

Minutes of the Finance & Estates Committee meeting held on Thursday 27th April 2023 at 5pm

GOVERNORS Charles Heaton, Chair
PRESENT: Jane Peacock
Andrew Cropley, Principal/CEO

ALSO IN Maxine Bagshaw, Director of Governance
ATTENDANCE: Gavin Peake, Director of IT, Estates & Learning Resources
Jon Fearon, Finance Director

		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 Paul Wheeler and David Ainsworth.		
3	<u>MINUTES OF THE MEETING HELD ON 26TH JANUARY 2023</u>		
	The minutes were reviewed and it was agreed that they were an accurate record of discussions.		
	AGREED: to approve the minutes of the meeting held on 26 th January 2023.		
	There were no matters arising.		
4	<u>ACTION PROGRESS REPORT</u>		
	The committee were happy to note the information provided.		
	An update was given in relation to the bus service planned for September 2023. Staff explained that the arrangements were close to		

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finalisation, with a small number of shuttlebus service costs still to be finalised alongside the level of student subsidies required. The finance director indicated that, in relation to the latter, it is likely to be a positive variation (i.e. savings for the college). The college is also looking at how it uses bursaries and may be able to be more flexible in terms of transport awards, although it was explained that the rules are to be re-read carefully to ensure that any proposal is fully compliant. Staff advised that two aspects of the routes are still under review, particularly in relation to outlying villages and the option of doubling the frequency from Mansfield Centre to Derby Road. Staff advised that the bus companies are working very collaboratively with the college in terms of their timetables so as to be able to support student travel, which is a real positive.

One member of the committee noted that there is a reference to current bus drivers within the risk register. Staff explained that there was a little bit of 'kickback' when the current bus company was informed that the contracts were not being renewed for next year; however, the service is proactively being managed and this is despite a high level of driver churn.

The committee asked for an update in relation to rail options. Staff indicated that things have gone a little quiet on this, and the college has gone as far as it can. The issue is that rail companies don't think that there is sufficient margin to engage with the proposal, and it also appears to be too complicated for them as it is a niche request. Staff confirmed that the college will continue to do all that it can with options still being considered, and one example given was a 16-17-year-old railcard.

Staff advised that the new service will also mean additional savings in relation to other internal bus costs, and examples given were the transfer of A-Level students to Derby Road and taking football students to grounds in Mansfield.

The benefits for the bus company are that there will be circa 12,000 students each year introduced to using buses, and it is estimated that it will mean an additional £700k into the Nottinghamshire bus network.

AGREED: to note the content of the update provided.

5 ANNUAL KPIS AND BALANCED SCORECARD REPORTING

It was acknowledged that all aspects are included within the scheduled substantive agenda items for this meeting.

6 HEALTH AND SAFETY – EXCEPTIONS REPORT

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The director of IT, estates and learning resources presented this item and confirmed that the content of the paper was discussed at the recent internal health and safety committee meeting. Key matters highlighted were:

- The college continues to monitor accident levels closely. Accidents in woodworking have halved. It was explained that, in the main, injuries in this area are 'nicks' which require a plaster.
- There is a really positive position in relation to near misses, with an increasing number of reports provided. To make the process easier, the college has made some changes, including:
 - For students, QR codes have been provided on posters,
 - For staff, there is a mechanism to report via the estates system.
- There have been some statutory guidance changes in relation to woodworking areas which have meant some significant changes to the site. The college has gone 'above and beyond', with every piece of equipment having a monitoring mechanism in place.

In general discussion, one member of the committee noted the comment in the report that, 'staff don't like doing year on year comparisons'. The director of IT, estates and learning resources explained that this was specifically in relation to first aid, i.e. reporting against the statutory titles can be significant year on year, and there are changes in the influencing factors which can mean that comparisons aren't particularly helpful. He provided assurance that the college will compare on key areas and those where there appear to be problems, rather than every single incident description. He provided assurance that the college will continue to highlight where it thinks there are issues.

In relation to the audit actions due, governors noted that all are not marked as completed. It was explained that this is just a timing issue and assurance was given that the only aspects outstanding relate to paperwork issues.

AGREED: to note the content of the update provided.

7

CARBON FOOTPRINT

The director of IT, estates and learning resources drew the committee's attention to the report and highlighted the fact that an incorrect figure in one part of the calculation had been used for the last two years. However, assurance has been given that this has now been addressed with no significant impact. The position is still improving and the change in the electricity contract has made the biggest positive difference. He indicated that, going forward, the college needs to be looking at a more comprehensive decarbonisation scheme and that the

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aim is to have this ready to submit for the next Salix grant opportunity. The committee asked what a decarbonisation survey would cost, and it was agreed that further details on this would be provided at the next meeting.

