

Minutes of the meeting of the Finance and Estates Committee held via MS Teams on Tuesday 28th January 2025 at 17:00

GOVERNORS Edward Rawson, Chair
PRESENT: Paul Wheeler
Andrew Cropley, Principal and Chief Executive Officer
Kudzai Muzangaza

ALSO IN Jon Fearon, Finance Director
ATTENDANCE: Gavin Peake, Director: IT, Estates and Learning Resources
Eloise Hopkinson, Head of Governance

- | | | 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>
There were no apologies for absence, with all members of the committee present. | | |
| 3 | <u>MINUTES OF THE MEETING HELD ON 26TH NOVEMBER 2024</u>
The minutes were reviewed and it was agreed that they were an accurate record of discussions.

One governor observed that the 'million' indicator was missing from the EBITDA figure on page 1. This was updated within the master copy of the notes shortly after the meeting.

AGREED:
<ul style="list-style-type: none"> to approve the minutes of the meeting held on 26th November 2024
There were no matters arising. | | |
| 4 | <u>ACTION PROGRESS REPORT</u>
The committee members were happy to note the content of the update provided. | | |

Signed: Edward Rawson Chair

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DECEMBER 2024 MANAGEMENT ACCOUNTS

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

- Overall income was described quite positively.
- It was expected that in-year growth would be confirmed by 14th February. It has been confirmed that the methodology used will be the same, so the assumptions within the budget should be correct and it will just be a case of confirming the numbers. The finance director applied an element of prudence within the budget and expected that the actual funding would be higher, but he did not wish to jump to conclusions before the facts were confirmed.
- Apprenticeships have started to slow down. Activity in December slowed more than was anticipated, particularly in relation to adult skills fund delivery. December can be a difficult month for revenue generation, often due to timing of enrolments, and the finance director hoped and expected that some catching up would take place in January to improve the data and maintain the income position.
- Pay costs continued to be over budget. However, the finance director indicated that he had sought to frontload the pay contingency and 85% of a 700k budgeted saving had been achieved. Provided the college does not continue to put too many additional posts into the budget, the variance will not be so high in future. Managers are applying pressure to agree extra roles, but the finance director is not willing to relent until he has received confirmation of the funding.
- The government has announced that £50m will be available to colleges only, and this will be paid in the period from April to July 2025. The finance director expected that this would be in the form of an additional allocation to the college of £260k. Nonetheless, before further pay increases can be confirmed, the finance director indicated that it is necessary to take into account that the point of this grant is to improve teachers' pay and align it more closely with pay in schools. This money is not intended as a way to boost pay for non-teaching posts. This has been highlighted to the unions.
- It does not look as though the long-term funding boost will be as large as the short-term but, once all the details are available, it should be possible to make proposals in respect of pay.
- Temporary costs are a little out of step, but savings within teaching posts offset this. The 'Vision Talent Solutions' model with Protocol is broadly working well, but it has not been possible for this arrangement to fulfil every role.
- The college was on track to achieve its EBITDA target of £1.9m for the year.

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A question raised by one governor was at what point holding back on staff recruitment would start to impact on students. The finance director clarified that some priority roles have been put in place, and the roles being held back are largely support roles such as additional learning support (ALS) and safeguarding. The challenge has been that the college recruited more learners in 2024/25, and some funding (e.g. based on whether or not learners have maths and English and whether they come from more deprived areas) will not be paid to the college until the next academic year. When that funding allocation is received, the deprivation funding will be specifically identified and used to enable more support roles to be put in place from that point. The finance director assured governors that there is a good-sized team which can provide an appropriate level of support. Nonetheless, it would be useful to be able to provide further staffing at sites where students are more in need of further support, such as the Old Brewery. He indicated that it could be possible to put these roles in place in from around May, but there is too much uncertainty at the moment to commit to this and still ensure that the college performs adequately. The finance director provided further assurance that, where it is essential, the level of staffing in place meets the need.

The finance director and principal indicated that in-depth conversations take place at the weekly Executive team meetings, and priorities are discussed alongside financial considerations. It is a challenge, but colleagues are working hard together to make the right decisions. Senior leaders are holding back on non-essential but desirable posts, where it is known that now is not the right time to push to fill them.

