesday, 23 February 2010, 8.30 am - Boardroom**

Present	Andrew Cave	Chair
	Roger Almond	
	Peter Dixon	
	Derek Stringer	
	Roger Ward	
	David Pomfret	Principal
Attending	Richard Williamson	Executive Director of Finance and Information
	Nicholas Barrett	Head of Finance
	Mark Harris	Head of Funding and Exams (part)
	Faye Button	Student Services Officer (part)
	Hilary Reid	Clerk

1 Apologies

None, all members present.

2 Minutes of Previous Meeting – 10 November 2009

The Minutes of the meeting of 10 November 2009 were agreed as a correct record and signed by the Chair.

3 Matters Arising

(i) Page 1 item 3(i) – Financial Plan

The LSC had not requested a revised financial plan for 2009/10. The next plan was to be drafted later in the current academic year for 2010/11.

The Chair requested that items 4 and 5 on the agenda be held over pending the arrival of staff reporting on them.

4 Management Accounts to 31 December 2009 and 31 January 2010

The management accounts to 31 December 2009 were noted.

The Executive Director of Finance and Information presented the accounts to end January 2010. He noted the position was currently well ahead of budget. The original trading deficit of £750k was currently a surplus of £880k – a much better position than anticipated. Reflecting the stronger position, a large maintenance budget had been established in the re-forecast budget.

Attention was drawn to the inclusion of contribution statements within the management accounts for the first time. Income had been transferred to all the departments with the exception of schools income. Departmental contribution was to become a Key Performance Indicator (KPI) for managers next year.

Nik Barrett joined the meeting at 8.40 am.

Governors noted –

- (i) The application to the LSC for £450k apprenticeships funding for the year. The Principal advised that in-year growth funding for 16-18 in excess of £200k was expected.
- (ii) The HE income of £360k referred to in the commentary. The Head of Finance advised this was a debt, not a surplus. A meeting with ARU on 22 February had been held to resolve outstanding issues regarding this sum and other matters concerning the financial memorandum.

The Head of Finance added that £1.57m additional financial support for capital development costs had been received from the LSC on 22 February 2010.

The current position was noted.

Faye Button joined the meeting at 8.45 am.

5 Student Union Accounts

The Student Services Officer reported verbally to correct a perception that a large loss had been incurred subsequent to the theme park trips organised for students during 2008/09. She explained that, because of staff changes and the College restructure the proceeds had been banked after the financial year end. The loss amounted to £375 and was met from student income from the sale of NUS membership cards. No more than three trips per year were organised each of which generated, on average, a subsidy of around £3-400.

The Officer explained the way in which the Student Union was financed through the sale of NUS cards. It pays a low affiliation fee to the NUS because it receives no income from the College.

Governors recognised the value of the trips for students and asked that a note be made regarding the transfer of funds from 2008/09 in next year's accounts.

Action: NB

Governors agreed to recommend to Corporation that, in view of further information, the decision to prohibit further trips for students be rescinded.

Mark Harris joined the meeting at 9.00 am.

Faye Button left the meeting at 9.05 am.

6 LSC Funding and Data Control

The Head of Funding and Exams presented a report setting out the College's estimated out-turn for 2009/10 and a commentary on the indicative allocation for 2010/11. He highlighted the following points:

2009/2010 LSC Funding

- **16-18 LR:** 102% of the funding allocation had been achieved. £100k provision had been made for adjustments. A funding audit of the College's learner response provision had been commissioned and would be undertaken in March 2010 by KPMG at a cost of £10k.

The target for 2009/10 learner numbers had been increased by the LSC from 3795 to 3983. The College anticipated further enrolments during the current year.

Some concerns remained around ALS funding of £2.1m as £400k had still to be justified.

- **19+ LR:** The allocation of £3.6m had been significantly over-achieved by £500k.
- **Train to Gain:** The College was currently ahead of profile and expected to meet the allocation. Funding methodology was complex and challenging.
- **Apprentice Provision:** There was confidence that the below target figure of £154k would be met over the year. Adult apprenticeships were £82k over target.
- **Other Contracts: PCDL** was largely Cambridgeshire based and delivering 11k glh. It was hoped that the target of 30k glh could be met. If not, funds would be subject to claw-back.
- **R2R:** £21k had been achieved against the budget of £100k. It was anticipated that this could be met.
- **E2E:** It was expected that the contract of £175k would be met. If not, funds would be subject to claw-back.
- **HE Provision:** Numbers have been capped at 340 by HFCE and penalties applied next year for over recruitment of year one students (against the previous year's level) of £3700 per student.
- **Registers:** Not all teaching staff were confident in the use of the electronic timetabling software. Further training was planned.
- **Guide:** The Guide for 2010/11 had been completed early and had resulted in an increase in both full-time and part-time applications on last year.
- **Qualifications:** The government's qualification reform programme was delaying the availability of appropriate curriculum this year.

