WEST NOTTINGHAMSHIRE COLLEGE
FINANCE & ESTATES COMMITTEE

Minutes of the meeting of the Finance and Estates Committee held on Monday 24th April 2024 at 17:00

GOVERNORS PRESENT:	Edward Rawson, Chair Andrew Cropley, Principal/CEO Paul Wheeler
ALSO IN ATTENDANCE:	Jon Fearon, Finance Director Gavin Peake, Director: IT, Estates and Learning Resources Eloise Hopkinson, Clerk to the Corporation

		ACTION by whom	DATE by when
1	**DECLARATIONS OF INTEREST** The chair reminded everyone present to declare any interests that they may have on agenda items scheduled for discussion. Standing declarations were noted.		
2	**WELCOME, INTRODUCTIONS AND APOLOGIES FOR ABSENCE** There were no apologies for absence and all members of the committee were in attendance.		
3	**MINUTES OF THE MEETING HELD ON 22ND JANUARY 2024** 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 22nd January 2024. There were no matters arising.		
4	**ACTION PROGRESS REPORT** The committee were happy to note the content of the update provided.		
5	**RISK REPORT** The clerk presented the detailed report. Key matters highlighted were: • There have been no substantial changes since the previous committee meeting in January, but another review is due and so it is likely that there will be further changes after this committee meeting. Current red risks were highlighted: • Failure to control staff costs due to higher agency costs to cover		

Signed: ___ E Rawson ___________Chair Date: 11/07/2024

vacancies – this risk is improving with new recruits coming in to reduce the need for agency roles.
- Cyber-attacks on UK and worldwide education bodies at alert level – this risk is significantly during the college's Christmas closedown period.
- The National Minimum Wage increase – April 2024's increase has been built into pay costs, but this risk is now likely to always be present and so will roll forward into 2025.
- The college needs to ensure 90%+ AEB delivery in D2N2 – the committee will receive a report on this at the July meeting.

Upon a query from a governor, it was clarified that an equals sign means the risk has remained the same; a red arrow means the risk is increasing; and a green arrow means that it is reducing. These indicators need to be amended to equals signs for those risks that have not been updated within the most recent review.

Clerk | April 2024

AGREED: to note the content of the update provided.

6 **<u>MONTHLY MANAGEMENT ACCOUNTS – MARCH 2024</u>**

The finance director presented the management accounts for March 2024, focusing on the following key points:

- The college remains on track in terms of overall income. AEB income remains good although, cumulatively, it is a little down due to a timing issue in terms of starts. This activity should now show in April's finances. The EBITDA is about 7% short (£85k).
- There has been a 5% increase in the cost of teachers' pensions. Although the ESFA has issued a grant which tries to take account of this, the grant takes account of the cost from two years ago. Due to staffing growth and increased pay, this grant falls short of the actual impact on the college. However, this is to be expected, and the finance director pointed out that the opposite was the case when the college downsized.
- Governors were assured that cost control will get back on track. It will be difficult to see the benefit this year, but it is expected that there will not need to be a significant increase in staff in construction. Rather, the challenge will be in trying to move the resource around. The finance director explained that agency costs cannot simply be pulled out straight away as the students are at a critical point of the academic year and it is important to maintain consistent provision.
- Conversations are being held with employers in relation to college vacancies, in case they can support with filling these.
- A discussion relating to electrical apprenticeships was recorded within the confidential minutes of the meeting.

One governor questioned why the college has not budgeted for temporary staff, and the finance director confirmed that this is standard and is because of the college's establishment model, which then gives a saving in the vacant job roles. Temporary staff are then accounted for out of the contingency. The challenge with agency staff has been that the excessively high cost. It was questioned whether more contingency should be added, and the finance director agreed to action this suggestion. He clarified that this was not done before as it was felt that the college would be able to get on top of the issue, but this has not been the case.

FD — April 2024

One governor raised a challenge in terms of the engineering contribution, in that this did not look particularly healthy compared to its target. The finance director explained that income was not as high as the college wanted it to be: this area did not recruit as many T-Level students as anticipated, and there was a delay in apprenticeship starts. However, expenses increased in the form of higher pay increased and market supplements (although these are covered within the contingency). There was an in-year allocation for growth in engineering and construction, which was used to protect the pay for this area, and this has impacted the margin. In general discussion, it was agreed that 63% for a budgeted margin is on the optimistic side – this should be in the high 50%s – and the area is actually performing comparatively well at 58%. It was agreed that, although this area should have a high margin as it is high-cost provision, the target should be set at a slightly more achievable percentage next year.

