

# EALING, HAMMERSMITH, AND WEST LONDON COLLEGE FE CORPORATION

## Minutes of the Finance and General Purposes Committee

<b>Meeting</b>	<b>FINANCE &amp; GENERAL PURPOSES COMMITTEE</b>		
<b>Date</b>	1 December 2022	<b>Time</b>	18.00
<b>Venue</b>	Virtual meeting		
<b>Chair</b>	Phillip Kerle		

**Members:** Phillip Kerle; Ian Comfort; Jake McClure; Karen Redhead (CEO); Jon Roe; Chris Taylor

**In attendance:** Anil Nagpal – Chief Operating Officer (COO); Maxine Deslandes, Director of Finance (DoF); Ra Hamilton-Burns – Governance Advisor.  
Shachi Blakemore – Buzzacott; Alice Walker – Scrutton Bland.

	<i>Members of the Finance and General Purposes Committee joined the Audit Committee which had started at 17.00 and is minuted separately.</i>
1.	<b>APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST</b> Apologies were received from Ian Comfort, Jon Roe, and Jake McClure. Phillip Kerle declared that he is a governor at Orbital South Colleges.
2	<b>Joint meeting with Finance and General Purposes Committee –</b>
2.i	<b>Post Audit management letter (financial statements and regularity)</b> Shachi Blakemore presented key points: <ul style="list-style-type: none"> <li>• The audit work is almost complete</li> <li>• Buzzacott is waiting for the internal audit opinion from Mazars for last year</li> <li>• The ILR report is still being finalised</li> <li>• Buzzacott is planning to issue a clean audit opinion</li> <li>• The process as new external auditors had been robust and demanding at times</li> <li>• Buzzacott is grateful to Maxine Deslandes and Stephen Wagstaff for their assistance throughout</li> </ul> <p>The financial outturn has gained several millions in net assets due to an actuarial change from the LGPS. The real valuation will be clear when the triennial valuation happens and gives an accurate reflection on the College. When adjustments have been made there is an operating deficit of £286k this year.</p> <p>The financial statements for 2020/2021 were signed off with an emphasis of matter relating to</p>

	<p>going concern noted with material uncertainty due to the DfE loan showing as a liability due in less than one year. This has now been resolved and the stated position for 2021/22 is that the College is a going concern.</p> <p>One recommendation has been made on last year's audit centering on fixed assets which had been mentioned by the internal audit and this has been acknowledged by the management team.</p> <p>Buzzacott applied benchmarking ratios against the 40 college with which they work and WLC is assessed as 'Good' based on EBITDA and borrowing as a percentage of income.</p> <p>Anil Nagpal reminded the Committees that the borrowing has gone up due to the rebasing of the loan with the DfE and that the Barclays loan will end in 2023. The College will monitor the position.</p> <p>The current ratio looks good, although there was a large cash balance at the end of 2021/22, the capital expenditure programme will use some of this fund.</p> <p>Governors asked:</p> <ul style="list-style-type: none"> <li>• If the table on appendix one which shows some adjustments were adjusted or unadjusted. These are adjustments that have been made and are included in the financial statements.</li> <li>• If the letter of representation is standard or bespoke for the College. SB said last year RSM would have had their letter of representation, Buzzacott will be similar.</li> <li>• Governors asked if the ONS decision will need to be included in the letter of representation. Shachi Blakemore said this will not merit inclusion specifically in the letter as long as it is noted in the financial statements.</li> </ul> <p>The Committees asked if there is any risk to the final numbers changing due to the internal audit annual report. Shachi Blakemore explained that in her experience there may be a suggestion that ESFA may want a clawback which required a contingent liability, but this would be a disclosure not a change to the numbers. Anil Nagpal has had confirmation from the territorial ESFA team that there will be no impact in 2021/22 but there may be an evidential requirement for 2022/23.</p> <p><b>ACTION: Anil Nagpal to share the ESFA email with the Audit and FGP committees responding to concerns on the internal annual audit report</b></p> <p>Phillip Kerle thanked the senior team for the supreme effort made to get the College to a 'Good' financial health position.</p> <p><b>AGREED: THE AUDIT COMMITTEE AND FINANCE AND GENERAL PURPOSES COMMITTEE AGREED TO RECOMMEND THE POST-AUDIT MANAGEMENT LETTER (FINANCIAL STATEMENTS AND REGULARITY) TO THE BOARD AT ITS MEETING ON 13 DECEMBER 2022 FOR SIGNATURE BY THE CHAIR AND CAO</b></p>
2.ii	<p><b>Audit representation letter</b></p> <p>Shachi Blakemore had nothing to draw to the attention of the Committees.</p> <p>The Committees noted that the recommendations are predicated on nothing detrimental emerging from the internal audit annual report.</p> <p><b>AGREED: THE AUDIT COMMITTEE AND FINANCE AND GENERAL PURPOSES COMMITTEE AGREED TO RECOMMEND THE AUDIT REPRESENTATION LETTER TO THE BOARD AT ITS MEETING ON 13 DECEMBER 2022 FOR SIGNATURE BY THE CHAIR AND CAO</b></p>