AGREED: to note the content of the update provided

6 **RISK REPORT**

The head of governance presented her update. She informed governors of the following changes to finance and estates-related risks which have taken place since the previous committee meeting:

- One new risk has been added. This is in relation to the reduction in the employer's National Insurance contribution threshold to £5k and an increase in the rate to 15%. The college does not yet have an idea of how much of this will be covered by an increase in funding. Governors were also made aware that this risk falls outside of the review periods set for other red risks as it will not be possible to update or mitigate it until the government has provided confirmation in relation to the funding. This is outside of the college's control.
- General updates have been carried out to some risks, reflecting the changing picture in relation to consequences, further actions taken, and risk mitigation. It was pointed out that the risk in relation to the website is potentially increasing, but the tender for

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this work will soon go live.

- Three risks have been removed since the previous committee meeting as they were defunct or were no longer an issue for the college. These pertained to short lead times and a lack of available contractors; the extent National Minimum Wage increase not being known; and the potential risk of the Brewery purchase resulting in a breach of the college's banking covenant. Governors were reminded that the NMW increase was costed into the most recent pay award; furthermore, the purchase of the Old Brewery site and subsequent works all remained within cost and student growth was secured as predicted.
- No formerly green or amber risks had progressed to a red RAG-rating. Neither had any previously red risks been downgraded to a lower RAG-rating.

One governor pointed out that there has been a shift in relation to subcontracting, and he asked whether there was sufficient confidence in relation to this and whether the risk needs to be reconsidered within this review. The finance director indicated that he would provide governors with a full explanation of the position in terms of subcontracting within the next agenda item.

AGREED: to note the content of the update provided.

7

SUBCONTRACTING UPDATE

The finance director presented his report, informing governors that some organisations' promised activity has not come to fruition. However, the college seems to have increasing capacity to deliver itself and, therefore, could drop some of the subcontracted activity. He assured governors that the college would not lose funding but was seeking to maximise the 10% overperformance, which would be lost if subcontracting were reduced. He indicated that this was not currently having an impact, but it was critical to indicate to subcontractors that allocations need to be reduced where appropriate and that they would not then be allowed to have increased activity later in the year. The difficulty in some cases is that subcontractors are prioritising partnerships with other parties.

The finance director made the following proposals in respect of allocations:

- Chameleon – to reduce funding to £150k and possibly consider not funding this subcontractor next year, which may lead to a conversation about the ongoing partnership. If Chameleon were to commit to a level of activity within EMCCA, it would need to deliver on this commitment.
- Qualitrain – to remain unchanged. To an extent, this subcontractor is reliant on recruitment by key employers, and there may be a level of underperformance linked to this.

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- Inspire and Achieve Foundation – proposed to increase adult activity to £280k and 16-18 activity to £165k. This provider has shown some really strong activity and performed well at the start of the year. There have been discussions in relation to funding activity across the whole of Nottinghamshire. This provider has been restricted to Mansfield and Ashfield in the past due to quality concerns but, if this increased allocation were approved, there would be a commitment to activity in Newark, Worksop and the city of Nottingham as well. Delivery in Ashfield is starting to grow, following a weaker start. There is also a possibility to have a smaller programme in Derbyshire later in the year. The finance director assured governors that historic quality concerns with this subcontractor have been resolved. The committee members were comfortable in approving this increased allocation.
- Nottingham Forest in the Community – approval of the course is being finalised to enable activity to commence. Meetings are scheduled to look at where this activity might take place, and the provider has some creative ideas about how to engage with people and communities.
- White Rose is currently on hold pending a review of performance to identify whether this contract will continue.
- ATTFE – no change proposed. Conversations are taking place in relation to strategies for this provider to access funding under the East Midlands Combined County Authority. Should this be possible, ATTFE may not want to be funded by WNC at all moving forward. The provider currently has both grant-funded and procured contracts, plus the subcontract with the college. Should it become possible to roll all of the activity into grant-aided funding, ATTFE would not need to work with the college and would be directly funded by EMCCA.

In general discussion, the finance director indicated that EMCCA wants to ensure third sector providers have a route to funding. Therefore, the college is aiming to have a conversation with the combined authority to encourage the growth of third sector providers to be subcontractors or work in partnership with others, and there is a desire to push for growth in the college's funding to support this.

The finance director explained that Chameleon is the biggest risk, which has been tackled by reducing funding. Chameleon recruits quite high-value learners, and the college has carried out some investigation to ensure activity is at the level claimed.

