

Minutes of the Finance & Estates Committee meeting held on Thursday 27th January 2022 at 5.30pm

GOVERNORS PRESENT: Charles Heaton, Chair
Andrew Cropley, Principal/CEO
Tony Westwater
David Gillies

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

		ACTION by whom	DATE by when
1	<u>DECLARATIONS OF INTERESTS</u>		
	The chair reminded everyone present to declare any interests that they may have on agenda items scheduled for discussion. No declarations were made and standing declarations were noted.		
2	<u>APOLOGIES FOR ABSENCE</u>		
	There were no apologies for absence, with all committee members present.		
3	<u>MINUTES OF THE MEETING HELD ON 25TH NOVEMBER 2021</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 25 th November 2021.		
	There were no matters arising.		
4	<u>MINUTES OF THE JOINT MEETING HELD WITH THE AUDIT COMMITTEE ON 25TH NOVEMBER 2021</u>		

Signed :  _____ Chair

Date: 28/04/2022

The minutes were reviewed and it was agreed that they were an accurate record of discussions.

AGREED: to approve the minutes of the joint meeting held with the Audit Committee on 25th November 2021.

5 ACTION PROGRESS REPORT

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

6 BALANCED SCORECARD REPORTING

The director: IT, estates and learning resources introduced this item and drew the committee's attention to the detailed report. He explained that there was currently a lot of work being undertaken at Chesterfield Road, some of which is quite intrusive. Contractors are having to assess the foundations in place and there are also tenders underway in relation to demolition and asbestos. The team are looking at energy points for the site, as well as alternatives to the more standard energy provision. An example given was heat source pumps.

He confirmed that the team were currently on phase 1 of the RIBA design and are working to have a concept design at RIBA 2. The team are also looking at the cost of minor upgrades to Ashfield House. The committee were advised that there are some major upgrades required for the central part of the Chesterfield Road site to support the current and anticipated A Level provision.

In terms of the capital position, the college has been able to secure £3.9 million funding from the Mansfield Towns Fund and may also be able to access an element of revenue. The total for the project is in excess of £6.8 million, and the expectation is that there will be match funding requirements in relation to the Towns Fund, hence the capital transformation bid submission to the ESFA.

The current position regarding the ESFA bid is that a decision is not expected until later in the year and, therefore, development works are currently proceeding at risk to a certain extent. The committee were advised that the college does have some contingency funds that it could use as part of the match funding requirements, but the impact of this would be that other planned refurbishment works cannot take place. If the college is successful in the relation to the ESFA bid submitted, the project will be ready to proceed at pace; however, if the application/bid is not successful, the project plans will need to be reviewed. The finance director indicated that there may be potential opportunities regarding other bids, but there is currently nothing certain in relation to this and, therefore, it cannot be assumed.

Signed :  _____ Chair

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The committee were advised that the college really needs a decision on the ESFA capital bid submitted as it impacts upon the ability to get to green book valuation for the Mansfield Towns Fund project, which has a deadline of March 2022. The CEO confirmed the intention to raise this issue as a significant risk with the ESFA and the FEC as part of the annual strategic conversation, which is scheduled for 4th February 2022.

AGREED: to note the content of the update provided.

7

HEALTH AND SAFETY ANNUAL REPORT 2020/21

The director: IT, estates and learning resources presented the detailed report and explained that the internal Health and Safety Committee met in December 2021 and received reports on the term 1 position. Key matters highlighted were:

- Staff spent a considerable amount of time dealing with the COVID statutory requirements in terms of mass testing. This involved 3,500 students and 700 staff.
- The level of work required has taken a toll on the health and safety team and has meant that many of the more routine health and safety activities have not been completed.
- In terms of positive COVID cases, the college reached a 'steady state' in November 2021, with 20-24 cases per week. This is positive when compared to the catchment area/locality.
- The college has not seen any 'outbreak' cases recently, and there have, in fact, only been a couple in the 12-month period.
- It has been taxing for the team to keep up with statutory guidance. An example given was that risk assessments had to be rewritten every two weeks.
- COVID testing was not required upon the return to site in January 2022, which was helpful.
- The college no longer has to track and trace internally but does have to manage and monitor any known cases.
- The workload in relation to COVID is gradually becoming more manageable.
- In November/December the team started to return to more usual health and safety activity, which was very positive for them.
- A concern for the college has been the 'normal' statutory health and safety requirements and, to give assurance in relation to this, some external support was brought in. College staff are now keen to revisit some of this work, particularly in relation to construction areas. The team will be able to really start to accelerate their activities from February 2022, and the expectation is that everything will be back to 'normal' within six weeks.
- Accident numbers as reported are low.
- Audits undertaken are positive. Actions are being progressed,

Signed :  _____ Chair

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with most actions identified in the areas where there is a high turnover of staff.