In conclusion, the Head of MIS and Exams noted that recruitment and funding on most of the main contracts was ahead of allocation. Difficulty in hitting targets was projected in PCDL; Response to Redundancy; and there was possibly some risk for Additional Learning Support.

Overall, the College's indicative baseline allocation for 2010/11 was up by 3% at £812,223.

The current position was noted.

7 Re-forecast Budget 2009-10

The Executive Director of Finance and Information reported. He highlighted the following points:

- Potential liabilities from the HSE investigation were not taken into account.
- The headline result was a deficit of £750k, representing an improvement of £332k.
- The £1.57m exceptional funding support from the LSC had not been included.

The principal changes in income were:

- Additional Learning Support and Matrix Funding +£571k
- Employer Responsive +£274k

- Removal of the provision for non-achievement of HE numbers +£120k
- Forecast for part-time fees was below original budget and projections based on current trends
- Overall position on pay costs was positive
- Lecturer pay costs had not generated the saving targeted in the budget, but the over-spend here was countered by an under-spend on support staff pay costs.
- Part-time pay costs indicated a possible £60k underspend against forecast against which was set £40k more than forecast on lecturer sickness cover
- The budget of £163k for re-structure costs had been retained
- Non-pay costs, excluding depreciation and contingency, had increased by £599k, the largest amount (£467k) for major repairs/alternations
- The total maintenance budget was forecast at £1,890k (including capital items) a change of £792k over the original budget. This was an area of considerable uncertainty. The central budget for maintenance amounted to £1.1m of which £225k was capital.
- Budgets remained unchanged for utility costs – there was some risk because of future price rises
- Sub contracted Train to Gain provision at £750k could be too high by about £200k.
- Risk: The budget projection was subject to a fairly high level of risk, the level of contingency was £692k or 1.8% of income (adjusted in the meeting by the Head of Finance to the current level of £493k/1.41% of income).

In summary, the Executive Director reported a broadly satisfactory position but with significant uncertainties which could affect the outcome.

Governors noted the improved budget position, the uncertainties, their potential impact and the level of contingency.

Andrew Cave proposed, seconded by Roger Ward, that the sum of £225k (which might increase following an appraisal of which maintenance items were capital) for increased capital expenditure on maintenance be recommended to Corporation for approval. Agreed unanimously.

8 Fees Policy September 2010

The Principal, on behalf of the Executive Director, Partnerships, presented the Fees Policy for the academic year 2010/11 for consideration. The Principal highlighted the changes to the previous policy, in particular clarity around funding for school children and restrictions on advice on funding in that it was to be provided only by Student Services.

Derek Stringer proposed, seconded by Roger Ward, that the Fees Policy be recommended to Corporation for approval. Agreed.

9 LSC Assessment of Financial Health of the College 2009-12

The Principal referred governors to the LSC's letter of 21 December 2010 advising the Financial Health rating for the Financial Plan 2009-2012 was "Satisfactory".

Noted.

10 LSC Additional Financial Support for Capital Development Costs

The Principal referred to the letter of 8 February 2010 from the LSC advising the award of additional financial support for capital development costs arising as a result of aborted capital spend. A sum of £1.57m was offered and, as noted above, had been received by the College on 22 February 2010.

Governors sought and received reassurance that maintenance and capital spend would be tightly managed.

Noted.

11 Contracts over £100,000

The Principal reported the following sub-contractor costs over £100k:

- Norfolk Fire Services (Prince's Trust) - £250k
- Premier International Training - £300k

The Executive Director of Finance and information reported the following contract over £100k:

- Downham Market (Priory) rent review - £28k per annum five year contract equating to £140k

Governors asked whether a break clause was written into this contract. The Executive Director would report back on this point after investigating. **Action: RW**

The contracts were noted.

12 Any Other Business

- (i) NB: RA to complete documentation as Director of CW Enterprises.
- (ii) NB: Change of accounting practice in relation to capitalising software had been implemented following discussions with KPMG.

13 Chair's items for briefing to Corporation

- Re-forecast budget
- Student Union accounts
- Fees Policy

14 Date and time of next Meeting

Tuesday, 27 April 2010 at 8.30 am

The meeting closed at 11.00 am