3	<b>2021-22 Financial statements and regularity</b>									
3.i	<p><b>Final version of the Regularity Self-Assessment Questionnaire (RSAQ)</b></p> <p>Anil Nagpal reminded the Committees that a draft had been submitted to the prior Audit Committee meeting. Feedback from governors had been incorporated.</p> <p><b>AGREED: THE AUDIT COMMITTEE AND FINANCE AND GENERAL PURPOSES COMMITTEE AGREED TO RECOMMEND THE RSAQ AND THE RSAQ PART B TO THE BOARD AT ITS MEETING ON 13 DECEMBER 2022</b></p>									
3.ii	<p><b>Strategic report and financial statements 2021/22</b></p> <p>There are pension adjustments and accelerated depreciation brought into 2021/22 due to the Park Royal project. The College has served notice that it will be vacating. There is an operational surplus of £0.2m once these items are removed.</p> <p>Anil Nagpal noted that the College is ahead of target at the lower end of 'Good' financial health which is pleasing.</p> <p><b>AGREED: THE AUDIT COMMITTEE AND FINANCE AND GENERAL PURPOSES COMMITTEE AGREED TO RECOMMEND THE EALING, HAMMERSMITH, WEST LONDON COLLEGE FINANCIAL STATEMENTS TO THE BOARD AT ITS MEETING ON 13 DECEMBER 2022 FOR SIGNATURE BY THE CHAIR (AND WHERE APPROPRIATE THE CAO)</b></p> <p>Anil Nagpal thanked Shachi Blakemore and the team for their hard work and remarked that the progress in producing the financial statements had been very pleasing. He also recognised the work of Maxine Deslandes and the finance team who have worked extremely hard and offered them his grateful thanks. He also extended gratitude to the Audit Committee for their work and contributions throughout the year.</p> <p><i>Audit Committee members, Shachi Blakemore and Alice Walker withdrew at 18.30 and the FGP Committee continued.</i></p>									
4	<p><b>MINUTES OF THE PREVIOUS MEETING</b></p> <p><b>AGREED: THE PREVIOUS MINUTES FROM 4 OCTOBER 2022 WERE APPROVED AS AN ACCURATE RECORD.</b></p>									
5	<p><b>MATTERS ARISING</b></p> <table border="1" data-bbox="263 1529 1485 1872"> <thead> <tr> <th data-bbox="263 1529 375 1568">No</th> <th data-bbox="375 1529 938 1568">Action/Matter arising</th> <th data-bbox="938 1529 1485 1568">Status</th> </tr> </thead> <tbody> <tr> <td data-bbox="263 1568 375 1733">5.</td> <td data-bbox="375 1568 938 1733"> <b>Enrolment</b> <ul style="list-style-type: none"> <li>MD and AN to focus on the sensitivity analysis with the Exec team.</li> </ul> </td> <td data-bbox="938 1568 1485 1733">This work is ongoing and management accounts will be issued regularly and will include this.</td> </tr> <tr> <td data-bbox="263 1733 375 1872">7</td> <td data-bbox="375 1733 938 1872"> <b>Estates matters</b> <ul style="list-style-type: none"> <li>KR to find out if Neil Stevenson is sole trader</li> </ul> </td> <td data-bbox="938 1733 1485 1872">NS is a sole trader. He has accepted the work on the dilapidations which makes his contract more substantial.</td> </tr> </tbody> </table> <p>Karen Redhead said that Neil Stevenson had managed projects for the College before and there is confidence that he will complete the project.</p>	No	Action/Matter arising	Status	5.	<b>Enrolment</b> <ul style="list-style-type: none"> <li>MD and AN to focus on the sensitivity analysis with the Exec team.</li> </ul>	This work is ongoing and management accounts will be issued regularly and will include this.	7	<b>Estates matters</b> <ul style="list-style-type: none"> <li>KR to find out if Neil Stevenson is sole trader</li> </ul>	NS is a sole trader. He has accepted the work on the dilapidations which makes his contract more substantial.
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6

**Management accounts September 2022**

The projected outturn for the year is a deficit of £(2,347)k, which was in line with the budgeted deficit as per the financial plan. However, there is a favourable variance of £295k reported on income by the GLA and, correspondingly, an adverse variance of £(295)k is reported on expenditure to offset this. The variances reported are detailed below.