- All students are now back on site, and face-to-face teaching has been in place since the beginning of the year academic year. There have been a few small pockets where remote learning was required for a few days.
- There has been some staff absence, but this has been managed.
- Students are really happy to be back on site
- The college continues, however, to be prepared for remote learning, and there is now a camera in every room on every site so that online teaching and learning can take place if required.
- There has been slightly higher staff absence than normal, but this is marginal.

The committee, when considering the report provided, asked for further information regarding 'other accidents'. It was noted that there were 100 both 'in and out' of college, and one governor asked whether these are clustered by type, location, logistics, etc. The director: IT, estates and learning resources explained that an accident was any occasion where a first aider is called regarding an incident, and these can be wide-ranging. Examples included self-harm at one end of the scale or replacement of a bandage following an injury sustained at the weekend at the other. He indicated that, if the data was stripped down specifically to on-site accidents, it would be very low. The committee indicated that they would really like to see the more detailed breakdown so that they could better assess commonality.

Director IT
& Estates

April
2022

The committee also asked for a further explanation regarding any 'non-college incidents'. It was explained that these are anything that is not 'here and right now'. Accident numbers tend to spike in term one when students are learning to use tools. High numbers of accidents tend to be in a few areas, including:

- Blue plasters required in catering,
- Scratches needing a plaster in animal care provision.

A challenge from the committee was to undertake a sift by severity i.e.

- 1) RIDDOR reportable
- 2) Non-RIDDOR but requiring an investigation
- 3) The minor.

A challenge from the committee was whether or not the college is missing seeing something because there is too much generalisation. They indicated that they would like to see the purely college-related accidents reported, and it was agreed that a breakdown on this would be provided at the next meeting.

Director IT
& Estates

28.04.22

AGREED to note the content of the update provided.

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The finance director introduced the detailed document, and key matters highlighted were:

- The college position is £147k behind in terms of the overall budgeted position.
- Apprenticeship provision is contributing to this, and the team are refining reporting to give greater clarity. There is a £644k variance to date.
- When planning the apprenticeship budget last year, there was an estimation made regarding carryover. However, this has subsequently been found to be too high because of the number of withdrawals and a reduction in rollover. There will be a negative impact of between £800k and £900k.
- The number of starts is positive but later than envisaged; therefore, this pushes revenue back. It will build revenue for the future but leads to a current gap. The gap in revenue per month is slowing, but the college will not be able to make up the full shortfall.
- There are savings in pay.
- There are no non-pay savings because of the completion of a number of building projects.
- The college is working hard to address the gaps and is specifically focusing on engineering. The college could take more students in construction, but there is not yet confidence regarding the fact that the right staff complement is in place.
- There are COVID costs within the pay line, which is to ensure that appropriate levels of staff cover were/are in place.
- There are high costs for agency staff in construction, and the college is seeing that rates charged are 30% higher than last year, with the sector really being 'squeezed'.
- The college has committed resources to complete the final tranche of electrical apprentices and is now starting to see the benefits in relation to this.

As an overview, the finance director indicated that staff are doing everything that they can to pull back the position, and the intention is to undertake a reforecast for the year once the January 2022 management accounts are completed, as this will give a more thorough understanding of the gap. The college will also continue to look at cost controls.

The CEO advised that the surge in apprenticeship numbers is starting to materialise; however, it has just been delayed.

The committee, in considering the information provided, all agreed that the curriculum contribution information was useful and informative. They asked, where areas are falling short (other than

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apprenticeship provision), what is being done in relation to this. The finance director indicated that there were a number of actions being taken, including:

- Looking at not filling/replacing staff vacancies that exist and arise.
- The college is not considering redundancy.
- Looking at adult offer opportunities. Particularly, there is strong demand for welding; however, there is not as much demand as envisaged in relation to motor vehicle.
- Trying to flex in terms of the funding streams.
- Class sizes do impact but protecting quality is critical.

