

***Minutes of the meeting of the Finance and Estates Committee held via MS Teams on Thursday
3rd April 2025 at 17:00***

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

ALSO IN ATTENDANCE: Jon Fearon, Finance Director
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> Apologies for absence were received from Kudzai Muzangaza. (Paul Wheeler left the meeting.)		
3	<u>APPOINTMENT OF THE COMMITTEE VICE-CHAIR</u> The head of governance explained that the board's intent is for each committee to have a vice-chair, both to aid progression and to ensure chairs have a deputy in the event that they need to be absent from a meeting. Paul Wheeler has expressed an interest in being the Finance and Estates Committee's vice-chair, and this has been seconded. Therefore, governors were asked to vote on this appointment. AGREED: to approve Paul Wheeler as vice-chair of the Finance & Estates Committee. (Paul Wheeler re-joined the meeting.)		
4	<u>MINUTES OF THE MEETING HELD ON 28TH JANUARY 2025</u> The minutes were reviewed and it was agreed that they were an accurate		

Signed: Edward Rawson Chair

Date: 02/07/2025

record of discussions.

AGREED: to approve the minutes of the meeting held on 28th January 2025

There were no matters arising.

5 **ACTION PROGRESS REPORT**

One governor requested an understanding of how frequently the risk register pertaining to the new finance system would be reviewed, and he asked whether the committee would need additional oversight of this, even if this had to be provided outside of meetings. The finance director explained that the project leads from Moore Insight would be providing an update in time for July's meeting, but the risk register would be shared prior to then. The vice chair indicated that the committee mainly needed to have assurance that the risk register was being monitored closely by the senior team, and that the committee itself did not necessarily need to monitor this.

The finance director informed the committee that the new finance system would 'go live' on 1st June, to allow contingency time prior to the start of the academic year in case of delays. There would be a full data transfer into the new system.

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

6 **FEBRUARY 2025 MANAGEMENT ACCOUNTS**

The finance director presented the management accounts for February 2025, focusing on the following key points:

- The most substantive occurrence since the previous committee meeting was that the decision had been made in relation to 16-18 funding. Having been given a tool to calculate how much funding colleges would receive, the whole sector was of the belief that the methodology and formula had decided. However, in preparation for the spring budget, the Department for Education made the decision to fund only two thirds of each college's entitlement, which reduced the college's income by 450k in-year.
- There have been some discussions about the risk that growth might not be funded, but the impression was given that it would be, so this latest development was disappointing.
- The forecast outturn has reduced; however, as the college took a prudent approach, the impact will be around £110k, which is lower than it might have been. This has been further mitigated by some extra income in areas where funding has increased in-year, such as in relation to free college meals. Nonetheless, the impact on delivering education is closer to £220k lost from revenue.
- A prudent view has also been taken in terms of adult skills as the

Signed: EDM Chair

Date: 02/07/2025

college is now unlikely to maximise this due to a slowdown. This is currently ahead of budget, but the finance director feels that it will now begin to fall. Although the college will still be ahead of forecast, this will not be by a large margin.

- Apprenticeships are doing quite well and are ahead, but the opinion is that this will also even out and the margin will reduce. These are small variances, and £4m of the contract value has already been secured for next year, if apprentices stay in learning. However, there is still some uncertainty around recruitment, and there the impact of the National Minimum Wage and National Insurance increases must be considered. Recruitment of apprentices may not accelerate as it usually does at the start of the new academic year. The college will still perform well next year, as long as there are no layoffs of apprentices. There is currently no sign that this could be likely, but the college must stay live to this possibility.
- The forecast for tuition fees has reduced due to a lower uptake of Access to HE provision.

The vice chair referred to the matter of only receiving two thirds of funding. He acknowledged that, next year, the college will receive the full value for the number of students recruited, but he requested clarity that the in-year growth funding has been written off and will not be paid at a later date. The finance director confirmed this was the case. Although he had applied a prudent approach, the receipt of in-year funding was still an expectation, and it was a surprise to hear that it would not be paid. This has had repercussions across the sector, with some colleges now deciding that they cannot support growth. Governors were assured that this was not within the college's vision, and WNC does intend to continue to grow. It was observed that the local demographics leave little choice: even if applications were closed now, it is probable that the college has already secured growth of around 300 young people. The finance director indicated that the general feeling is that the Department for Education has put everything on the table for 2025/26 and colleges will be unlikely to receive in-year growth funding next year either. He will work on this assumption, and the focus will need to be on ways to self-fund growth.