	YTD Budget £000's	YTD Actual £000's	YTD Variance £000's	Original Budget £000's	Year End Forecast £000's	Variance £000's
<b>Total Operating Income</b>	7,344	6,980	(365)	35,072	35,368	295
<b>Total Pay</b>	3,306	2,694	613	20,255	20,355	(100)
<b>Total Non-Pay</b>	1,858	1,041	818	11,291	11,486	(195)
<b>Staff restructuring</b>	0	16	(16)	100	100	0
<b>EBITDA</b>	2,180	3,230	1,050	3,427	3,427	0
<b>Add: release of Deferred Capital grants</b>	106	(106)	(212)	636	636	0
<b>Add: interest and investment income</b>	1	11	10	8	8	0
<b>Less: depreciation and amortisation</b>	565	565	0	3,391	3,391	0
<b>Less: interest and other finance costs</b>	65	77	(12)	389	389	0
<b>Operating Surplus/(Deficit)</b>	1,656	2,493	836	290	290	0
<b>Less: Pension costs*</b>	440	440	0	2,637	2,637	0
<b>Surplus/(Deficit)</b>	1,218	2,053	836	(2,347)	(2,347)	0

- There are unexpected pay cost pressures resulting from high staff turnover.
- Extra expenditure on interim staff
- The College will be working on quantifying the risks further and will have to monitor the impact of inflation
- There have been issues with distance learning over the last two years. The investigation will include a reasonableness judgement on forecast income which will be included.

Governors asked if there are likely to be any changes to the forecast in the next set of management accounts. Anil Nagpal said these will be incorporated and the risks updated.

7

**Confirmation of Going Concern**

Anil Nagpal confirmed that the management accounts and cashflow projections show that the College has sufficient cash to cover their liabilities at the present time. He added that the new loan agreement to 2030-31 will have a positive impact on the end-of-year audit and offer greater assurance.

**AGREED: THE COMMITTEE AGREED TO RECOMMEND THAT THE COLLEGE IS CURRENTLY A GOING CONCERN TO THE BOARD**

8	<p><b>Estates update</b></p> <p>The update covers three key areas:</p> <p><b>Park Royal</b></p> <ul style="list-style-type: none"> <li>• It is essential that the College exits the Park Royal campus before the break clause in the lease in June 2023 is reached.</li> <li>• The project team continues to work towards delivering to timescales and to budget.</li> <li>• A task and finish group which includes members of the Board meets regularly to monitor progress.</li> </ul> <p><b>ACTION: AN to share the notice served email with governors.</b></p> <p><b>Hammersmith College project:</b> Work is underway in terms of developing proposals for the site in readiness for submitting a capital grant application to the next FECTF bidding round. The College is engaging with teaching staff and key stakeholders. This workstream, approved by the Board, will lead to the completion of a RIBA Stage 2 design for the Hammersmith College site and enable a bid to be submitted when the opportunity for bidding arises.</p> <p>Governors expressed disappointment that the capital fund announced in the ONS release was expressed as allocation which may mean the College cannot bid. The College is working on all opportunities.</p> <p><b>Update on Listing Hammersmith College project:</b> A response has recently been received from the Listing and Scheduling Review Team in the Department for Digital, Culture, Media &amp; Sport (DCMS). The update confirms that the matter is being treated as a priority and is now in the final stages. The department is expecting to issue a decision shortly.</p>
9	<p><b>Settlement report</b></p> <p>[REDACTED]</p> <p>[REDACTED]</p>
10	<p><b>ESFA assessment of financial status and dashboard</b></p> <p>Anil Nagpal reminded the Committee that the ESFA writes to the College twice a year to confirm their assessment of the financial health.</p> <p>The financial health grade is confirmed by the ESFA in the letter as 'Requires Improvement' for 2021/22 based on the CFFR submission; the final outturn position remains subject to audit. The financial health grade is 'Good' for 2022/23 as per the College's CFFR submission. It was noted that the position for 2021/22 is now 'Good'.</p> <p>Anil Nagpal said that he is conscious that members have not been able to download the dashboard so he will do it and forward it to members.</p> <p><b>Action: AN to forward the financial dashboard to governors in the week beginning 5 December 2022.</b></p>



<p>11</p>	<p><b>Any other business</b></p> <p>The College's current catering contractor, Innovate, has served notice to end the catering arrangements in place with the College before Christmas 2022. The College went to tender to seek an alternative contractor in order to expedite matters. There was a good number of organisations coming forward to express initial interest, only one firm bid was received from an organisation called Aramark. Aramark is active and reasonably well known in the FE sector and are keen to work with the College.</p> <p>The proposal is for a 31-month contract, covering the rest of this year plus two further years, to July 2025. [REDACTED] These amounts are within the College's current approved budget and within CEO approval limits.</p> <p>Governors asked if the senior team knows why Innovate has withdrawn and there has been so little interest. It is thought that the uncertainty of student customer numbers is the key factor. Karen Redhead is looking forward to working with Aramark.</p> <p>Governors asked if the contract would allow Aramark to give 12 weeks' notice. The senior team will check the agreement.</p>
<p>12</p>	<p><b>Date of next meeting</b></p> <ul style="list-style-type: none"> <li>• 21 March 2023</li> <li>• 20 June 2023</li> </ul> <p><i>The meeting closed at 19.00</i></p>