

Minutes of the meeting of the Finance and Estates Committee held on Monday 22nd January 2024 at 17:00

GOVERNORS Edward Rawson, Chair
PRESENT: Andrew Cropley, Principal/CEO
Paul Wheeler
Charles Heaton

ALSO IN Jon Fearon, Finance Director
ATTENDANCE: Gavin Peake, Director: IT, Estates and Learning Resources
Eloise Hopkinson, Clerk to the Corporation

- | | | ACTION
by whom | DATE
by when |
|---|--|-------------------|-----------------|
| 1 | <u>DECLARATIONS OF INTEREST</u>
The chair reminded everyone present to declare any interests that they may have on agenda items scheduled for discussion. Standing declarations were noted. | | |
| 2 | <u>WELCOME, INTRODUCTIONS AND APOLOGIES FOR ABSENCE</u>
Apologies for absence were received from David Ainsworth.

Edward Rawson was welcomed by the committee to his first meeting as chair. Charles Heaton was welcomed to his first meeting as a committee co-optee. | | |
| 3 | <u>MINUTES OF THE MEETING HELD ON 27TH NOVEMBER 2023</u>
The minutes were reviewed and it was agreed that they were an accurate record of discussions.

AGREED: to approve the minutes of the meeting held on 27 th November 2023.

There were no matters arising. | | |
| 4 | <u>ACTION PROGRESS REPORT</u>
The committee were happy to note the content of the update provided. | | |
| 5 | <u>RISK REPORT</u> | | |

Signed: Edward Rawson Chair

Date: 24/04/2024

The finance director and clerk co-presented the detailed report. Key matters highlighted were:

- All risks for Finance and Estates Committee oversight were up to date at the point of the meeting, with none overdue for review.
- One risk has been removed since the previous committee – this risk related to a subcontractor that was below budget but has now had its contract increased, rendering the risk redundant.
- The risk relating to the National Minimum Wage is now red. From April 2024, the hourly rate will be 32p per hour more than the college had allowed for.

The chair questioned whether anything needs to be factored in relating to employees who are currently just above the minimum wage. The finance director confirmed that differentials will certainly be narrowed. He explained that the college's very lowest bands (1 and 2) were previously subsumed into band 3, which means admin staff and cleaners are now on the same salary. Consequently, the college is implementing an approach to give people more scope to progress to a higher band (or half band) to take into account where roles involve more responsibility than others within the same pay bracket. However, if the National Minimum Wage increases much more, the college is at risk of band 4 being overtaken as well.

Other red risks were discussed in detail:

- The finance director explained that agency costs are often around £48 per hour, making this risk particularly impactful. It is a hard market at present. In response to a question by one governor, it was confirmed that this cost will be reduced by actions taken by the college. However, the issue is with replacing staff members lost from the college. There is now one particularly long-term challenge, but the other recruitment issues are short- to medium-term. Agency costs have increased by 30% in the past year, but the finance director does not think this will get significantly higher.
- In terms of cybersecurity, one governor challenged whether the accepted risk appetite is too low and how realistic this really is. He stated that, to an external viewer, it could look as though something has gone wrong. The principal explained that the director: IT, estates and learning resources must feel empowered to do whatever is necessary and the finance director will always ensure there is money available to support the required protection. Keeping the risk red means that it is regularly reviewed, and this is important. The chair asked why the risk increases over the college's Christmas closure period, and it was explained that this is simply because there is no one on-site to monitor the situation. An external firm now monitors the servers during this time – the bulk of the systems and servers are turned

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off, but there are some elements that must remain accessible (i.e. to enable applications to be made). The external firm has the authority to shut off the college's servers if needed, if they cannot reach someone from the college to question this, and this all contributes to increasing the college's cybersecurity while still enabling all employees to take a valuable break. The director: IT, estates and learning resources also explained that the college is gradually moving to use the Cloud, increasing security yet further. The principal and finance director indicated that they are comfortable with the existing risk appetite, and this was accepted by the committee.

- The final red risk is that the college needs to ensure 90%+ AEB delivery in D2N2. Governors were informed that this is being monitored and progress is being made. There will be some activity out of area, however, and the college will reassess the position mid-year. Some of this activity involves distance learning programmes. In the medium-term, Leicestershire needs to join the East Midlands Combined Authority, which means that this activity can proceed at least in the medium term. Governors were assured that a report will be provided after the mid-year review.

Finance
Director

June 2024

AGREED: to note the content of the update provided.

