WEST NOTTINGHAMSHIRE COLLEGE
FINANCE & ESTATES COMMITTEE

Minutes of the meeting of the Finance and Estates Committee held via MS Teams on Thursday 3rd October 2024 at 17:00

GOVERNORS PRESENT:	Edward Rawson, Chair Paul Wheeler Andrew Cropley, Principal and Chief Executive Officer Kudzai Muzangaza
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	<u>**APPOINTMENT OF THE COMMITTEE CHAIR FOR 2024/25**</u> The committee members were happy to reappoint Edward Rawson as the committee chair for the academic year. AGREED: to approve Edward Rawson as the Finance & Estates Committee chair for 2024/25.		
2	<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. Kudzai Muzangaza noted that he is named at item 14, and Eloise Hopkinson, Andrew Cropley and Jon Fearon advised of the same.		
3	<u>**WELCOME, INTRODUCTIONS AND APOLOGIES FOR ABSENCE**</u> There were no apologies for absence, with all members of the committee present. Kudzai Muzangaza was welcomed to his first meeting.		
4	<u>**MINUTES OF THE MEETING HELD ON 2ND JULY 2024**</u> The minutes were reviewed and it was agreed that they were an accurate record of discussions. It was noted that the meeting was inquorate and so no decision-making was possible within the meeting, with all approvals having to be escalated to the Corporation Board. Usually, an inquorate meeting would not proceed – however, on this occasion, as an alternative date could not be identified, it was agreed that the meeting would go ahead and be minuted to ensure the committee members were informed		

Signed: ___ EMRawson. __________Chair   Date: 26/11/2024 of key matters and that a record could still be retained.

AGREED: to approve the minutes of the meeting held on 2nd July 2024.

There were no matters arising.

5 **ACTION PROGRESS REPORT**

The committee members were happy to note the content of the update provided.

6 **MONTHLY MANAGEMENT ACCOUNTS – JULY 2024**

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

- The document is a stripped-down version to what is usually presented, a) because the team is in the midst of an audit and b) because revenue recognition is not completed until the end of September.
- The EBITDA is short of forecast at £1.747m – although this is £158k below the forecast of £1.905m, it is acceptable. Income was predominantly impacted by three things:
    - Local authority income was below forecast, whereas it is usually slightly above. This was mainly due to withdrawn learners, and the college needs to have these resolved in good time in future so that funding does not need to be deducted.
    - Education contracts were below budget due to bootcamp contracts not being awarded for 2024/25 until August 2024, instead of April 2024.
    - Thirdly, other grant income is below forecast as the college has treated some expenditure as cap ex and excluded it from revenue. This has also reduced non-pay costs by approximately £200k. This was handled in this manner because the college's financial health could otherwise slip once the money is spent.
- Teaching costs continued to increase towards the end of year, possibly because the college offered more market allowances than anticipated. This will continue to have an impact but will be more in terms of high-cost specialist staff. Retention of staff has improved, which should reduce agency costs.
- Sessional staffing continued in order to achieve the adult education target and a catch-up on claims over the summer period. In 2024/25, a small additional allowance of 10% will be included.
- Temporary staff costs continued at a higher level in July than anticipated, largely due to apprenticeship activity and because some temporary staff did not wish to take holidays. In future, the college will try to impose holidays upon these staff to avoid having to pay them through the college holiday periods. So far, one

Signed: ___ [signature] __________Chair Date: 26/11/2024 temporary staff member who has had holiday imposed upon them.

A question was raised in relation to Protocol. The finance director provided assurance that there are some positives and, where it has been possible to recruit, the cost has been substantially lower. Furthermore, the process is transparent, and it is the case that even some individuals who do not wish to move away from agency work will at least transfer to Protocol and thereby bring a saving. However, one issue is that Protocol does not always have all the required people available and cannot meet all need in the timeframe needed. Therefore, the college is still having to go out to other providers on some occasions, but this was taken into account when first considering the partnership. Despite this challenge, Protocol does come with an established caseload of staff. In summary, the scheme is in a payback position, but results are mixed. Governors questioned whether it will be enough to deliver a reduction in the budget. In response, the finance director indicated that any forecast reduction also takes into account the movement of staff to college payroll and retention of these staff. Particular challenges have been seen in construction and engineering, particularly apprenticeships. The finance director thinks that financial benefits will be seen, but it is a work in progress and is still a risk for this academic year.