The vice chair asked whether the college would be allowed to accept income from employers to share some of the cost. For example, if the college's ability to undertake certain activity would be of benefit to employers, could the college accept payment from employers to support this? The principal indicated that the college is not able to charge for 16-18 provision, but there could be scope to drive extra revenue from other sources. However, it is necessary to maintain reasonable expectations. The finance director suggested that this could be looked at as a donation strategy, although it may take some time to ramp this up to a level where it would have an impact. Some donations received could even be in the

Signed: EDM Chair

Date: 02/07/2025

form of time – e.g. guest speakers and industry delivery, which would help to make the courses more fit for purpose and promote readiness for employment.

At the date of the meeting, the finance director was waiting to find out whether some of the EMCCA-funded learners could be counted as learners in 2025/26 so that the college would be paid for them in 2026/27, (e.g. receiving money in-year above the DfE allocation). This could enable other resource to be put in place to support with employability and work-readiness. The college also wishes to bid to a centre of excellence for construction. This led to a discussion point that the college does train a lot of young people in construction, but many do not end up working in the industry. The key focus would be to get the young people into the industry for which they have trained. However, the finance director went back to the point that there is still a lack of clarity around the EMCCA funding, and it is difficult to make an assumption at this time as the instructions and directions are ever-changing.

The finance director continued with the remainder of his update:

- Pay costs in the period were closer to budget, following pay contingencies having been focused at the start of the year.
- Over £100k of temporary staff costs related to recruitment agencies. The college has moved more towards appointing permanent staff, particularly in construction and engineering, but this does mean handing out a large payment in the beginning.
- The other change reflected pertained to National Insurance increases and the impact of the National Minimum Wage being more than anticipated. The finance director indicated that the college did not yet have certainty of how the National Insurance support or the additional pay funding would be calculated; accordingly, there were some assumptions within the budget.
- The prudent EBITDA forecast was £1.6m, and the finance director particularly highlighted for governors the risk that the college was not going to meet its original forecast of an EBITDA of £1.9m. He explained that this meant that the college would need to limit the amount of capital expenditure in-year.
- The college was expecting an announcement from the DfE about additional capital funding. Indirect notification has been received in the form of a published table of allocations, and this indicates that the college has been awarded one of the top 15 allocations in the country. This is due to the college's significant delivery in construction and engineering, which are areas of bias for this allocation. The college will receive £2.86m in the summer, which it will have until 2028 to spend. In addition, further funding will follow based on the surveyed condition of the college, which will hopefully take place soon. It has been possible to use capital funding to support some maintenance work, and this additional

Signed: EMMam _____ Chair

Date: 02/07/2025

funding might also enable some of the potential self-funding to be put through as capital.

Referring to the college's financial health reconciliation, one governor asked what the indicative scores would be if the college met all of its targets and whether this would safeguard its financial health from potentially slipping into 'requires Improvement.' The finance director indicated that the college would be very much on the edge of slipping from 'good'. Realistically, with a 1.6m EBITDA, the college will drop down one indicator in relation to performance. This would result in a score of 190, which would still be 'good'. However, the danger is that the college could slip to 170 at the end of the year due to other factors. The finance director explained that it was difficult to predict at the present time. Nonetheless, setting an EBITDA of £2m would aid in recovery next financial year.

In response to the vice chair querying what the next actions should be, the finance director indicated that he has spoken to the DfE about this, and the department is aware that the scenario is very much of its making. Therefore, there would not be immediate punitive action. Colleges are only put on improvement plans because they need support in managing their cashflow, and WNC is not in this position. However, it would be sensible to ensure that sufficient liquidity and performance is maintained in order to remain 'good', even if the score were at the very bottom of that category. The issue with allowing cash to deteriorate too far is that this reduces a college's ability to absorb any surprises or shocks, risking a need to approach the government for help. It would be at this point that a college's solvency would need to be managed by the DfE.

The vice chair questioned the fact that cashflow still reflects above the £2m line, but the paper refers to the covenant position now being £1m. The finance director confirmed that, in February and March, the covenant requirement is £1m. Outside of those months, this reverts to £2m. At a further question from the vice chair, the finance director confirmed that the capital grant referred to previously and the Salix grant are not included within this cashflow forecast. The latter could potentially be paid in arrears, but the £2.8m for capital will be paid in a block in the summer. Furthermore, at the date of the meeting, the college was negotiating with Mansfield District Council in relation to a sum of money owed. The receipt of this would aid the college's position but, even acknowledging the delay with this, the college was still in a reasonable position.

Discussions relating to staff matters were considered within the confidential items.