One governor indicated that he was still a little unclear about how the model with EMCCA will work. He indicated that it sounds complicated considering that there are so many different routes and decisions to be made. He asked how big the risk is that EMCCA could decide to do things differently. In response, the finance director confirmed that a meeting had

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been scheduled for February wherein the discussions about the college's grant allocation would commence. He suggested that EMCCA would come with an initial offer, and the college would then seek to negotiate an increase. There will need to be some debate and flexibility. EMCCA has an allocation of £40m for grant-funded providers and £10m for procured. The college falls into the grant-aided category, and the desire is to secure a larger allocation to feed into some areas of growth, whether this is the third sector or priority growth areas. Some procured providers may lose the right to deliver in Nottinghamshire and Derbyshire at all, and which may in turn impact local companies. It was observed that, within the risk register, the risk pertaining to the new adult skills fund effectively covers all of this.

The principal indicated that there will be a lot of work for everyone over the next few months. All providers have concerns about the decision-making processes, and all are trying hard to get into the right position. The EMCCA adult skills lead was scheduled to attend the college's governors' development session on 30th January, and the principal suggested that it would be good to use this as an opportunity to raise these questions and to give EMCCA assurance that it is right to put faith in the college. The college is doing all it can to strengthen its position, but one major concern would be if a large national provider were given a lot of money to deliver in the college's local area, as this would detract from the college's own delivery and reach. It will be key to put a positive steer on how far the college has come in respect of meeting local need and building partnerships.

AGREED:

- to note the content of the report and the update provided
- to note the potential for subcontracting to increase if the East Midlands Combined County Authority should support the college acting as a lead funder for the third sector
- to recommend that the Corporation Board approve an increased allocation to Inspire and Achieve Foundation of £280k for adult education and £165k for 16-18.

8 **CAPITAL PROJECTS AND ESTATES REPORT**

The director: IT, estates and learning resources presented a detailed update in relation to estates matters. Particular points discussed within the committee meeting were as follows:

Chesterfield Road

- The main building work was delayed by around 10 days due to bad weather in early January. However, it was possible to complete some work and start the first fix in the building, and it is anticipated that around five days of this will be regained. Therefore, the project may overrun by five days, but this is not too much of a concern.

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- Good progress is being made. There is now a stairwell, and walls and windows are being put in place now that the temperature has raised above zero.
- The land contamination firm has completed the initial testing and confirmed that there is some soil contamination. As soon as the report is ready, the college will proceed and remove this soil in the areas suggested. Some contingency has been aside to deal with this. However, there be a more complicated and longer-term issue with the groundwater. The firm will test the groundwater in February and will report on this in March. The college will then need to go back to the planners. This is a risk as one of the planning conditions was that there should be no ground contamination at the point at which the building opens. The issue mostly falls under what will be the car park at the furthest point from the building, and there is a chance that the college will still be pumping the groundwater out. Therefore, a conversation will be necessary, but the director is waiting until he has the report so that he can provide more information about the extent of the issue and the actions to be taken.

Old Brewery

- Confirmation has not yet been received as to whether the college is able to demolish the old fermenting sheds at the Old Brewery. Mansfield District Council has asked for another week to provide a response. However, no comments or complaints have been received about the potential demolition as yet, so the director does not anticipate any problems. He hopes that demolition of the buildings will commence in February. The roof of the former grain silo will then be removed and the old steel grain silos lifted away by crane, opening up this area to develop in future. As all the brickwork will be flattened and reused, it will be possible to use this part of the site for parking, which will reduce parking charges almost immediately.

Pleasley Mill

- The principal and director have visited the site. The curriculum handover happened a few weeks ago, and the first endpoint assessments (EPAs) have taken place. This was described as a great addition to the college's portfolio, and one which provides a significant amount of additional space. Furthermore, requests have been received from other local colleges who would like to hire this space to also use for their EPAs.

Station Park

- Developments are on track. The first phase of the relocation of motor vehicle curriculum will be taking place very soon, with the second phase following over the summer.

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Governors agreed that this was a positive update, and the college appears to be in a good position.

AGREED: to note the content of the update provided

9 **SUSTAINABILITY – SOLAR PROPOSAL UPDATE AND DETAIL**

The director: IT, estates and learning resources presented the update, focusing particularly on the following points:

- There are two purchase options, direct purchase (DP) or a power purchase agreement (PPA). The former requires an upfront capital cost, whereas the latter has no capital cost but offers a lower saving over time.
- Companies offering a DP model all use the same tool to work out roof space and estimate potential outputs, so the costs do not tend to vary. It is only in the PPA models where differentiation is seen from company to company. A DP option would only be of interest to the college because there is potential to use grant-funded money to make this purchase.
- The Salix bid has been submitted and confirmation received that the college has met all the criteria to not be instantly rejected. Salix is now going through the process of comparing WNC's bid and the energy savings against other bids in order to make a decision.
- Either model will generate savings for the college, and the director expressed the belief that a 20-year lifespan for the solar panels would be an underestimation.