- Non-pay costs are down by £263k.
- Cashflow is on track and currently presents no risk to covenants.
- The EBITDA still provides a substantial level of reinvestment and maintains the college's good financial health.
- Pay continues to be monitored. The pay budget is built up from individual roles which are then costed. Some of the current vacancies have not been advertised, so there is a vacancy saving in place. Overall, pay is on track but the finance director is taking a prudent approach and is resisting pressure to increase headcount, at least until there is security around income and 16-18 growth.
- The government has announced that 16-18 funding will be calculated on the same basis as the prior year's funding. However, a caveat has been added to reserve the right to adjust this if there is an affordability issue. The Secretary of State has said that there is a growth guarantee but has not confirmed the rate of this.
- At the point of the meeting, 16-18 enrolments were at 3,954. This number was expected to reduce before the 42-day point at the end of October but, taking this into account, it seemed likely that the college would exceed its growth target. If the government funds on a formula basis, the finance director expects that there will be around £300k revenue.
- Due to better-than-expected T-Level performance, the repayment is now expected to be less than what was budgeted.
- Both the T-Level and the 16-18 position provide a strong sense that budgeted income is on track. Currently, the government has

Signed: ___ EMlam. _________Chair Date: 26/11/2024 stated that growth funding will be paid in April but, in the past, this award has been made earlier when there is an underspend in-year. It is believed that, whereas the college has a low level of return for the T level funding, some colleges have a large amount of funding to return – this may constitute an underspend for the government.

One governor questioned whether student growth needs to be considered in costs. In response, the finance director confirmed that, the more students the college has, the more staff it is pressurised to employ. The finance director is promoting efficiency and larger group sizes, and some areas with larger growth have been given extra resource from areas that are down on numbers. Ultimately, having larger groups improves efficiency and helps to secure the earnings needed for the college to build its reserves and invest in the curriculum. The finance director indicated that some teams have been very good at managing this.

The governor referenced the link with the balanced scorecard, specifically the objective to improve teaching. The finance director explained that, if the college can increase efficiency, the pressure is then on increasing pay. In turn, this impacts on the retention of staff and, consequently, the student experience. The challenge is that schools can pay teaching staff more than colleges can, which increases the risk of resignations. Therefore, if the college can secure efficiency, it will be necessary to put some of this into pay, and this should offer a return. The college is one of the largest trainers of teachers in the sub-region and has 22 teachers on a teacher training qualification, which is very positive. The finance director also advised that the director: IT, estates and learning resources has been working on increasing the size of classrooms to enable larger group numbers. He explained, finally, that well-funded colleges need to have an average group size of around 20 students.

The chair raised a question in relation to the local authority revenue which needed to be returned, pointing out that this was a loss of around 5%. He questioned whether there could have been any way of noticing this issue sooner. The finance director explained that this is the first time this has happened, and it is due to some withdrawn learners having been left in the reconciliation. The Finance team is now working with the ALS team to avoid this in future. When learners with high levels of support leave in-year, this can have a large impact on income. It can also mean that there is then an excess resource or lack of efficiency.

AGREED: to note the content of the update provided.

7 **2023/24 YEAREND ACCOUNTS (DRAFT)**

The finance director presented a brief report, providing an idea of what he intends to say within the yearend accounts.

- Overall, it is currently a tough trading position for colleges.

