



## BOARD OF GOVERNORS

### MINUTES of an Extraordinary MEETING OF THE CORPORATION

Held online via Zoom on Friday 20 December 2024 at 8am

		<u>Meeting Attendance</u>
PRESENT:	Angela Wellings ( <i>Chair</i> )	(3 out of 3)
	Paul Britton	(1 out of 3)
	Tina Coates	(3 out of 3)
	Jo Croft	(3 out of 3)
	Sam Foley	(1 out of 3)
	Louise Fellows	(2 out of 3)
	Nathan Garat	(3 out of 3)
	Anthony Haines	(3 out of 3)
	Rob Lewis ( <i>Vice Chair</i> )	(3 out of 3)
	Gillian May ( <i>Group Principal &amp; CEO</i> )	(3 out of 3)
	Janet Robertson	(3 out of 3)
	Antonia Spinks	(2 out of 3)
	Ian Thomson	(2 out of 3)
	Alison Wheatley	(3 out of 3)
APOLOGIES:	Jacob Clay	(2 out of 3)
	Signe Sutherland	(2 out of 3)
IN ATTENDANCE:	Lucy Gill	Group Finance Director
	Stuart McKay	Audit Partner, External auditors, MHA
	Tracy Reeve	Group Director of Governance
	Wendy Stott	Group Management Accountant

## PART I

<u>MINUTE</u> <u>No</u>		<u>ACTION</u>
1.	<b><u>Chair's Agenda Item</u></b> There was no Chair's Agenda item.	
2.	<b><u>Apologies for Absence</u></b> Apologies were noted as shown above. The Chair (AW) welcomed the external audit lead (SMcK) from external auditors MHA.	
3.	<b><u>AOB</u></b> There was no other business notified.	
4.	<b><u>Declarations of Interest</u></b> No Member declared a conflict of interest with the agenda.	
5.	<b><u>Minutes and Matters Arising of the Previous Meeting</u></b> The Group Director of Governance (TR) informed the meeting that the minutes of the Board meeting of 11 December 2024 would be carried forward to the next timetabled meeting for approval and matters arising. <b>NOTED.</b>  <b><u>ITEMS FOR DECISION/ APPROVAL</u></b>	
6.	<b><u>External Audit</u></b> ➤ <b><u>Draft Financial Statements</u></b> The Audit Partner for MHA (SMcK) who had led the external audit 2023/24 for WFCG presented the College's financial statements. Members noted that the narrative and numbers within this document had now all been finalised. Members were advised that the current	

**MINUTE**  
**No**

**ACTION**

financial position presented was a deficit of £3.733m excluding FRS102 charges (compared to £3.802m in the prior year). The meeting was reminded that the financial decline in FY23 had been due to larger than forecast payroll harmonisation costs post-merger and ongoing IT integration which resulted in short-term duplication of licensing and associated costs. This had resulted in additional I&E expenditure of circa £1 million.

The Audit Committee had previously considered the narrative and governance report to the Financial Statements at their meeting on 27 November 2024; TR confirmed that the suggested changes had been actioned. The meeting was reminded that the narrative section of the accounts had also been considered by the Board at their meeting on 11 December 2024, but the final draft was now presented for approval. The meeting noted the wording in Note 29 'Post balance sheet events' in relation to the land sale at Honey Lane, BCA. This wording allowed the commercial sensitivity around the land sale to be maintained as the narrative in the notes referred to the quantum of work required on the heritage assets and the ring-fenced funds. The meeting agreed that this note provided the necessary information for readers of the financial statements.

The Group Finance Director (LG) thanked MHA for their hard work over a short period to ensure that the accounts could be considered by the Board and filed with the ESFA to meet the 31 December 2024 deadline.

***The WFCG Financial Statements 2023-24 were APPROVED and would be signed by the Chair and CEO (Chief Accounting Officer).***

**AW/ GM**

***ACTION: The signed WFCG Financial Statements 2023/24 would be submitted to the ESFA by the deadline of 31 December 2024.***

**LG**

➤ **Going Concern judgement**

The Group Finance Director (LG) presented a paper which asked the Board to consider the Going Concern position of the College. LG reminded the meeting that the Board was asked to make a judgement on the College Group being a 'Going Concern' for a twelve-month period from the date of the signing of the accounts (i.e. until 20 December 2026). LG reminded the meeting that at the close of FY24, WFCG held a cash balance of £4.324 million, which was in line with the Group's budget forecasts.