Director IT
& Estates

June
2023

It was confirmed that the college is still actively looking to put solar panels on all sites, and three companies are interested in partnering with the college in relation to this.

The committee were advised that students are doing a lot of work in relation to sustainability as part of the curriculum. One other positive change is that a number of electric vehicles have been added to the college fleet.

The committee were reminded that it is not mandatory to report on this area and that, generally, there are only 30-40 colleges who do report, with WNC being in the top 3% of these colleges.

One member of the committee asked whether the decrease in emissions per staff member is real. Staff confirmed that it is and explained that there has been a slight increase in 'own transport use', which has had a positive impact. The most significant decrease is because of a reduction in gas use, which could be related to a milder winter or the small decrease in the temperature setting.

The committee acknowledged that reporting will become mandatory in the sector eventually and, therefore, it is really positive that the college is on the front foot in relation to this.

AGREED: to note the content of the update provided.

8 **MARCH 2023 MONTHLY MANAGEMENT ACCOUNTS**

The finance director highlighted a number of aspects, including:

- The position for the month is on track.
- The position is slightly better than budget in relation to 16-18, following the in-year growth funding received.
- There is a positive position in relation to adult funding, which will be closer to 110%.
- There is still a little bit of prudence in relation to the forecasts. It is known that there will be an increase to the Multiply project funding of circa £70k. This provision had a slow start but is now moving forward.
- In relation to the bootcamps, the college made over £100k as at March 2023, and this figure was not included within the budget. It was explained that there is quite a bureaucratic funding and payment process, in relation to which the college took a cautious approach. This is a continuing programme.

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- The waterfall requested in relation to the cash position is included and shows positive cash flow. Cash is better than forecast. £372k is to be paid by NTU in their April payment run. Contract issues with NTU have now been resolved.
- There is lots of capital coming into the college and the sector, which is all one-off money.
- The college has just made an application for a heat pump grant.
- This year places the college in a positive position for next year.
- The ESFA payment profile has now changed and, therefore, the likelihood of breaching bank covenants is very, very low.

In relation to the Skills Academy work, one governor asked who the partners are. It was explained that they are:

- Maclav – they provide functional skills in the workplace
- Stainsby – mainly taxi academies
- Skills college – this is a rail operation in Derby and Loughborough.

All are progression into work programmes. The college did partner with FMBS, but this arrangement has now ended. All the programmes have outputs linked to them.

One member of the committee noted that the financial health calculation is 'good' but questioned whether it is on the cusp. The finance director advised that EBITDA is the one to watch and that the cusp is up as well as down. The position will be impacted by priority given to pay over margin.

- Balance sheet measures are strong.
- The college should be able to maintain a 'good' financial health score this year and next.
- Pay is a big issue for staff and this has come out loudly in the staff survey, which means the college has to respond.

AGREED: to note the content of the update provided.

9 **2022/2023 MID-YEAR FINANCIAL FORECAST**

The finance director confirmed that this information is also included within the March 2023 management accounts. Key matters highlighted were:

- The college is predicted to outturn marginally higher than forecast. This is still a prudent position.
- The college has built in paying a bonus, with the suggestion being a payment in 2023/24 but accounting for the cost in 2022/23.
- The college has tried to fully reflect the risks associated with temporary staffing, given that this is a significant impact.
- In relation to apprenticeship provision, the college has had

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growth and is performing 'okay'. The position will be up in terms of next year's carry-in, given that there is a momentum in relation to this. The position would be higher if the college could secure engineering and construction staff.

- This will be a strong year.
- The college is expecting growth in student numbers again in September 2023. In addition to this, there will be demographic growth too over the next four to five years.

AGREED: to note the content of the update provided.

10 **FINANCIAL PLANNING FOR 2023/24**

The finance director introduced this item, which included:

- funding allocations
- budget assumptions
- updated two-year financial forecast.

He explained that this was an opportunity to look for the first time at next academic year and that there will be a more detailed review in June 2023.

He explained that, at this point in the year, a lot of information has been confirmed. A number of matters were particularly highlighted:

- 16-18 funding increase, both in terms of the rates and numbers/growth.
- In relation to AEB, there has been an allocation increase from £5.7 million to £6.2 million. There is also the potential to overperform by 3%.
- The college has underperformed in relation to apprenticeship allocations every year; however, there is again growth in the allocation. Allocation this year was £3.5 million and in the prior year was £2.8 million. 2023/24 is looking to be around £4.2 million rather than £4.7 million – this is to give greater confidence regarding achievement and delivery. There is high demand for construction and engineering apprenticeship places.

The committee asked what the staffing position is for construction and engineering. Staff advised that it is getting better but that the college has had to be agile in terms of salaries and what is possible. The college is also looking at whatever is possible to free up staff time to deliver specialist skills and that part of this is stripping away some of the more basic tasks for others to do.