AGREED: to note the content of the update provided

Signed: EDM Chair

Date: 02/07/2025

PLANNING – 2025/26

The finance director drew governors' attention to the following points of note:

- 16-18 funding for 2025/26 is forecast to be almost £4.4m. A couple of factors which informed this were an increase of the base funding rate to over 3.5% per unit of activity, and the removal from the allocation of the funding premium for T Levels. The impact of the latter was around £50k. There was some speculation that there may still be a premium for T Levels, but this will be smaller.
- A reduction is predicted in adult education funding. Key decisions are awaited around both the allocation from EMCCA and the final allocation from the DfE.
- The college has overachieved its allocations in recent years. As a result, it is likely that its allocation will be permanently increased, but then 2-3% will be taken away. The college is potentially in a better position in relation to the allocation for delivering out of area (Lincolnshire and Staffordshire being the main such locales for the college), but there is some uncertainty here.
- Around £4m of apprenticeships funding has been generated already, so it could be possible to take a view on a larger figure, but there is some uncertainty. The finance director particularly highlighted the fact that the vast majority of apprenticeship funding bands are the same as they were ten years ago.
- A small increase has been predicted in additional learning support revenue from the local authority.
- Other income has been predicted to drop, largely because some of the grant activity will be lower.
- For non-pay costs, the finance director has broadly allowed a 5% increase.
- The college is unlikely to meet this year's EBITDA target. However, to retain 'good' financial health, the college will need to maintain an EBITDA of £2.1m in 2025/26. Although the college could slip from this with no immediate detriment, it is necessary to put significant cash back into the business to support growth.
- The finance director will raise this again at the next committee meeting, by which point he will have more detail in relation to adult education and the latest apprenticeships position, as well as more accuracy in respect of the EMCCA allocation.

The vice chair asked that the number of learners be broken down in the next presentation of the plan. The finance director agreed that he would show the comparative growth in learners funded and the predicted growth for the following year. He advised, however, that adults would be more challenging to break down in this manner. More context could possibly be provided in relation to apprenticeships, but the reason the college has performed so well in this regard is that it has focused on the

FD

June 2025

Signed: _____



_____ Chair

Date: 02/07/2025

higher value offers.

Discussions relating to staff matters were considered within the confidential items.

AGREED: to note the content of the update provided.

8 TUITION FEE POLICY 2025/26

The finance director presented this policy and asked governors to recommend that the Corporation Board approve it as presented. He explained that there had been no changes of note since the 2024/25 update. The updated document only changed to refer to the correct academic year. The policy also makes reference to the caveat that the college has not yet seen the funding update, but a link to the relevant information will be in the final version. The committee members were content with the policy as presented.

AGREED: to recommend that the Corporation Board approve the Tuition Fee Policy 2025/26 as presented.

9 SUBSIDIARY COMPANY UPDATE

The finance director presented a verbal update in respect of VBSS India, informing governors that he recently spoke to the accountant. The bank account was recently locked due to a lack of activity and the fact that there are no directors. This was reopened and outstanding annual returns were dealt with.

It was thought that there might be scope for someone to take over the shell of the firm, but the demands of the interested parties meant that this was not worthwhile for the college to pursue. Therefore, the company is still moving towards being struck off. The finance director assured the committee that there were no issues around compliance with Indian law, and the company would just continue to work its way towards closure.

AGREED: to note the content of the verbal update provided.

10 RISK REPORT

The head of governance presented a report and the relevant tabs from the college's risk register. She informed governors of the following changes to finance and estates-related risks which have taken place since the previous committee meeting:

- Two new red RAG-rated lists have been added, one in respect of the potential impact of devolution on Lincolnshire delivery; the other relating to projected student growth for 2025/26.
- Four amber RAG-rated risks have been added, three which relate

Signed: EDM Chair

Date: 02/07/2025

closely to the government's announcements this year, and one in respect of a newly emerging subcontractor issue.

- Most risks have undergone updates since the previous meeting, which is to be expected now that the risk register is subject to very frequent monitoring and review.
- Two risks have been approved for removal by the Executive risk owners, one relating to firms and materials not being available to carry out works and the other relating to possible clawback due to inadequate justification of spend.
- Following the additions and amendments, six red risks remain beneath the Finance and Estates Committee's oversight.

AGREED: to note the content of the update provided.