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However, WNC has an acceptable return, albeit not as much as would prefer. • £1.747 seems a large surplus but it is not that large when considering all the demands and the need to reinvest into the college. • 16-18 growth looks to be strong so far. • Apprenticeships continue to grow with strong starts so far and there is now a much more prudent budget for this. • Adult education income is topping £6.6m, which shows strong performance. • Pay continues to be a challenge, but the college was able to award 6.5% last year, following additional allocation from the Department for Education. • There is a lot to celebrate – the college has made significant investments, with capital and estates development in place. This has received some publicity locally, highlighting the college's growth strategy. • The college also has a number of live green skills projects. It has invested a lot in construction, engineering, animal care and catering to bring in improvements, including digital technology and better processes.		
One governor asked whether the accounts should be considered as a marketing document for the college. The finance director acquiesced that the accounts might be read by organisations like EMCCA or people who are looking at the skills market, such as the DfE. However, he feels that the number of people who are likely to access the accounts via the website will be low. He informed the committee that the accounts are now presented in more of a glossy, corporate document with images. While this does present the opportunity to use the accounts to promote positive development, this is not the main intent. The governor suggested that, if the college does want to use them as a means of self-promotion, the content should focus on an EBITDA of £1.7m being a good result rather than referring to this as a disappointment. The finance director took this on board; however, he also indicated that the trade unions will also read the accounts and, if they cannot see the need for a prudent approach, will push for higher pay. However, he was certain that could be managed by way of a conversation to explain the situation, should it arise.	FD	Nov 2024
The governor also suggested that context should be included in relation to the 6.5% pay increase. This could look high to the average reader, but it is actually not that high, when considering the context of what has gone on in Further Education this year. The finance director agreed and suggested that he could refer to historic low pay rises within the accounts, in order to provide some context and show that this is a catch-up situation.	FD	Nov 2024
The principal suggested that the item focusing on the Mansfield Brewery building should focus on how quickly this was turned around and brought		

into use as a construction training centre. Colleagues did very well in managing this, and governors also aided the process by responding very quickly to the written resolution request which enabled the property to be purchased. The finance director indicated that he would include this story within the document, showing that the college responded to an opportunity and, through good management and governance, turned around a high-scale project to support growth. The college could not have taken on the high level of student recruitment if this property had not been secured. The director IT, estates and learning resources was able to confirm that the site was definitely needed – the college has used 12 of the 13 additional classrooms created via this acquisition. It was agreed that this project was also a testament to how far ahead the college is looking and anticipating need.

- In relation to accounting judgments, there is one issue which is being fine-tuned with the external auditor, Mazars. This relates to the £250k charitable donation from the Gene Haas Foundation, which has not yet been spent and is on hold while the college reconfigures its motor vehicle department. This has to be recognised as part of the college's income and will contribute to an in-year surplus as these funds have not been spent. The balance is being transferred to restricted reserves and, because of this, the finance director is seeking not to put this in the management accounts. The risk is that, when the college spends the funds, this expenditure will negatively impact the EBITDA and put the college in poor financial health. The finance director has discussed this with the auditor, but there is yet to be a final agreement on this treatment. It is likely that Mazars will refer this to a technical team to make a judgement. Either way, a comprehensive note would be included in the accounts to explain the situation. The finance director provided clarity that anything government grant-based has a protocol where it does not need to be recognised, but the money from Haas is not a government grant.
- Given the current positive trading indications in relation to cashflow and potential income from 16-18 growth, there was no reason to question that the college is a going concern.
- The accounting timetable to which Mazars is working was attached for information. This indicated that the auditor will finish the work in plenty of time for the joint Finance & Estates and Audit Committee meeting in November.

AGREED: to note the content of the update provided.

8 **BALANCED SCORECARD ITEMS AND ANNUAL KPIS**

The finance director presented an update in respect of the proposed objectives for 2024/25. These will be presented to the Corporation Board for final approval in October 2024, but the committee members were welcomed to provide any comment or feedback.

The committee was also presented with the balanced scorecard as at the 2023/24 yearend, which also went to the board in July 2024. Trends continued to the end of the year with income broadly positive; staff costs as previously discussed; cashflow remaining strong; and EBITDA generally on target. Apprenticeships income was below budget and below target but still reached close to £5m. AEB earnings were strong. There was positivity in terms of meeting the overall financial objectives. Capital measures were RAG-rated amber, and all were progressing reasonably well.

The finance director informed the committee that the Pleasley Mill contract has now been signed, so the college can now move some facilities out of Station Park.

This page of the balanced scorecard will remain as presented here into 2024/25.

AGREED:

- to note the content of the updates provided
- to recommend the finance- and estates-related strategic objectives to the Corporation Board as presented.