AGREED: to note the content of the update provided.

7 FINANCIAL PLANNING 2024/25

The finance director presented this report and highlighted the following key points:

- There will be significant growth in the 16-19 allocation for 2024/25. Allocation will be £25.718m, but it is believed that some of this will be at risk. Up to £300k of the allocation is T-Level funding, and the college needs to assume that this level of T-Level starts will not be reached, meaning that some of the funding will be recovered. Even when taking this into account, the allocation is still 9.1% higher than in 2023/24.
- The college has not experienced such a period of growth for a long time. Current student recruitment and the demographic data show that learner numbers will increase by at least 200. It is necessary to construct a plan which assumes this in-year growth. The risk then is that the growth does not come to fruition after all; therefore, the finance director has made it clear that some posts can only be considered after the learner numbers are confirmed. It is recognised that some curriculum areas need more teachers as soon as possible, but the college cannot allow growth in support staffing until the need has been proven. Even some of the teaching growth will need to wait until there is more certainty around learners. At the moment, however, every indicator suggests that the numbers within the report are prudent.
- A discussion has taken place with the Association of Colleges and the Department for Education to look at what next year looks like. The DfE feels that the same in-year growth model is likely to be

Signed: ___ __________Chair Date: 11/07/2024 used next year, but they cannot categorically guarantee this. They also expect that a large amount of T-Level money will be returned to them and so are fairly confident. However, this is still a risk if the college makes this an assumption within its planning.

In response to a question from a governor, the finance director confirmed that, if the college did not receive in-year growth funding, the budget model would then be brought back to show this and with a lower EBITDA. However, the funding would then still come in but for the following year.

The finance director assured governors that prudent assumptions have been made. The college must not under-resource itself and then have a higher number of learners than it can manage. However, a scenario model will be developed to show what the college will do if this growth occurs but is not funded in-year.

The principal questioned what the impact would be on cash if the college did not receive growth funding, and whether the finance director is worried. The finance director advised that he would, in this case, ask the director: IT, estates and learning resources to slow down on the work currently being carried out. The director confirmed that there is significant money available which he expects to spend over 24 months due to capacity but which is in the finance director's model as being spent over 12, so there is flexibility here.

The finance director explained that there is a risk in the college being seen to turn learners away if it chose to take a more cautious approach, and the principal indicated that a number of colleges are reportedly starting to turn learners away and close provision due to capacity challenges.

One governor raised a question in relation to holding back on the recruitment of some staff until the college knows how much funding it can definitely expect. The finance director explained that this is necessary in respect of support posts, but some teaching posts will need to be filled on an at-risk basis.

- The finance director continued to present his report and indicated that the pay bill is budgeted to increase by 3.5% in September 2024. Although this still feels affordable, the pay award will need to be offered in December 2024 instead, due to the risks surrounding growth. This will also enable more flexibility if growth is not as planned.

One governor raised a challenge in relation to the prediction for apprenticeship numbers remaining stable, as this has demonstrably not been the case previously. The finance director clarified that the income going forward will be higher but, due to the timing of starts, it will actually be similar to this year's outturn rather than expected to grow.

One governor raised a question in relation to the assumption that costs

Signed: ___ [signature] __________Chair Date: 11/07/2024

will rise in line with inflation, as actual increases tend to be much higher than this. The director: IT, estates and learning resources confirmed that the college is protected in the short-term as it tends to run longer contracts and prices have been locked in for a long period.

The finance director continued to highlight points from his report:

- He has tried to be pessimistic and will try to carry out another review with the director: IT, estates and learning resources as certainties around large spends become clearer. As explained earlier, the capacity of the director's team will not enable as much of the money to be spent in one go as has been modelled. Some of the grant money currently in the bank might also be eligible for the brewery, as the condition is that it should be spent on a college-owned site. The director anticipates using the remainder of the £800k budget (£400k) on the brewery.
- The broad principle at the moment is that, given the growth, the college could have a strong EBITDA of £2.6m. This is where the college needs to generate close to 6% of income on a longer-term basis to create cash which enables the college to invest and sustain. Aspirationally, the college needs to aim to achieve this for to demonstrate that it is regaining what it has spent. In summary, the college should maintain really strong financial health, but outstanding is likely to be a stretch at this juncture.

AGREED: to note the content of the update provided.