6 **ANNUAL REPORT FROM THE DPO SERVICE**

The director: IT, estates and learning resources presented this detailed report. Key matters highlighted were:

- The college's data protection officer (DPO) is happy with the college's situation. He has essentially come to the end of the first action plan, and this has been completed with positive progress made.
- More challenging targets have now been set, and the director has highlighted where the DPO wants to undertake deep dives. The intention is to challenge staff to ensure that they are not storing too much data or for too long and that they are moving out data that no longer needs to be kept. The college has been very good at removing old, paper-based material and now needs to find a way of proving that it is removing electronic data that is no longer needed.
- The most challenging issue is that the process for adding new pieces of software works well from the point of view of the IT department; however, the DPO's view is that the college must investigate whether (and where) such software stores student data. Companies are often reluctant to share this information. At the moment, the college is not allowed to store data in the United States, but a lot of apps are created and based there. Therefore, the college has to go through due diligence to ensure data is safe and evidence how it can be removed at the end of its

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lifespan. This is causing a delay, but there is no answer to this issue at the moment.

One committee member raised a question and challenge in that some areas had made progress to 'good' but have now slipped back to 'requires improvement'. The director: IT, estates and learning resources explained that the DPO was working towards a particular action plan and, once the college had reached that point, moved to a deeper framework to drive the college towards further compliance. He indicated that some things will never be perfect and, indeed, the situation will flex as data protection guidelines change. A major campaign resulted in a large amount of stored data being removed, but it is less easy to evidence that electronic data has been removed. In summary, the bar has been moved higher, which has made it appear as though the college has moved backwards in terms of progress. Governors were happy with this explanation.

AGREED: to note the content of the update provided.

7 **CAPITAL PROJECTS AND ESTATES**

The director: IT, estates and learning resources presented his detailed report. Key matters of focus included:

Chesterfield Road, Mansfield

- The planning preconditions have been submitted and the planners' sign-off is now awaited. These preconditions were challenging but the work has been completed.

Wilko's site, Sutton-in-Ashfield

- The director explained that the site has 60 parking spaces and very good bus links. Obtaining this site would make it possible to move half the students out of Station Park, giving potential for expansion and enabling movement of motor vehicle into the brickwork area of Station Park. The Corporation Board will be provided with further detail when possible.
- Ashfield District Council met with the planners today. They are supportive of using the Wilko's site but have expressed concern about the reduction in retail space within Sutton-in-Ashfield. However, the college moving into this site would bring more spending power into the centre, and there are other retail properties around. The college is not able to get the council to sign off on the internal work at Station Park at the moment due to parking concerns. There was a workaround, but this brings further challenges in respect of changes to the road layout which would cause further delays and create a difficult junction to navigate.
- The Towns Fund intended to create opportunities based in the town, and the Wilko's site would provide this opportunity.

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In general discussion, governors questioned what the alternative is if this does not work out, considering that the project at Station Park is not moving forward. The finance director explained that this is the first credible alternative to keeping the project based at Station Park. Senior officers at Ashfield District Council are very keen on moving this forward, and there are only minor concerns in respect of how the building will be presented to the street.

The finance director explained that parking in the vicinity of Station Park is a major concern. There is scope to use the train station car park, but growth could overwhelm even that space, and it would not be a long-term fix. At the moment, the college rents 38 parking spaces from a company across the road from the Station Park campus. However, this company is planning on moving, and this has caused concern for the council as the college will not then be able to use these spaces, exacerbating the parking issues. One governor asked whether there would be a possibility to create multistorey parking, and it was confirmed that the college did look into this but the cost – £2m for 40 additional spaces – was not viable.

Governors asked whether there could be a risk of overpaying for the Wilko's site if the college moves too quickly, and it was explained that the agent has opined that the seller will agree a discount to the price just to assure the sale. The procurement of a new site will need to go to board, and the finance director is certain that, at that time, he will be able to present a budget evidencing that the site can be secured within existing funds.

Four Seasons Shopping Centre, Mansfield

- The college has occupied two shops in the Four Seasons Shopping Centre. The director: IT, estates and learning resources has also looked at the former Debenhams store as an option.
- The issue with the shops which the college is currently using is that the centre's management is bound by what was offered to other tenants and so the shops are only on a short-term lease.
- However, Four Seasons management have indicated willingness to let Debenhams to the college on a three-year lease, which would take the college up to the fruition of the Mansfield Connect project.
- The college is already looking at alternative space in which to decant staff during this period of demographic growth. Therefore, this is a great opportunity and means that the college can afford to spend a little more money on the Debenhams store to make it fit for purpose. It also enables use of a floor to decant staff.
- It would usually cost around 120k to rent a suitable space, and the agreement around the Debenhams site is expected to be around £25k per annum, so this is a very cost-effective space considering that it will negate the need for additional office

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space.