9 **<u>RISK REPORT</u>**

The clerk presented a detailed report. Current red risks were particularly highlighted:

- The risk register as at the end of 2023/24 was presented for the committee to note.
- The risk register has been fully reviewed for 2024/25. However, the tab showing strategic risk against the balanced scorecard will only be populated once the scorecard has been presented to the board.
- None of the subcontracting risks have been brought across into 2024/25. However, the issue involving ATTFE may need to be added at a later date.
- One risk has been added pertaining to delays in purchasing the former Wilkinsons store in Sutton-in-Ashfield, which will have an impact on the ability to open the new construction centre for the September 2025 intake.
- One other new risk is in relation to high levels of student recruitment and demand for bus passes potentially incurring higher than budgeted costs. However, it has been possible to roll £400k of bursary money into 2024/25. The college has adopted a very efficient process of issuing passes this year and issued more than might be taken up by learners. If a learner does not take up the pass, no further cost will be incurred. At the moment, there is no cost to the college as yet, but there will be a better view in late

October.

- Both of the above risks are red.
- Other red risks for 2024/25 relate to the potential impact of cyberattacks (particularly the fact that this risk increases around the Christmas closedown period) and the new adult skills fund.
- Data in relation to adult delivery within the EMCCA/D2N2 region was presented to the committee alongside the report; however, the finance director informed the committee that the ONS data is inaccurate in terms of which areas fall within D2N2, so this information was not easy to obtain. The college has delivered just short of 60% within EMCCA at this point. However, there has been some debate as to whether or not Leicestershire should fall within this. Leicestershire had historically been told that it should join the East Midlands, but this might change under the current government. If Leicestershire were included, the percentage delivery would be just short of £65%.
- Some of the wider adult delivery borders the High Peaks area, and some learners come from Cheshire. The colleges in Lincolnshire and Staffordshire want a reciprocal relationship with EMCCA, and this is being discussed. The finance director indicated that, if those colleges want the ability to deliver in the EMCCA area, EMCCA providers would want ability to deliver in theirs in turn. The finance director also informed the committee that it would be desirable for the college's percentage of delivery in EMCCA to be higher, albeit this is an improvement on the past position. The challenge will be in terms of what is going to happen next. He indicated that will need to continue to trade in those other areas for some time. He also informed the committee that the out-of-area delivery involves Levels 2 and 3 online learning and maths and English delivered via MS Teams.
- It was possible to give the committee some assurance in terms of the Brewery, in that the level of improvement needed to the building was lower than the planned costs. Furthermore, this building was ready for the start of the academic year, as planned.

One governor questioned whether the change of finance system has been factored into the cybersecurity risk. Governors were assured that, at this point, the existing system has 12 months before it becomes unsupported. One of the reasons for lagging behind in terms of the version used is that the last upgrade to the existing system took nine months of testing to go live, wherein it failed on a monthly basis. This was largely due to the college's level of customisation within the software. Therefore, the preference is now to move away rather than upgrade again. The college would never want to be in a scenario where its finance system was unsupported. One governor questioned whether the system is ringfenced within a college server, and it was confirmed that it is – the risk with the current system is more in terms of functionality and features than security.

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One governor raised a question in relation to the adult delivery, specifically whether the remaining adult delivery (i.e. 40%) would not be achievable in future due to not being in EMCCA's remit. The finance director clarified that the college will have a contract from EMCCA and will seek to maximise this. There are some complexities in terms of the funding that will be added to obtain a final allocation (e.g. learning support) but, in theory, £4m of the £50m which EMCCA will receive will be for WNC (although the college may be able to obtain more). The rest of college's funding will be from the ESFA (or other nominated funding agency) and will have to be used for delivery in areas that are not devolved, such as Staffordshire and Lincolnshire (although Lincolnshire has also applied to have devolvement of funding).

The college keeps working on initiatives to grow its own funding, but it needs to do more.

AGREED: to note the content of the update provided.

10 **BAD DEBT/WRITE-OFFS**

The finance director provided verbal confirmation that there were no bad debt or write-offs to consider.