11 **CAPITAL PROJECTS AND ESTATES REPORT**

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

Chesterfield Road

- Good progress is being made and the build is two and a half months away from completion. Glass has been installed; work has started on the air source heat pumps; groundworks have commenced; and some internal walls have even been painted. The director was confident that the build would meet the mid-June deadline.
- The final report in relation to the ground contamination issue was due but, at the point of the meeting, had not yet been received. The consultant will not officially inform the director of the outcome until this has gone through the official sign-off, but a verbal update provided suggested that the contamination levels were lower than expected and both the water and the soil may not require any remediation at all. This would enable the contingency funds to be moved back into the main build programme. Nonetheless, it may still be necessary to carry out some of the land remediation, but the insurers have agreed to cover this.
- Groundworks were ready to commence in respect of the car park, but this need to be submitted to the planners. The director indicated that the only recommendations will be from environmental health, and these will take eight weeks to come back. Therefore, there is the question of whether to do some work on the car park at risk or whether to open the site with part of the car park still fenced off. The director will make a judgment call on this when he has received the report.

Old Brewery

Signed: EDM Chair

Date: 02/07/2025

- The project is advancing well, and the end of the demolition phase is approaching. The next phase will be to crush the material on the ground into the right grade and roll it into a car park.
- The plan is to select which parts of the building should be kept and refurbished, such as the section from the 1880s.

Portland Square

- The contract for the strip-out is soon to be awarded. This is being done separately from the other works.
- The planner indicated that they were going to reject the planning application for the large screens, despite this having been approved enthusiastically by the elected officials and the council itself. The principal intervened, however, and this will hopefully now go through.
- Out of all the projects which the college has undertaken, this is the most concerning, purely due to the timescale and how much there is to do. The college has mitigated this slightly by delaying the start of impacted courses in September 2025 by three weeks, but this does not allow for any further slippage at all.

Other

- The first stage of the work at Station Park has been completed, and students are in situ and working.
- Work is underway on the new Haas centre at Oddicraft Lane, and there have been no issues.

The director also presented an update in relation to the Estates Strategy. His report provided an overview of the level of growth which the college was potentially facing over next five years and the implications of this. He indicated that he was in the process of writing the strategy itself.

He explained that Ashfield and Mansfield District Councils have been unable to provide the numbers of young people in schools, so the college has been trying to get this information out of Nottinghamshire County Council. Census data shows that the area has a significant population bump in the 8-13 range, and there is very strong 16-year-old growth coming through. Anecdotally, it is known that the first year of the demographic downturn will hit primary schools this September, so there are potentially still five years of growth to go.

The director reminded governors that the college's estate has grown significantly, expanding by 25% in the last five years. All possible efficiency gains have been made, although there are still some potential improvements such as maximising site occupancy on Fridays. All space which can sensibly be used for building has been used, and measures have been taken to fit people in and maximise timetabling efficiencies to better accommodate the increasing student numbers. The improvements in

Signed: EDM Chair

Date: 02/07/2025

utilisation over the past few years have been evidenced in past papers.

The expected growth is going to be challenging. The college wants to be able to give a place to every young person, but improved retention and increased numbers of applications are significantly swelling the numbers even if a conservative view is applied.

Due to the preparatory works carried out, there is some space for Engineering to grow. However, there are challenges in Construction: despite having opened the Old Brewery and moved into the Portland Square/former Wilkos store, this space has already been assigned. A large number of students were decanted to Albert Martin, and these will be based at Portland Square once the site is ready for them. The Albert Martin site will not be retained, so this is not additional vacant space.

Nonetheless, there will be some opportunities such as space made available following the demolition and works at the Old Brewery and the potential to put a second floor on the single-storey part of Portland Square. However, if the college grows by 400 students this year and a minimum of 200 students per year for the next five to seven years, this will require a significant amount of additional space. The Executive team members are in agreement that the college should not purchase additional buildings beyond this point and that leasing would be more prudent so that the college can control and close down sites when the inevitable demographic shrinkage commences. This shrinkage will be quite slow, so there really will be a ten-year period of quite large numbers. The factors which are hard to quantify are demographic increases caused by additional housing and the college obtaining a larger market share.

The vice chair asked whether the funding decreases mean that the college will be unable to support increased student numbers. In response, governors were advised that next year's funding will need to be used to resource the year after, and neither governors nor the Executive team are comfortable with not meeting local need and providing the required college places. The vice chair then reiterated the earlier point that the space to support this growth is unlikely to be available within the college's existing estate, and he asked whether the short-term leasing of the type of space needed is available locally. The directors indicated that they have started to look and there are some options. Nonetheless, this will still be challenging as much of the growth is in practical areas which will require workshop space, and this sort of property is harder to find than one which could just support classrooms. The market will be monitored to see what becomes available, but it is difficult as the requirement is hard to predict. The committee members were most assuredly in support of leasing rather than buying.