8 **<u>CAPITAL PROJECTS AND ESTATES – INCLUDING COMMUNITY PLEDGE UPDATES</u>**

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

<u>Future Tech Centre, Chesterfield Road</u>

- This is now on track and progressing well – It has been necessary to negotiate with the building company and admit to a one-month delay due to planning. The college has accepted this, and it was acknowledged that the builders did get on with the work as soon as they could access the site.
- A large hole has been created in which a substantial attenuation tank will be placed to control the water flow off the site – this is in conjunction with Severn Trent Water.

<u>Station Park</u>

- Not a great deal more has been done as the money was moved to the Outram Street site, but the rail has been moved from the car park area and groundworks have commenced to relocate the rail provision to the Engineering Innovation Centre (Oddicroft Lane). Students will be moving this track as part of their course.
- The rest of the mezzanine will remain on hold until a cost plan is in place for Outram Street, and this is expected on Friday. This will provide the director with certainty on how to spend the money.

Signed: ___ [signature] __________Chair Date: 11/07/2024

Outram Street

- A generous budget has been allocated to this project, but the repairs identified through the condition surveys are less than anticipated and the college managed to secure the site for a lower price than anticipated.
- The principal and finance director recently met with Councillors Matt Relf and Jason Zadrozny and gained their support for this project. Their main concerns were the loss of retail space in Sutton-in-Ashfield town centre, but there is a sufficient retail presence and local businesses have indicated that they would like to have a college site in close proximity.
- Digital displays will be placed on the building, and this was also met with approval by the councillors.
- Another suggestion was that the college's learning companies could create some advertising for local businesses to display.
- The next step is to get the cost plan in place. Ashfield District Council will then purchase the site and lease it to the college on a 125-year lease. The college is handling the legals, and the building will come under the same legislation as the college's fully owned buildings.

Four Seasons

- The lease agreement for the former Debenhams store will be signed very soon and work will commence immediately thereafter to develop the space.
- The second and third floors will be mothballed, but governors were assured that the rental is still cost-efficient for the college even though only one floor will be used. The entire facility must be rented along with the first floor as the remainder of the space would be unusable by anyone else. The director informed governors that the college can still use those floors should the need arise.

The Old Brewery

- The director has met with the owner of the brewery site and was able to confirm to governors that the only thing holding up the purchase was concern around the leases which are in place. The seller of the site has been in talks with the brewery company, and completion of the sale is subject to vacant possession.
- The ESFA has advised the college that, when purchasing new sites, it must be considered whether the purchase could be novel, contentious or repercussive. The director has put together a narrative to show why this is not the case for both the Old Brewery and Outram Street, and this was provided as an appendix to the report for governors' assurance.

Governors questioned whether there was likely to be any adverse publicity about the closure of the brewery, and the director confirmed that the owner seems happy. However, a statement has been prepared in case there is any negative press. The director also indicated that current licence-holders would have been aware of the fact that they may need to vacate the site once they discovered that the building was to be sold. Nonetheless, there is room to let some of them remain, and the director is working on negotiating this. They would have to use part of the site which was away from college operations, staff and students, and it would need to be ensured that all safeguarding stipulations are met. If successful, this will generate a small income for the college. The director also made it clear that a clause has been added to say that the college can walk away from the sale if the brewery has not left the premises in 20 days. Plan B would then be to revert to using the former Debenhams store, and it would also be necessary to identify some extra space for brick or plastering within the next 12 months.

Pleasley Mill

- The director expects to have completed lease arrangements by Monday 29th April and has expressed the urgency in respect of accessing this building in order to get it ready. The college's solicitor has a solution to ensure this is possible. The main assurance is that the internet lines have been put in; the actual strip-out and rebuild is expected to be relatively trivial.

Miscellaneous

- The college has been in discussions with Collins Earthworks in relation to an alternative option to the civils site in Sutton-in-Ashfield, which has been delayed due to environmental concerns. Collins has a site at the former Bentinck Colliery which the college might be able to use for plant driving, ticketing, and adult training programmes. The advantage of this partnership is that the college would no longer need to get its own staff accredited as it would be using Collins' accreditation. However, the college will not be able to use this facility all the time.
- The college has received offers from district councils for students to go out into the community and maintain the footpaths.
- The finance director is planning to move some money from the civils project to the construction project, but this is yet to be negotiated with Ashfield District Council.

Capital spend update

- The college has installed a huge amount of LED lighting which has used the energy efficiency budget.
- £400k of the capital improvements spend will be linked to the condition survey.

AGREED: to note the content of the update provided.

9 **PROJECTS UPDATE**

The finance director provided a spreadsheet detailing the financial position in terms of some of the live projects. This was described as being part of the work to refine the monitoring of the spend and outputs.