11 **SUBCONTRACTOR REPORT/UPDATE**

The finance director presented an update in relation to subcontractor performance and proposed the following updates and proposals for 2024/25:

- He reported that some subcontractors show substantial underachievement.
- ATTFE will only deliver around £31k for the college, rather than the original allocation of 110k. The college has identified some issues and, therefore, has imposed a reduction of funding. The programmes are highly valued with an expectation of a significant amount of delivery, but ATTFE was delivering only 25% (in some cases less than 10%) of the planned hours. The finance director has had a robust conversation with ATTFE and explained that the rules state that the learning hours delivered must align with the expectations of the qualification. If a provider really is able to effectively deliver the learning in less time, the funding claim needs to be proportionate to the resources put in. In this case, the provider should adjust the funding itself. Given the low level of activity, the college has had to reconsider the partnership with this provider. The partnership is currently paused, and the college will not issue a contract at this point. If the college had allowed ATTFE to claim the £110k, there would have been a very high risk of this resulting in an audit and impacting on the college, and this has been pointed out to ATTFE. If the relationship does continue, the college will not fund any of the programmes where these

issues have emerged.

One governor questioned the impact on the college of this funding being withdrawn, and the finance director indicated that the college will still meet 100% of its contract, so there is no impact on the college's claim. ATTFE has been paid less as a non-pay cost, but the college's own extra delivery has made up for this reduction. There is also a margin of 20%. The finance director plans to move forward with caution in relation to this matter.

Other key matters of note were:

- Chameleon's delivery was down on what was anticipated, as the rush expected at the end of year did not occur. The finance director will wait to see what their recruitment is like at the start of the year, but it may be necessary to consider reducing this contract. So far, only part of the contract has been issued.
- Qualitrain hit its target, and the finance director is proposing to increase this commitment to enable the provider to have slightly more. This provider is trying to deliver quality provision, and the college has always been pleased with the work and energy put into these programmes. The funding value of the engineering qualification which Qualitrain delivers has dropped by 10%, and the provider has asked whether the college could increase funding to a 17.5% margin to enable this arrangement to remain in place. The finance director would agree to this based on past performance, but it would be necessary to take a longer strategic view on whether this can then be maintained. The alternative would be that Qualitrain may choose to stop delivering this offer, and the college's current preference is to enable this to continue. The principal asked whether this puts the college on dangerous grounds with other subcontractors in terms of equity of relationship. The finance director acquiesced that it could, and the college does need to publish its fees, but this would be justifiable as none of the other subcontractors are having quite the same issue. Any requests will need to be subject to a conversation, but there is always the option to decline if the question is asked.
- Inspire & Achieve is close to its target – the allocation increased for 2024/25 and progress will be monitored.
- The increase in delivery anticipated by White Rose did not arise, and a large number of learners have been removed from funding. White Rose currently owes the college a refund as these learners had been left in the return and not reported as withdrawals. This issue was only established at the end of 2023/24. Given that only 88k was delivered and some issues have been encountered, the college is not going to contract with this provider into 2024/25. It is a concern that the subcontractor was not on top of its data and quality.
- There is potential to work with Nottingham Forest in the

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Community, and this proposed allocation can be made up for out of the reductions discussed previously. This provider engages in sports and maths and English programmes. This will not go ahead with 16-18 at the moment – the plan is to have a more strategic conversation about 16-18 activity for next year. There is still a desire, however, to create a new partnership around the programmes the provider currently operates in a subcontracted arrangement with the Football League. If the partnership moves forward, this delivery will move from the Football League to WNC.

One governor raised a question about the figures within the report, as these suggest that the college's income will be around £40k-£50k down against the budget. The finance director indicated that the scale of college's own delivery will make up for this. He informed the committee that the year always starts with a higher level proposed to give the college the ability to offer worthwhile contract values. Some subcontractor payments will be taken out of the budget, and some other pay costs will need to be reduced to enable the college's own delivery. However, the projected numbers suggest that this will be possible.

One governor asked what percentage of the programme sits with subcontractors: the finance director confirmed that this is currently below 10% but originally would have been around 15%. The governor asked whether this is material in terms of audit, and the finance director indicated that the college can only subcontract a maximum of 25% of activity. The larger the subcontracted delivery, the more likely it will be audited – a sample will be audited by the external auditor, and the size of this sample reflects the level of activity.