The principal indicated that this conversation emphasises the finance director's earlier point about how important it is for the college to

Signed: ED Martin Chair

Date: 02/07/2025

challenge itself to generate its own cash so that it can take advantage of opportunities as they emerge.

AGREED: to note the content of the updates.

12 **PROJECTS**

The finance director presented a verbal update. He was hoping to have completed a data review in relation to the projects, but this is very complex and is taking longer than planned. However, all project outcomes agreed with funding providers are being met, which is positive. He is working through to link the data to projects and indicated that he should have this available for the next meeting to provide a further update so that governors can see the impact of the projects.

Yet another initiative and building opportunity which will soon be available is for a centre of excellence for construction. It is clear that partnership approaches are most desirable, and the college is looking to go forward as the lead with Nottingham Trent University and Nottingham College. These partners would bring in a good number of apprentices, and the bid is looking for a link to employment. In total, there is £100m available to fund 10 capital projects, plus some revenue funding (the details of which are not yet clear). The current position was described as a 'leaky supply chain', where learners are lost from the industry. The project would focus on how to strengthen construction provision to improve the link into work. It was felt that the three organisations together could produce a stand-out bid. The only risk is that EMCCA might want a bid which combines all of the EMCCA colleges, which would make this more complicated and mean that each party would receive less funding.

It was observed that Derbyshire was previously successful in bidding for an institute of technology, which Nottinghamshire does not have, so it would be good for Nottinghamshire to have the centre of excellence. The college also recruits well from Derbyshire, so this would still bring value to Derbyshire as well. The principal indicated that the bid definitely needs to benefit the whole region, but there needed to be some debate and conversations around the funding split and how many organisations would be involved. The message for EMCCA is that it would be best to put the centre of excellence in the heart of the region, but the spirit of collaboration must be maintained and there needs to be something in this for the other colleges. It will be necessary to share and collaborate on the investment stream, while taking care that does not get fragmented. The principal indicated that he was working with the council to see whether it would be possible to get a ready-to-go scheme in place on the Old Brewery site, as this could be a more attractive option than an alternative location which does not already have this kind of facility in place.

AGREED: to note the content of the update provided.

Signed: EMMann _____ Chair

Date: 02/07/2025

13

HEALTH AND SAFETY EXCEPTIONS REPORT

The director: IT, estates and learning resources presented a verbal report, making governors aware of the following:

- There has been a slight spike in accidents, particularly across brick and joinery, so the Health and Safety team is unpicking this to ensure it is not a cause for concern about. The growth in student numbers may have been a contributory factor. The data has been unpicked and the team met with joinery staff to look at the processes. Further training has been offered on the tools, and the Health and Safety team was satisfied.
- The longest run with no RIDDORS has been broken, with three RIDDOR-reportable accidents having occurred. One of these resulted in someone having to go to hospital, although it was not a particularly serious injury.
- There has been a near miss incident involving asbestos. No one was exposed to the substance: the issue was that the floor tiles at the Albert Martin site were held down with a resin which had asbestos within it. This was encapsulated while under the floor tiles and, even if a tile is lifted, it is still trapped within the resin and not exposed to the air. However, the incident occurred because instructions to stop using metal scrapers were not followed, and a few tiles have consequently been lifted. The air has been tested and there is evidence that there has been no exposure. This incident has resulted in some learning points, including the removal of a single point of failure by, in future, bringing issues to the attention all students and staff in the affected area, rather than asking managers to cascade the information or instruction. This incident caused a lot of concern among staff. Consequently, additional asbestos training has been arranged for the Construction team and the Estates team so that they have a higher level of understanding and know what do to when faced with potential asbestos risks. The college is accustomed to encountering and working with asbestos through its refurbishment works.

In response to a question from the chair, the director confirmed that the breakdown of accidents by headcount can be found within the health and safety report. This has also been compared to sample data from last year and, in reality, the number of accidents per learner has reduced, but the increasing learner numbers disguises this.

AGREED: to note the content of the update provided

14

ANY OTHER BUSINESS

There were no items of additional business.

15

DATE AND TIME OF NEXT MEETING

This was proposed as Wednesday 2nd July 2025 at 17:00.

Signed: EDM Chair

Date: 02/07/2025

It was agreed that confidential matters would be covered separately.

Gavin Peake left the meeting at 18:45.

The meeting closed at 19:00.

Signed: EDM  _____ Chair

Date: 02/07/2025