- When challenged, the director: IT, estates and learning resources confirmed that monitoring is being carried out to ensure that further problems do not arise in terms of space requirements and demographic in the future. He needs to provide seven to ten additional classroom spaces by September 2024, or the college will exceed its available space due to demographic increase.
- The chair questioned whether the Debenhams site has parking, and the director explained that the college is currently leasing some very cost-effective parking spaces at the Civic Centre. Consideration would need to be given to where staff would park and whether the college would make accommodations around this, considering it is only a short-term move. The finance director feels that it would be preferable for the college to make the parking free for staff in order to secure buy-in to the move. This would also ease parking challenges at Derby Road and would help to avoid having to implement parking controls which would come at a cost. Managers are being challenged to improve their planning and space utilisation as this will also help.
- Upon a question from governors, the director: IT, estates and learning resources indicated that walking from the Civic Centre to the Four Seasons Shopping Centre should be saleable to staff.

Other matters for discussion

- Mill 3 at Pleasley is moving forward.
- A large amount of money has been spent in respect of T-Level developments, and this has involved a lot of work to get through the finance systems. This work has now been completed, and all monies are accounted for.
- The civils site is still subject to further environmental concerns, and another water vole survey needs to be carried out in the spring. Efforts are being made to move rail to the engineering centre, and the college is trying to get Ashfield District Council to provide a phase 1 grant to cover this. Part of the site can be released as it is not environmentally impacted, and this has a lower cost. The college will get 60% of the site that it wants but will lose the other 40%; however, this approach will at least allow some progress to be made. A further challenge is that a 100-year flood plan was carried out for the site, but the recent very heavy rain then flooded the actual depot itself, so the risk rating now needs to be increased.

AGREED:

- to note the content of the update provided
- to recommend that the Corporation Board approve that the college move ahead with procurement of the Wilko's site upon sight of a detailed report at the next board meeting

FD/Dir:
ITELR

February
2024

FD/Dir:

February

Signed: EDM Chair

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- to recommend that the Corporation Board approve that the college move ahead with the lease of the former Debenhams form upon sight of a detailed report at the next board meeting.

ITELR

2024

(Paul Wheeler left the meeting at 17:50)

8 **MANAGEMENT ACCOUNTS – DECEMBER 2023**

The finance director presented the management accounts for December 2023.

- As the paper was provided quite late, members were welcomed to read through and contact the finance director with any additional points or queries, if necessary.
- Income and adult education budget are positive, and this latter has contributed to a strong profit.
- Apprenticeship income was observed as starting to slip. Although market demand is providing potential to create new vacancies, the college does not have the staff to support this. This is under review in construction and there are more engineering starts coming on, but colleagues are looking at how to get more individuals from industry into the college.
- The EBITDA is above profile.
- Staff costs are high but are not significantly out of budget
- Overall, performance is strong but there are some areas of concern. Construction has improved slightly since the last period, but there are still concerns and work has been undertaken which has further uncovered some issues (e.g. staff not working to contracting hours or teaching staff being doubled up in sessions). This is being managed at a senior level and interventions are being put in place where needed. This area is a matter of very high focus, and it is hoped that applying efficiencies to staff distribution might enable more capacity for apprenticeships. Furthermore, some opportunities have been missed and some material wastage has been identified, but leaders are working with the curriculum team to improve.
- The other area of in-year concern is maths and English.
- There was a small error in franchise where 100% has been costed rather than 80%. Once corrected in next month's accounts, this will improve the performance.

One governor questioned that, within the running costs, there is a line for 'unplanned maintenance for new locations' at a cost of £37k. The finance director confirmed that this is being written off, although this is something on which a view can be taken later, and he has asked the Finance team to review this. It would be positive to attributed it to a project, if possible; otherwise, it will be written off as a one-off cost. The college is being prudent in this respect.

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AGREED: to note the content of the update provided.

9

SUBCONTRACTING UPDATE

The finance director presented an update in relation to subcontractor performance. Key matters of note were as follows:

- A good review has been carried out.
- The finance director recommends a review of the contract values for Qualitrain. The company has mothballed its Derby training centre, which has had an impact on provision.
- The college is trying to keep subcontracting below the 25% maximum.
- Since coming under new ownership, Chameleon has potentially been prioritising another college over West Nottinghamshire College. Therefore, the contract value has been dropped but could possibly be reviewed again if the situation changes.
- Both of these reductions need to be done within the contract terms by giving notice of the changes.
- The contract value of White Rose is being increased, bringing the provider in line with where it has been historically. This company has performed well in the past, and it is felt that this significant increase is justified this year.

AGREED:

- to note the content of the report
- to recommend that the board approve the allocations as proposed.

10

BIDS UPDATE

Verbal updates were provided by the finance director and principal in relation to live bids:

Local Skills Improvement Fund (LSIF)

- Three strands are underway: digital, green, and essential skills.
- In respect of digital skills, a product called Skillsbuilder has been targeted, which also works well with Grofar. The college will try to put some time and investment into this area, and the director: IT, estates and learning resources always has digital projects into which investment can be made. The college is also looking at implementing digital methods in the restaurant and in animal care, with the intent to invest in areas where digital has historically been weaker.
- In relation to green skills, the college is looking at manufacturing efficiencies and investment in hybrid and electric vehicles, as well as improvements to ramps to enable them to hold the electric minibuses.
- The finance director indicated that the college might be able to maximise money from other bid partners' underspend.