Signed: ___ EMMann. __________Chair Date: 11/07/2024

<u>Local Skills Improvement Fund (LSIF)</u> The document reflected the first set of outputs for the period up to 31st March. Outputs required for this period were quite low, but reporting has not yet been finalised and the finance director indicated that he will provide an update once this has been completed. Outputs are around new Level 3 courses which are being developed, as well as then getting learners onto these courses.	FD	July 2024
The essential skills and green skills projects both show a slight overspend, but the digital skills project has come in on budget. Overall, the D2N2 consortium has met the spend criteria. The entire first year's allocation has been spent, which was a challenge considering the tight timeframe to do so. Moving into next year, the biggest spend area will be digital skills.		
Some duplication was noted within the document provided, and the finance director indicated that he would update this and send the amended spreadsheet to the committee.	FD	April 2024
<u>Growth Through Green Skills</u> The college needed to spend £1.5m by the end of March, which it managed to do. The total spent was £1.511m, which reflects an overspend of £11k by Nottingham Trent University, provided as match funding. In terms of the outputs, job outcomes have been met, and the businesses supported and learners achieving need to be updated.		
<u>Additional projects to be included</u> The heat pump academy, Pleasley Mill and Station Park will be added once they have commenced.		
From 2027, the college has committed to the Levelling Up (Connect) project to take a learning space which is smaller than the former Debenhams store but, by that time, the college will hopefully be able to accommodate some elements of the provision therein somewhere else. The college is trying to finalise the scope of the building and working with Mansfield District Council on arranging a location within the Connect building which is close to the Jobcentre so that visitors can engage with both during the same visit. The college has negotiated about 40% market rent for the space, so this is cost-effective but not as much as the deal with the Four Seasons. However, the value of having three classrooms opposite a Jobcentre will be high in respect of the college's role in the community and student recruitment.		
The Towns Fund project is yet at the output stage, but the finance director will create the same template and track the outputs once it is.		
The finance director explained that this document This will also be used in exec team meetings, particularly when there are issues or concerns to discuss.		

Signed: ___ EMham. __________Chair Date: 11/07/2024

In summary, the finance director indicated that there are no concerns financially, but the college needs to retain a focus on projects. The LSIF outcomes over the two-year period are not particularly demanding, so there should not be a problem meeting them. Investment in green skills impacts all students and, by time these numbers have been added, the finance director feels that the outputs will be on track. Development of this document will continue.

10 **BIDS UPDATE**

The principal provided a verbal update and shared the list of Levelling Up activity taking place in the local area. These included:

1. Work which is already underway on the Bellamy Estate
2. Community space, which is part of the above
3. Nottinghamshire County Council family hubs
4. Get Ready Pilot – NTU is supporting families on the Oak Tree estate to get their children ready for school.
5. Streetscaping in the town centre.
6. £500k from the Towns Fund to develop a cultural programme for Mansfield, with more events planned over the next year. The intention is for these events become self-funding, so it will be necessary to work out the best way to enable this.
7. £3.2m for the youth intervention scheme on the Bellamy Estate. The council is currently exploring how to secure value for money and provide sporting experiences whilst enhance the college's sport provision.
8. Sainsburys junction improvements – incorporation of filter roads to improve traffic.
9. £200k to support work to develop the Mansfield Strategy in order to identify economic opportunities.
10. Beales low carbon project.

JF explained that the college is very close to agreeing a deal with Daikin, who are interested in getting involved with the new-build and Connect projects and would potentially offer discounted heat pumps for these buildings.

Long-Term Towns Plan Fund

This is £20m of flexible funding spread over 10 years. It is necessary to submit a two-year vision and investment plan by August in order to enable some of the money to be spent. The money cannot be received earlier, but spending can be delayed within the 10-year window. The college will be an interested party in this work, and the principal indicated that he will have a more detailed update to provide in July.

AGREED: to note the content of the update provided.

11 **COLLEGE FINANCIAL HANDBOOK 2024**

The finance director provided an update in relation to changes made to the college's Financial Regulations following the publication of the College Financial Handbook 2024. Key points of focus were:

Signed: ___ [signature] __________Chair Date: 11/07/2024

- The College Financial Handbook has been released as part of the move to the public sector as a way of pulling together the various related guidance.
- The finance director has tried to ensure that the revised Financial Regulations match this guidance even as it is updated over time, and his approach to doing this was to make reference to the handbook within the regulations, rather than quoting the wording. This means that the Financial Regulations will always be compliant with the most recent version of the handbook.
- The latest purchasing requirements were released in January to match the new limits in the Procurement Act. These also tie in with the European regulations, other than the fact that there will be more freedom around how the public sector can procure. The Financial Regulations have been updated accordingly.
- Some additions have been made to clarify the role of the accounting officer and to define the roles of the finance director, principal/chief executive officer and governance professional, as well as to give the ESFA power to block people from holding any of these three roles.