In response to a question from one governor, the director confirmed that the college would not be forced to proceed with the Salix grant even if the bid were successful, but this option would provide the best returns. The bulk of it would be to replace the gas boilers at Derby Road, but it would also enable the college to also carry out lots of smaller energy-saving works to contribute to the college's objective to achieve net zero. He explained that the college's contribution to this would be money which the college was going to spend anyway and which has been allocated against the £6.1m refurbishment fund.

One governor asked what the timeline is on the Salix grant application and the subsequent receipt of funding. The director indicated that dates had not been confirmed, but Salix's aim is to distribute the money in April; therefore, it can be anticipated that the decision will be made by the end of March.

The finance director advised that another option discussed, if the grant were to prove successful, is that the college could still use the funding from Total Energies as match funding. This would provide resource to be used elsewhere. The Salix bid may downsize the solar ask, which is another thing to be considered, the challenge is that the bid will be oversubscribed. The director: IT, estates and learning resources indicated

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that the turnaround for the bid has been very tight, and he believes that is it is an 'all or nothing' allocation, although this has not been confirmed. He also indicated that it would not be possible for the college to replace the Derby Road boilers piecemeal, if the grant funding were split and the college received a smaller allocation.

At a request for clarity from one governor, the finance director advised that, if the college moved forward with the power purchase deal with Total Energies, the investment made in the site by that company could be used as match funding. If the college is successful in receiving the Salix grant, this will present additional options. The Total Energies model also provides solar power to other sites, whereas the Salix bid is just about Derby Road.

At a question from the committee, it was confirmed that the college looked at other providers for the PPA, but some providers were looking for a retail price index increase each year, plus a higher starting price, whereas Total Energies has offered a fixed increase of 2% per year for 20 years. Governors were assured that, if the college were to pursue a power purchase/hire purchase model, this would go through a tender process.

One risk of pursuing the PPA would be that the college would be liable for the cost of removing the solar panels should this become necessary during the term of the contract. However, this would also be the case if college opted for direct purchase. This is one reason to be careful in respect of which roof the college puts the panels on (i.e. to not use buildings which it is known will require soon refurbishment or repair works).

On the basis that the Salix bid is not guaranteed, the director: IT, estates and learning resources has sized up the Total Energies offer in two locations (ground and roof). Total Energies has confirmed that, if the panels needed to be temporarily removed, the agreement would be extended by the amount of time for which they were not operational. At the end of the contract, Total Energies will either remove the panels at its own cost or gift them to the college to be left in situ for a longer time period (but removal then becomes the college's expense). The college would make a calculation at this point to inform the decision: if generation were good and worth the cost of removal, the panels would be retained. Another option would be to undertake an extension to the agreement wherein Total Energies would retain the liability for the removal.

Another point of clarity was given in that the current electricity price to offered by Total Energies is £0.10 per kilowatt. At the end of the 20-year agreement, the inflationary index would take this to £0.15 per kilowatt. This is an exceptionally low price for a unit of electricity. The college is currently paying £0.19 per unit.

It was further clarified that the leasing option is no longer being pursued,

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and the directors would not be in a position to make a definite recommendation to governors until the outcome of the Salix bid is known. The intent of this report was to show that the power purchase agreement offered is a good deal and to provide context and information in preparation for approval being sought at a later date. This would need to be a board decision due to the value of the work and the contract involved.

If the Salix bid were successful, the Total Energies proposal would not be necessary. Alternatively, there may be an option for a smaller power purchase agreement at a value of no more than around £200k-£300k. However, the risk is that this would not be of a sufficient scale for Total Energies to want to go ahead.

AGREED: to note the content of the update provided.

10

ANNUAL REPORT FROM THE DPO SERVICE

The director: IT, estates and learning resources presented his detailed report, informing governors of the following key points:

- The college uses an external firm for data protection – this service is provided during business hours.
- The service includes an expert who visits college sites and works with managers, offers individual training, etc.
- Last year, the college achieved the first steps towards where it wants to be and signed up to a demanding set of targets to move forward even further. The data protection officer (DPO) has informed the director that perfection should not be expected for the first few years, and the college will need to chip away at this gradually.
- The number of data breaches has increased, but this is viewed as a positive thing as it shows that the organisation overall is better at complying, and people are now confident enough to come forward and own up when they have made a mistake.
- All but two instances of 29 recorded data breaches in 2024 were at the very lowest possible level, which was someone not correctly using the 'blind courtesy copy' bar when sending an email, thereby sharing email addresses with other recipients. This is not reportable to the Information Commissioner's Office (ICO).
- Although instances of human error will always occur, staff are clearly thinking more about what they need to do before sending information. Where something does go wrong, this is always investigated and training is provided.