LG confirmed that - as shown by the November 2024 management accounts - the Group continued to operate within its budget, maintaining stable cash levels. LG highlighted the positive EBITDA of £700k which was £300k ahead of forecast and generated a 'Good' financial health score (180 points). In the first quarter of 2024-25 WFCG had generated £93,000 of additional Adult Skills Funding compared to the same time last year and in addition to the budget. LG confirmed that the 10% growth threshold in adult provision had now been breached and the college would be applying for growth funding from the ESFA. Additionally, £38,500 of additional GLA (Greater London Authority) income had been secured, also ahead of budget. Apprenticeship income was also up by £383,000 compared to the same time last year and compared to the budget (56 additional apprentices). The meeting commended this additional in-year income of approximately £500,000 and Governors were reminded that this was in addition to the growth secured with 16-18 enrolment. The group had enrolled and retained an additional 307 ESFA-funded learners (14-19), which would attract circa £800,000 of in-year growth funding, along with an additional £2m of lagged funding in FY26. The CEO confirmed that the additional £800k in-year growth was not included in forecasts and would be ring fenced to go back into cash reserves. Governors were assured that this increase in revenue alongside a well-controlled cost base, would return the college to a positive operating EBITDA position in the current financial year (FY25) and FY26, alleviating any going concern issues. Payroll for FY25 remained well-controlled and in line with the budget. Planned pay increases had been implemented for the current year and backdated to September 2024. All non-pay costs also continued to be tightly managed but any headroom in this area of spend had now been eroded four months into 2024/25. The CEO informed the meeting that a full year increased pay cost forecast for the year would be reflected in January 2025 with an adverse annual spend of circa £500k. Governors were assured that this additional cost reflected Learning Support costs and would be more than matched by additional High Needs income.

The meeting discussed the growth in High Needs which was currently £700k over budget (the additional income was now reflected in the November management accounts). The meeting went on to discuss the High Needs income payable by local authorities; this discussion is

minuted in a Part 2 minute due to commercial sensitivity.

Governors were reminded that WFCG had a loan from the Department for Education (DfE) totalling £880,000, with a quarterly repayment of £55,000; this loan was due to expire in July 2028. While management acknowledged that cash flows had been pressured at times due to these repayments, all payment obligations had been met as scheduled.

The Audit Partner (SMcK) outlined the process whereby the Corporation of WFCG was required to give an opinion on Going Concern which was then 'judged' by MHA as external auditors. The College had to provide evidence that they were making the correct Going Concern judgement. SMcK outlined the three possible opinions that could be given by the Board of WFCG:

- i. that WFCG was a going concern.
- ii. that the College was a going concern, but this was subject to a number of material uncertainties (that would have to be specified in the financial statements).
- iii. that the college was not a going concern and needed to be 'wound up'.

The meeting was reminded that the Going Concern judgement had been discussed by the Board on 11 December 2024 and also by the Audit Committee at their Extraordinary meeting held on 16 December. Audit Committee were recommending that the Board opinion should be that WFCG was a going concern, and the meeting agreed with this recommendation as evidenced by the ongoing growth, quarter one results and the current cash position of £3.9m.

SMcK confirmed that MHA would now take forward the Going Concern opinion and were hoping to make a positive final judgement before the end of the day to allow the accounts to be signed and filed with the ESFA. SMcK confirmed that the draft watermark would be removed by MHA now that the accounts were approved by the Board.

***The meeting AGREED that:***

- i. WFCG had experienced a strong start to the 2024-25 operating year and there was a strong justification to approve the assertion that WFCG remained a going concern.***
- ii. WFCG should be judged to be a going concern by the Corporation.***

**(All Members were agreed.)**

➤ **Audit Findings Report**

The Audit Lead Partner on the MHA Audit Team (SMcK) presented the Audit Findings Report from MHA which was taken as read. SMcK thanked the Group Finance Director (LG) and her team for the work done in the first year of the MHA external audit contract. SMcK highlighted the delays in WFCG providing some of the necessary information for the audit process but reminded the Audit Committee that the College Management Accountant had left in September 2024 and the new incumbent was only appointed at the start of November. GM highlighted the recent work on the Fixed Asset Register which had delayed the finalisation of the accounts but was a necessary action after several years of not being actioned. GM confirmed that all the management actions were now agreed, and Audit Committee had been assured that an accountable senior manager would be allocated to every action with a specific timeframe for completion.

**LG/ GM**

Governors were pleased to note that the audit work on the accounts was now complete, and MHA would be issuing unqualified 'true and fair' and 'regularity' audit opinions for the College for the year ended 31 July 2024. This would be finalised following:

- Receipt of approved accounts, signed by the Board.
- Receipt of signed Letters of Representations from the Board.