The committee questioned the temporary staff budget proposed at zero. The finance director explained that costs have been put back into the teaching staff line. A challenge from the committee was that the college maybe needs to reflect on this decision. The finance director

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explained that it is done to make it psychologically more difficult to use agency staff; i.e., if there is no separate budget line, it becomes harder to justify. He explained that there is a pay contingency of £150k which is used as a margin to support agency costs. A challenge from the committee was that maybe the college needs to take a more corporate approach.

- The budget also has a pay award contingency which will be paid on the basis of affordability.

A challenge from the committee was that £150k doesn't sound enough of a contingency given a known requirement for agency staffing, and they asked that this be reconsidered. The finance director indicated that it is possible to increase to £250k-£280k and that the college could be more prudent and bring EBITDA down to 5%. The college wants to be close to £2 million EBITDA and not fall below 5%.

The committee asked for an update in relation to AEB devolution. The CEO advised that the skills budget will not be devolved until 2025. Devolution is progressing to timetable, with councils hoping to set up a shadow devolved authority this autumn. The process is on track. It will be East Midlands devolution as this is the only way that Leicestershire is permitted to devolve. Staff advised that there is now less than 10% delivery outside of the East Midlands, and this figure continues to reduce. Given that it is likely that next year will be the baseline data year, it is important to bring it down further again.

The committee were advised that there will be a £177k innovation fund next year which is specifically to add capacity to develop projects.

AGREED: to note the content of the update provided.

11 **CAPITAL PROJECTS AND BIDS**

The director of IT, estates and learning resources provided a verbal update on a number of projects.

- 1) Chesterfield Road Tech Centre
 - Planning permission has now been submitted.
 - There have been a few issues but these have now been resolved.
 - Tender for the project has been released, with interest expressed by five contractors already.
 - Because of the decant requirements, the college is looking at some temporary space at the Four Seasons Centre at an estimated cost of circa £120k.
- 2) Station Park

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- This project will be split into two phases: stage one is creation of the mezzanine; stage two is all other works.
- The college has obtained quotations from a number of companies who specialise in installing mezzanines, and the first figures are promising. A couple of the companies have undertaken site tours.
- The estimate is that the first phase will take 100 days, and this now gives greater confidence in relation to the logistics for September 2023. It is likely that a small decant will be needed.

3) Other capital grants

- At the point of last reporting, the college was able to confirm £325k for energy efficiency projects and £813k to be provided as a result of ONS reclassification.
- The college has now received a further seven grants, with the total figure now standing at £9,574,505.
- Transformation funds are based on prior year condition survey reports, and there has been a really positive outcome for the college with £6 million to be awarded in total.

One member of the committee asked what these funds will be spent on. Staff advised that an element will be on IT infrastructure, particularly wiring and switches at a cost of circa £800k, and the rest will be to improve the condition of buildings. The college has a provisional list of projects, some of which are significant – an example given was Chesterfield Road's roof – with others being less costly. The next step is to obtain an up-to-date condition survey. Staff confirmed that there is a reasonable amount of time within which to spend the funds and, therefore, there are no immediate concerns in relation to this.

The committee were advised that the college has been awarded £1.8 million to support the development of T Levels. This is capital funding and has to be spent by December 2023. Funds will be spent on equipment and some building infrastructure, creation of space, etc.

The committee were advised that there are still a number of bids outstanding and, therefore, the college may receive more.

The committee were advised that the college has successfully secured a £500k grant from the Gene Haas Foundation. This is specifically for the engineering centre and can be used to create additional space, such as a mezzanine. In addition, there will be £30k per year to support students participating in competitions, etc.

Staff advised that, given the significant funds awarded and which need to be spent, there has been a specific page added to the risk register in relation to this. The committee were advised that one of the big

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challenges is capacity in terms of administration support for the numerous projects; therefore, there is a need to engage/employ a project manager who knows the locality and the companies in the area. Assurance was given that the college will look to be as flexible as possible regarding the recruitment offer.

AGREED: to note the content of the update provided.

12 RISK REPORT

The committee were happy to take the report as read and were pleased to note that there were currently no red RAG-rated items. However, staff advised that, as the capital projects develop, it is likely that there will be points in time where certain aspects are red RAG-rated. The committee noted that cybersecurity remains a risk and asked for an update on this. The director of IT, estates and learning resources reminded that the college has bought in support from KryptoKloud, and this organisation is currently proving its worth.

The finance director indicated that there is now a need to downgrade the financial risks and that, in the next iteration, this will be RAG-rated as amber. Staff advised that the most significant risk now is staffing as this then impacts on other aspects, particularly in terms of achieving strategic priorities.

AGREED: to note the content of the update provided.