AGREED:

- to note the content of the report
- to recommend that the Corporation Board approve an allocation of £125,000 to Nottingham Forest in the Community.
- To recommend that the Corporation Board approve revising the funded rate for Qualitrain to 82.5%, with this to come into effect for any enrolments that occur after October's board meeting.

12 <u>**CAPITAL PROJECTS AND ESTATES REPORT**</u>

The director: IT, estates and learning resources presented a detailed update in relation to estates matters. Key items brought to the committee's attention were:

- The college planned additional space for an extra 400 students for this year. This was achieved by 1st September, so every student had a classroom and workshop to sit in once lessons commenced.
- The Future Tech Centre has reached a major milestone and is now 'out of the ground', which means 95% of the risk is out of the way. There have been significant delays and use of some of the contingency due to issues found below ground (including large

Signed: ___ [signature] _________Chair Date: 26/11/2024 amounts of sand and a large amount of CO_2 and methane). These delays have added nine weeks to the programme. All costs have now been agreed and signed off with the main contractor, so it has now been possible to release money from the contingency, which is now looking very healthy with over £450k remaining. The floors and ceilings are starting to go in.

- The Old Brewery site was purchased for £1.1m – the director promised to bring the works in within one of the capital grants (which had £400k remaining), and this has been achieved. The entire project cost a total of £1.5m, and the building now in place is fit for purpose and will be a core college site going forward. The rebuild cost has since been valued at £11m. 120 staff moved into the building over the summer, and they are happy to be there. The site is convenient for public transport and town centre facilities, and learning has commenced very successfully. The director would like to hold a governors' committee meeting in the boardroom at the site in future, and he invited governors to visit if they can. So far, no negative feedback has been received from staff further to the move.
- The fermentation sheds at the back of the brewery site are in poor condition, and the intention is to demolish these and turn them into parking. Indicative demolition costs are positive and, subject to planning and funding, this will go ahead. This demolition would provide access to another significant internal space, which would enable some of the wet trades to be moved.
- The Pleasley Mill (Mill 3) contract has been signed. This building will be used for endpoint assessment activity for electrical, plumbing and joinery and will provide suitable, cost-effective space for these to take place. This frees up space to carry out desired changes in other buildings. The first part of the sequence will be to move the joinery EPA centre into the Mill (planned for January), which will allow motor vehicle to move to Station Park and, in turn, Oddicroft Lane facilities to undergo works. The chain of events is quite long, and getting the Mill over the line was critical.
- The director and his team have been working through the £6.1m refurbishment budget. This has been quite tightly controlled, and it was necessary to submit a plan when it was first awarded. The college is not allowed to spend any of this money on the Brewery as it is only to be spent on sites which the college owned when bidding for the money. The college has three years to spend this and is about 50% through and on track in terms of spend. This has enabled some positive things to be achieved, having enabled rail developments, the creation of a new science lab, the new kitchen area, and other improvements. This all contributes to upgrading the learning environment, as well as creating space to enable slightly larger group sizes. Works continue and the college has until April 2026 to complete the spend. One item will be a very

Signed: ___ EMlann. __________Chair Date: 26/11/2024 large piece of work at Chesterfield Road: the entire site needs a new roof and windows, and about £1.5m has been ringfenced for this. Other works are also planned.

- The director provided an update in relation to the ground contamination issue at Chesterfield Road. This occurred in 2016, when a diesel tank burst and spilled onto the ground. Zurich was involved at the time as the college's insurer and, although the company carried out remediation, it did not take down the building which the diesel had hit and soaked beneath. It has now been discovered that the diesel has gone into the ground and potentially contaminated the water course underneath. The college has been back in touch with Zurich, which is still the insurance provider, and the next stage is to dig some bore holes to see how deep the problem is. The college will then need to involve the environmental agency to pump the water and carry out a clean-up, and it may also be necessary to remove some of the soil. The director informed the committee that this has not interfered with the building work, but it will mean a loss of a dozen or so parking spaces while the environmental work is ongoing.
- The Debenhams project had to be cancelled due to serious concerns about the electrical subsystems. As every subsystem had been added to over a significant period of time, they were in poor condition and were dangerous. The college tried a reduced approach which involved only using the front of the building, but other problems were discovered involving the escalators and fire systems. This meant that the college was not able to invest further in this site and had to abandon the project. The college has lost around £20k on due diligence and surveys, but the best approach was to let this go.
- The director has arranged with Mansfield District Council for the Community team to visit the town hall to see whether this would be a suitable alternative venue for them. Part of the English for Speakers of Other Languages provision has gone to the Brewery. The college would like to keep a presence in the Four Seasons as to footfall and the flow of people into the store have been beneficial, but the accommodation was only ever meant to be short-term and so a more permanent home for the team is being sought. This might also mean using more community venues around Mansfield and Ashfield as well as the town hall space. The director has been looking into where these might be, and suggestions have been passed on to the team.
- The Wilko project is now approaching six months since the college was ready to purchase the building. Ashfield District Council wants to purchase it, but this has still not moved forward. The college is working with the council to get this over the line – the main obstacle has been legal hold-ups. A series of works is needed, and many of these works need planning permission. Due diligence has been completed and the college has been able to go into the