AGREED: to recommend that the board approve the updated Financial Regulations as presented.

12 **TUITION FEE POLICY 2024/25**

The finance director presented this policy and asked that the committee recommend approval by the Corporation Board at the next meeting.

He advised that the document has only undergone minor tweaks. The government would usually make a statement that adult learners on the National Minimum Wage can take advantage of fee remission, but this has now been increased to an annual salary of £25k. This will enable a larger number of people to access fee remission.

AGREED: to recommend that the Corporation Board approve the Tuition Fee Policy 2024/25 as presented.

13 **SUBSIDIARY COMPANY UPDATE**

The finance director presented a verbal update in relation to VBSS India, explaining that:

- The college wholly owns the shares of this Indian subsidiary, which was historically bksb India.
- This company has now been dormant for two years, which is required in India before a company can be struck off. The finance director has been trying to go through the process of finalising this, but India is a complex country to work with and this is proving a slow process.
- The finance director has been using the support of the same accountant who worked with bksb India. The intention is to make this as clean as possible, but it is challenging. The accountant has looked into selling the company, and this is still a possibility. The

college would not aim to attach any particular value to VBSS India – the desire is simply for it to be closed – but it could be used positively in India by the right person.

- The finance director informed the committee that the accountant might want a bit more money (around £10k) at the point at which it becomes possible to strike off the company, but this is the worst-case scenario. The alternative – other than paying the extra fee – would then be to try to move forward with a different individual, which might not have a different outcome in the end.

14 **SUBCONTRACTOR UPDATE**

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

- Although subcontractor performance remains week, some activity has increased.
- The finance director recommended that allocations for Chameleon and Qualitrain should remain unchanged at the original value. They will not necessarily meet this allocation, but it does allow some flexibility.
- White Rose has indicated that it may not be able to get as high as the newly increased allocation. However, at the moment, the college can underperform by 10% of the contract value and so this is not of concern and this contract will remain unchanged.
- An additional allocation of £25k for 16-18 delivery is recommended for the Inspire & Achieve Foundation due to strong local recruitment.

AGREED:

- to note the content of the report
- to recommend that the board approve the increased allocation for the Inspire and Achieve Foundation, as proposed
- to recommend that the board approve for other contracts to remain unchanged at this point.

15 **HEALTH AND SAFETY EXCEPTIONS REPORT**

The director: IT, estates and learning resources presented a verbal update, focusing on the following matters:

- Accident rates are down across the college, which includes both those that occurred on college sites and those that occurred elsewhere but about which statements were given at college.
- The committee previously asked for a focus on accidents in carpentry and joinery, and the director confirmed numbers can be seen to reduce month by month. He informed governors that students are unaccustomed to using the tools at first, but their increased familiarity causes a decrease in accidents over time.
- The number of mental health incidents, particularly self-harm, has decreased. The college's relevant support teams are doing a great job of intervening before first aid attention is needed.
- There have been no RIDDORs this year, which is very positive. However, the director assured governors that the health and

Signed: ___ EMham. __________Chair Date: 11/07/2024 safety team does investigate a number of accidents which do not qualify a RIDDOR, and the team does then look to identify underlying causes.

- There has been an increase in near misses. This is positive as it shows that the campaign to encourage reporting of these via QR codes is working. Near miss reporting has also been incorporated into some of the other reporting processes, so people are given the option to indicate where an incident included a near miss.
- Audits are progressing as standard.
- Training events have been very positive, and the health and safety team has provided a number of training opportunities, including fire warden training and IOSH.
- The director was able to deliver a positive message around fire evacuation, with the usual testing taking place and calm responses observed.
- The next key matter is to test is the college's ability to evacuate and repopulate the building under Martyn's Law. Work has been planned to run these tests and make staff and, eventually, students aware of what to do if there is an armed intruder on site.

16 **ANY OTHER BUSINESS**

There were no items of additional business.

17 **DATE AND TIME OF NEXT MEETING**

This was confirmed as Wednesday 2nd July 2024 at 17:00.

It was agreed that confidential discussions would be recorded separately.

Gavin Peake left the meeting at 18:40.

Meeting closed at 18:45.

Signed: ___ EMlam. __________Chair Date: 11/07/2024