13 SUBCONTRACTING UPDATE

The finance director presented his report and explained that there have had been a few 'tweaks', predominantly to support some partners to grow. The proposal is to:

- increase allocation to ATT(FE) – they are a very locally focused organisation with activity in Ashfield. They are on track to hit £90k.
- increase allocation to Chameleon – they are now delivering some shorter programmes with a focus on the construction industry. The increase proposed is £20k.
- increase allocation to Qualitrain – they have really stepped up and have introduced a successful 'Introduction in to welding in the train industry' course.

The three companies may not quite reach the higher-level allocations proposed, but the recommendations will give them flexibility.

AGREED: to recommend that the Corporation Board approve the subcontract variations as presented.

14 INSURANCE

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The finance director indicated that the proposal is to renew with Zurich for one more year. He explained that, now the college is in the public sector, there may be a future opportunity to obtain insurance via the DfE scheme. This is currently a scheme only available to the academy sector; however, the AoC is pushing hard for the same benefits to FE. If it is put in place, it will be cheaper; therefore, now is not the right time to go out to market for a longer contract.

AGREED: to approve the recommendation that the college insurance contract with Zurich be extended for a further year.

15 ESFA LETTER DATED 29TH MARCH 2023 IN RELATION TO 2022/23 FINANCIAL STATEMENTS REVIEW

The finance director drew the committee's attention to the contents and indicated that, overall, there are no surprises. One committee member noted the suggestion of a missing signature on the balance sheet. The finance director expressed the view that this issue may just be because of a faint electronic signature and that, to ensure this doesn't happen again, wet signatures will be obtained on the 2022/23 accounts. The committee noted that there was also a comment regarding accounts direction compliance. The finance director confirmed that this is something to be checked as it wasn't an issue picked up by auditors.

AGREED: to note the content of the update provided.

16 MPM RETURN AND CONSEQUENTIAL AMENDMENTS PROPOSED TO THE FINANCIAL REGULATIONS

The finance director advised that, following the move to public sector status, the ESFA requires all colleges to submit a return regarding the managing public money requirements. When completing the return, it highlighted a need to make some changes to the Financial Regulations. The sector will have a financial handbook which is currently being drafted and will then go out to consultation. Once a final version is issued to the sector, this will become an appendix to the Financial Regulations. He confirmed that there have been no transactions that breach the MPM requirements and that the changes to the Financial Regulations are all about the need to document processes and decisions regarding the new requirements.

AGREED: to

- a) note the content of the MPM return submitted, and
- b) recommend that the board approve changes to the Financial Regulations as presented.

Signed :  _____ Chair

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17 **FEES POLICY 2023/24**

The finance director presented this document and explained that there were very minor revisions, with minor amendments regarding charging and refunds. He explained that the college is trying to make studying more accessible given the cost-of-living crisis. The changes proposed encourage people to 'give it a go' rather than being risk adverse. One example given was the Access to HE online learning.

AGREED: to recommend that the board approve the Fees Policy for 2023/24 as presented.

18 **AOB**

As a matter of additional business, the CEO took the opportunity to advise that Barnsley College has an operation in Mansfield. This is a legacy from an independent training provider purchase. The college has been in dialogue with a view to the transfer of this provision for some time, and Barnsley College has now confirmed that it will agree to the transfer to WNC in September 2023. This involves a lease transfer and TUPE transfer. There are five members of staff and sixty learners. Costs associated with the transfer will be limited to any legal fees. Staff confirmed that the lease amount appears to be a reasonable cost; however, the exact terms and conditions have not yet been seen. This entirely relates to 16-18 learners. Main qualifications delivered are maths and English. There is currently not a strong vocational focus, and it is believed that WNC can give better progression opportunities.

One member of the committee asked what the quality of staff and existing provision is. Staff indicated that this provision falls within Barnsley College, which is Ofsted grade outstanding. This offer has academic credibility and is a solid base.

The committee were happy to support the transfer 'in principle', and it was agreed that a formal paper would be presented to the next Finance and Estates Committee meeting, with a general update to be provided to the board meeting in May. The committee noted that the risk for the college is the potential for sixty unfunded learners in 2023/24 (because of lagged funding); however, this number will positively influence any case to be submitted for payment of in-year growth.

AGREED:

- a) to note the content of the update provided
- b) to provide in principle support for the transfer proposed

19 **DATE AND TIME OF NEXT MEETING**

CEO

May/
June
2023

Signed :  _____ Chair

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This was confirmed as 29th June 2023. A request was made to amend the start time to 3pm so that governors and staff can attend the apprenticeship awards scheduled at 5pm. This was agreed.

(Gavin Peake left the meeting at 7.05pm)

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CONFIDENTIAL ITEMS

It was agreed that confidential items would be recorded on a separate basis.

Signed :  _____ Chair

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