Signed: ___ ___________Chair Date: 26/11/2024 building to carry out non-destructive tasks. Change of use has also been secured to enable the site to be used for education. However, the director is now concerned that this will need to progress very quickly if he is going to be able to have the site ready and open for students by September 2025.

- The owners of Albert Martin (Kirkby Road) issued a break clause at the start of summer, and the college had to move out of its rented unit with very little notice. The affected students were moved into the brewery temporarily, and some work was carried out on the alternative Albert Martin unit to get the students back in. Sadly, the building the college had to vacate is now sitting vacant as the replacement tenant pulled out.
- There was not a lot of movement to report in relation to the civils site, but there is a great opportunity for learners to work near people who deal with heavy vehicles. The downside is that it is anticipated that the building works required to enable this will not be complete until 2025, which does not fit with the college's preferred order of movement in terms of shifting around the curriculum between the sites. Nonetheless, the director was certain that he will be able to work around this.

The chair congratulated the director on the amount of work completed at the brewery.

In response to a suggestion from the committee, the finance director indicated that the college did make an offer on the former Wilko store in Mansfield, to include the adjoining former nightclub. This would have been used as a motor vehicle site and would have been instead of the brewery purchase. However, this was not prioritised by the council and so did not move forward. It would have been a good acquisition, but a site of this size is not required now that the college has the brewery.

One governor asked whether the project relating to the former Sutton-in-Ashfield store has been announced too soon, considering the delays. However, the committee was assured that the site will proceed. Draft contracts are now being circulated, and it is hoped that this is very close to fruition.

AGREED:

- to note the content of the update provided.

13 **PROJECTS UPDATE**

The principal provided a verbal update on the Automated Distribution and Manufacturing Centre project. He explained that this is a £30m project funded through the Ashfield Towns Fund. Alongside the college, partners include the council, NTU and some employers with the aim of encouraging and supporting SMEs to invest well in automation technology in order for them to become productive and profitable and provide more employment

Signed: ___ [signature] _________Chair Date: 26/11/2024 opportunities for local people. The planning application has been submitted and a network is being created, so the centre should open in spring 2026. The college's involvement is minor, but the centre will offer placements and other opportunities to its students.

The finance director provided a brief update in relation to the heat pump academy in partnership with Bolsover District Council, advising that a partnership was also established with Daikin over the summer. Daikin has provided some equipment for students to use. These are both very positive partnerships.

The finance director also informed governors that the Local Skills Improvement Fund is partway through. Furthermore, the college is currently submitting a bid to EMCCA – this will be linked to the ADMC and added to the Gene Haas funding.

The college has secured an additional grant from the ESFA for apprenticeships in machining. This should bring in between £150k and £180k which, again, will be put towards the Gene Haas funding.

The college has recently helped the local authority to deliver a bid for the Level 4 town planning qualification, and this will go into the EMCCA bidding round. NTU has now taken this on, which is appropriate. It is hoped that this will enable around 15 new planning employees to be trained per year to service the EMCCA region.

In partnership with Futures, NTU and Inspire, the college is taking the lead on delivering a UKSPF project for Mansfield District Council which involves community delivery and making construction qualifications more accessible.

AGREED: to note the content of the update provided.