One governor asked whether this needs to be added to the mitigation against the cybersecurity and website risks. Clarity was given that this matter relates to GDPR requirements, e.g. how the college stores and transfers data, and so is separate from these risks.

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Processes in place in terms of requests around individuals' rights to be forgotten and individuals' rights to their own information are now very effective, and these requests are now resolved in a matter of days.

The director informed governors that the college has now signed up to a very demanding standard, but the aim is still to be three-quarters of the way towards achieving this by the end of 2025. Some of this will be about ensuring policies are embedded and understood by every staff member who handles data. The steer for staff is that data needs to stay within the college's data systems and, when moving data, strict procedures must be followed.

The risks relating to the website and cybersecurity are more concerned with external people trying to access college's data from outside via cyber attackers. The director indicated that the college does come under attack fairly frequently, but the attackers seem to give up and stop after a while which suggests they may just be using the college for 'practice'. Universities have been paying out against ransom attacks for some time, and the government is trying to clamp down on this happening within the public sector. It may be that, as the college previously offered HE courses, some attackers mistake it for a university.

One governor asked whether the college reports how quickly data breaches are reported and whether there is an internal policy of how quickly this must be done. It was confirmed that there is a policy which indicates a reporting timeframe, and this is met. When things go wrong, staff are good at responding very rapidly.

One governor asked whether this was concerned with student activity as well. The director clarified that students only have access to their own data, and giving this away would not trigger against any DPO policy. Systems are locked down and even staff from one department cannot see the data pertaining to another, so there is no way students could access anything which they should not be permitted to view. However, what it does involve are when students request their own information from the college. These requests come in about once a month and are actioned quickly.

AGREED: to note the content of the update provided

11 **ANNUAL REVIEW OF STANDING ORDERS**

The head of governance presented the annual review of Standing Orders, indicating that this had been delayed by the need to update the Instrument and Articles of Government. Governors were informed that the proposed changes are largely administrative.

Members of the Instrument & Articles review group felt that it would be beneficial to include guidance to state that cameras must be switched on

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during Teams meetings, at least when initially joining a meeting. The head of governance suggested that Standing Order 15 could be updated to this effect, but she suggested that it could be considered be more appropriate to write a separate policy to cover etiquette relating to attendance via Teams. The committee members were invited to provide their opinions in relation to this, and it was agreed that the proposal to have a separate guide or policy made sense.

The head of governance indicated that the reference to Vision Business Support Services staff had been removed from Annex 1 of the Standing Orders, further to advice from the college's governance/legal advisor that employees of the subsidiary company were not eligible to sit on the college's Corporation Board as it would not be appropriate for a VBSS employee to act as a college staff governor.

There was general discussion about this advice, and the principal particularly indicated that it was concerning as the number of WNC contracted support staff would only decrease over time. The head of governance indicated that this would not be of concern for some years, and she indicated that she would obtain further advice at a later date in case the guidance had changed.

Under the 'board composition and membership' section, one governor observed that the number of student members had been adjusted from 'up to three' positions to a fixed number of 'two'. He questioned why this was the case, suggesting that having a fixed number offered less flexibility. The head of governance advised that this was changed to match the Instrument and Articles of Government on this occasion, which stipulated a fixed number of student governor positions, but she agreed that this could be updated at the next review of both documents to make it more flexible in future.

Governors were happy to recommend the document as presented for Corporation Board approval, on the basis that the two actions above be picked up by the head of governance at the appropriate time.

AGREED: to recommend that the Corporation Board approve the updated Standing Orders as presented.

12 **ANY OTHER BUSINESS**

There were no items of additional business.

13 **DATE AND TIME OF NEXT MEETING**

This was proposed as Thursday 3rd April 2025 at 17:00.

It was agreed that confidential matters would be covered separately.

Gavin Peake left the meeting at 18:45.

Head of
Gov.

2026/27

Head of
Gov.

Oct 2025

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The meeting closed at 19:00.

Signed: EDM Chair

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