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Mansfield Levelling Up Fund (LUF)

- This fund relates to the Beales project.
- The college was initially going to take catering and hair and beauty into the Beales building. However, it was not possible to find a commercial partner, so this has been put on the backburner.
- This building is now likely to house predominantly adult learning and community, and the proximity to the Jobcentre is positive.
- The college will have three classrooms and one office space.
- A copy of the heads of terms has been seen, and the principal is meeting with the council in the next few weeks to take this forward.
- There is some negotiation to be done in relation to costs.

Levelling Up Partnership (LUP)

- This bid is for £20m, and details were announced just after Christmas. It is made up of the following:
 - £5m contribution to the Beales project to make it a low carbon exemplar project, which might bring some activity for construction students
 - £7.4m to remodel the Bellamy and Oaktree estates, which mainly relates to improving housing and access to services and might offer an opportunity for the college's sports students – the college is in early conversations about this
 - Another £3m for a youth centre on the Bellamy estate
 - £2m for streetscaping in the town centre
 - £2m for the Sainsbury's junction in the town centre
 - £3m for family hubs
 - £0.25m to support Nottingham Trent University's work relating to schools
 - £0.25m for Mansfield to develop an economic strategy – the principal has had a discussion with the mayor to look at doing this for the whole Mansfield and Ashfield conurbation, and this received a favourable response.

The principal will have more detail after February's Place Board meeting.

- It is probably not going to be feasible for the college to move forward with the motor vehicle centre, especially considering the plan detailed earlier in the meeting involving the Wilko's site.

Long-Term Towns Plan Fund

- Mansfield and Kirkby each have until spring 2024 to write a plan to spend this revenue. The Mansfield Strategy will be used to build this plan and drive the project, and there is a chance there will be some money for the college within this.

AGREED: to note the content of the update provided.

Signed: EDM _____ Chair

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PROJECTS UPDATE

Verbal updates were provided in relation to ongoing projects:

Automated Distribution and Manufacturing Centre

- This is now proceeding apace, with stage 2 drawings completed and a planning application expected in the spring. The target date for opening and operation is September 2025.
- There is a business breakfast at Van Elle this Friday involving local businesses, and links have been made with Coventry and Silverstone to drive interest. The challenge has been in getting local businesses in board.

Bolsover District Council Green Skills Centre

- The legals are underway and grant agreements are in place.
- There is a project to retrofit a couple of buildings on this site.

Devolution Green Skills

- There is a small amount of money left to spend on heat pumps, but the college will not have the space until the Station Park space has been freed up. However, this project is almost complete, and the vast amount of the money has been spent.

A challenge from the committee was whether there is the capacity to manage all of these projects and still stay on top of other issues. The director: IT, estates and learning resources advised that he has appointed two fixed-term project managers as part of the estates team, and they are fully engaged and capable. While it is challenging, he is confident that the money will be spent in the allocated timeframes. It was suggested that this be explicitly referenced when relevant updates are taken to the board, to ensure all governors are assured that everything is in hand.

Governors provided a reminder of the solar panels project, and the director: IT, estates and learning resources explained that this is still on his radar and will be picked up this year, but other matters have taken priority due to the tight spend deadlines.

AGREED: to note the content of the update provided.

12

EXCEPTIONS REPORT

The finance director had no areas of concern to report.

13

ANY OTHER BUSINESS

The finance director explained that the college has been using the framework to review the reprographics contract. The college is likely to opt for a five-year contract, and this will require board approval due to the cost. If the committee is in agreement, a short report with the detail will

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be taken to the next board meeting. Executives feel that it makes more sense to go for a five-year deal than a four-year, even though it is this length that pushes the cost into the board's approval range. The cost will be around £165k-£170k, and the analysis will be taken to the board.

The director: IT, estates and learning resources explained that this is just for the MFDs as the college no longer has its own major central print room. It is felt to be preferable to retain a good quality service at a slightly higher cost than risk quality to save a small amount. The college's preferred service has been quoted at only £6k more than the cheapest offer.

Governors were advised that the college has reduced its printing as a lot of work has been taken online. The college was at eight million copies some years ago – this has decreased substantially and, it is imagined, will decrease further.

AGREED: to recommend that the board approve this contract upon receipt of a report detailing these costs.

14 **DATE AND TIME OF NEXT MEETING**

This was confirmed as Wednesday 24th April 2024 at 17:00.

It was agreed that confidential discussions would be recorded separately.

Gavin Peake left the meeting at 18:30.

Meeting closed at 18:35.

Signed: EDM _____ Chair

Date: 24/04/2024