14 **<u>EXPENSES 2023/24</u>**

The clerk to the Corporation presented the expenses report and drew governors' attention to some additional claims which had not pulled through to the Finance team's spreadsheet. It was observed that two members of the Executive team and eighteen individuals who were members of the Corporation Board during academic year 2023/24 had not claimed any expenses within that year.

One governor challenged that the value of one governor's expenses claims stands out from the others. The finance director indicated that it was agreed as part of the appointment that this governor would be able to claim to attend the strategy day in June 2024 and the Corporation Board in July 2024 but that, moving forward, the governor would try to time work commitments in the local area with college meetings and, therefore, will not need to claim for future travel. A caveat to this would that a

Signed: ___ EMlann. _________Chair Date: 26/11/2024 conversation might be needed if the college specifically asked the governor to attend in person (e.g. in the case of strategy days, which currently do not offer the option to attend remotely) but he was unable to arrange to be in the area for work. In this case, the clerk would have a conversation with the chair of the Corporation Board as well as the principal and/or the finance director to decide how to move forward.

It was explained that, although governors are subject to the same expenses policy as staff, they only tend to claim for longer journeys and when they have been asked to attend a number of in-person events at the college in a short space of time, as was the case with the claim put through on behalf of the Corporation Board chair.

AGREED: to note the content of the update provided.

15 **ANY OTHER BUSINESS**

The finance director drew the committee's attention to an updated report pertaining to the procurement of a new finance system for the college.

Since initially bringing the paper, the college has tried to have a conversation with Advanced, but the relationship is not currently strong. There have been a lot of issues with the existing finance system, including recently having to dial it back by a day due to a problem. The college is also experiencing issues with time lag. The college has tried to engage the provider, but it is felt that Advanced has already written the college off as a customer as the company will not engage to the level required. Other suppliers have provided a lot more detail in response to the college's requests.

One governor raised the question of whether having a Cloud-based system rather than one which is server-based will bring further risk as it is not in the control of the college's IT team. The finance director and director: IT, estates and learning resources advised that the advantage of a Cloud-based system is that there will be continuous and seamless development of the product without requiring an upgrade, which means that the testing has already been handled by the provider in the background. Microsoft 365 customers have not experienced any issues. The risk of placing the system in the Cloud is that it is not ringfenced within the college's server, but Microsoft is probably one of the best providers with which to have a Cloud-based system due to the securities the organisation has in place. There has been no recent down-time for this system, and the finance director has not been able to find any evidence of unplanned down-time. This is not to say that it will definitely not happen, but it is a good sign that it has not happened so far. The college's view is that the Microsoft product is one of the strongest with which to move forward, and it also offers the highest level of artificial intelligence without having to have this as an add-on.

Signed: ___ EMMann. _________Chair Date: 26/11/2024

	One governor questioned whether there is an idea of the functional cost of the transition in terms of upskilling. The directors were able to confirm that the quotes in place go into the detail of this. Furthermore, there is a lot of training and development available in relation to every element of the Microsoft product. One governor asked that the risks of the change be considered and that these be written into the report or presented as a standalone risk register prior to this matter going to the board. First risk will be in relation to the Cloud-based server. The other risk is around the implementation – doing this at the start of the year brings a risk in itself. The finance director indicated that the college has a choice in relation to the go-live date and can postpone this, but the risk with this is that support from the current provider will eventually stop. The paper for the board will indicate that there will be a specific project risk register, and the finance risk register will highlight the key risks. Once the college has approval, Moore Insight will be brought onto site to hold further conversations. AGREED: to recommend that the Corporation Board approve the purchase of Microsoft Dynamics 365 Business Central as the college's new finance system from Moore Insight at an initial cost of £201,000 and with ongoing costs of £25,000 per annum after year 1, subject to assurance in relation to the risks and a separate project risk register.	FD	Jan 2025
16	**<u>DATE AND TIME OF NEXT MEETING</u>** This was proposed as Tuesday 26th November 2024 at 18:00, preceded by the joint meeting with the Audit Committee at 17:00. It was agreed that confidential items would be noted separately. Meeting closed at 19:20.		

Signed: ___ EMlann. __________Chair Date: 26/11/2024