SMcK highlighted the Audit Recommendations which were graded according to significance. The recommendations in relation to Enrolment forms (specifically Apprentices) was noted; this had also been raised by the protracted ESFA funding audit 2022-23 but was now being actioned as per the management response. There was also a recommendation in relation to ILR deficiencies; the college had accepted this and would strengthen controls over data integrity, attendance controls and source documentation. Governors were pleased to note that there had been no issues identified which had an impact on the regularity opinion; SMcK highlighted that this was not the case in all colleges.

The meeting noted the three fundamental weaknesses identified in relation to Key Financial

Controls and the planned action agreed with MHA for implementation:

- Agreement of EBS to accounting system; EBS needed a more regular update.
- Financial Regulations: needed to be updated to reflect the Treasury Managing Public Money (MPM) guidelines (e.g. requirements to write-off debt), changes to standing data, and more detail on monthly payroll controls.
- Capital expenditure and Fixed Asset Register maintenance.

The meeting discussed the issues with the Fixed Asset Register and noted that the college would implement an annual review of this key document to ensure accurate asset descriptions, appropriate capitalisation and documented disposal approvals. The meeting discussed the issue identified by MHA in relation to the mismatch between the release of deferred capital grants and depreciation at Strode's College. SMcK highlighted the large figures in the non-adjusting misstatements in Section 3 (Page 11) of the report which was in relation to the Strode's College depreciation and deferred income where the Strode's building was being depreciated over 50 years (at 2%) but the income was released over 25 years (at 4%). SMcK informed Governors that after discussion with management the depreciation seemed fair over 50 years, but the release of income had been overstated. There had been several options to deal with this including a one-off in-year correction, but it appeared to be more sensible to put the correction through over five to ten years. LG highlighted that this had been discussed with the Board on 11 December and again by Audit Committee on 16 December; these meetings had agreed that management should model a ten-year catch-up.

The Chair thanked MHA for their rigour and understanding during this first audit for WFCG.

***The Audit Findings Report from MHA was NOTED and RECEIVED.***

➤ **Letter of Representation**

The meeting considered the Letter of Representation and SMcK confirmed that this was a standard letter but included an additional clause to highlight the acceptance by the ESFA of the breach in covenant terms (2023/24) relating to the DfE loan provided to the college.

***The Letter of Representation was APPROVED and would be signed by the Chair and the CEO.***

**(All Members were agreed.)**

➤ **Annual Audit Committee Report 2023/24**

The Group Director of Governance (TR) presented the Annual Audit Committee Report 2023/24. The meeting was reminded that the purpose of this report was to provide assurance to the Corporation from the Audit Committee on the adequacy and effectiveness of controls and risk mitigation in place. The meeting was reminded that the Annual Audit Committee Report was a mandatory requirement within the Post 16 Joint Audit Code of Practice. TR highlighted that this annual audit committee report would be submitted to the ESFA to accompany the financial statements from each of the colleges. The assessment of the auditors against the Key Performance Indicators would be appended to the Audit Committee Annual Report before it was submitted to the ESFA. The Audit Committee Chair (JC) confirmed that the Audit Committee had considered the report in detail and was submitting it as a true and fair reflection of their activity during 2023/24 and of their opinion.

***Members RECEIVED the WFCG Audit Committee's annual report 2023/24 which provided assurance for the Board.***

***ACTION: The Audit Committee Report would be submitted to the ESFA to accompany the WFCG Financial Statements 2023/24.***

**(All Members were agreed.)**

LG

7. **Draft Audit Committee Minutes**

The meeting took the draft minutes from the Audit Committee held on 27 November 2024 and the Extraordinary meeting on 16 December 2024 as read.

***Members NOTED and RECEIVED the draft Audit Committee minutes.***

**MINUTE****No****ACTION**

8.

**Dates and Times of Future Meetings**

The date and time of future meetings in 2024/25 were noted as: Wednesday 26 March, and Wednesday 9 July 2025 both starting at 5pm at Slough and Langley College.

The Governors' Strategy event would be held on Friday 16 May 8.30am to 1.30pm; venue yet to be agreed.

**Members NOTED the 2024/25 meeting schedule.**

*(NB – The March 2025 Board meeting was subsequently move to Thursday 27 March.)*

9.

**Any Urgent Business**

There were no urgent items of business raised.

**The meeting closed at 8.35am.**

Chair.....

Date.....