It was agreed that a full reforecast would be presented to the March 2022 board meeting and that, because there is not a further committee meeting scheduled before this, the reforecast would be circulated outside the meeting for feedback. The finance director is to provide a report explaining the differences, with questions to be provided by the committee via email and a meeting to be scheduled if it is felt that this is required.

Finance
Director

March
2022

The committee were advised that there are some particular sectors that are struggling in terms of apprenticeship provision. An example given was in relation to business/retail, i.e. the college has had a significant number of vacancies that it cannot recruit to (90). In this area, the college has consistently had between 80 and 110 vacancies. One member of the committee asked whether this is a 'blip' or whether there is longevity that needs to be considered. For this particular area, the CEO explained that the result is a team that is not fully deployed, and the aim is to integrate both 16-18 and apprenticeship provision to make the team more efficient. The college is also asking the team to do more online delivery, i.e. changing the model.

As a generalisation, there appears to be fewer 16-18-year-olds looking for an apprenticeship, as they are currently in employment (e.g. hospitality, warehousing, etc.). Brexit has impacted on the availability of jobs, which means that a lot more younger adults can obtain paid employment. The CEO advised that the college is now really focusing on transitioning its full-time learners into apprenticeships more effectively, as this will help to fill some of the vacancies. The college can provide the offer and do the work but is currently struggling to find the young adults to go into the vacancies.

The committee asked whether there had been any developments in terms of driver training and whether there were any options in terms of an offer to meet known local and national demand. The CEO advised that the college does not have access to the trucks required to be able to set up the offer; however, one has now been sourced so this is a

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future opportunity. That said, he expressed the view that this offer does not necessarily fit with a 12-month apprenticeship programme. He explained that there would be challenges in terms of the engagement in the wraparound required for an apprenticeship and that, in reality, it is more a 'course' that is required. He indicated that, because of the expectations within an apprenticeship, the college would struggle to get a valid output, which would then be likely to have a negative impact on the quality of data. He indicated that staff are looking at a delivery model based upon AEB but that an offer in this area under the apprenticeship requirements would be very challenging.

One member of the committee made an observation that it would be really helpful to include two boxes at the bottom of the document so that updates can be given in relation to:

- a) Actions taken
- b) Reasons/context.

One committee member made an observation in relation to the non-pay cost differences, particularly those that appear under the adult and community learning line. The finance director indicated that the college is now five months into the year, and it has become clear that it got the balance wrong between costs accrued and non-pay which is a result of partnership arrangements. Costs were accrued in the wrong place and were not spread across the pay profile.

AGREED: to note the content of the report provided.

9 **JANUARY 2022 PAY REPORT**

The finance director introduced this item, and key matters highlighted were:

- Year to date saving of £210k
- £43k saving in the month
- The trend of being slightly below budget is continuing.

It was agreed that a copy of the document would be placed on the portal.

FD

Jan
2022

AGREED: to note the content of the update provided.

10 **CAPITAL PROJECT BIDS**

The finance director introduced the detailed report and explained that there was a significant amount of activity taking place at the moment. Key matters highlighted were:

- Mansfield Towns project – the report highlights the risks in this area.
- Ashfield Towns projects – the college is the lead partner on two

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projects that are currently being scoped for a full business case:

- In relation to the civils project, this is going well with no match funding required from the college. This is a real opportunity to expand, and the project is currently awaiting political sign-off. It also creates an opportunity with NTU.
- The building/motor vehicle skills centre is more complex, and the costs and space required/available is an issue. The project has now had to move away from a 'wish list' and focus more on what the curriculum needs are. The expectation is that the project can get closer to the £6 million fund available, but it will take some work. The project needs to be a 1.5 NPV before there is authority to sign off. In addition, the land value of the site identified as an option is significantly more than envisaged and, therefore, other alternatives are having to be considered.

Current thinking is that the college can get to a deliverable project with Inspire as a partner; however, a fall-back will need to be considered. The plan of the site options was shared and it was explained that, critically, the college is trying to achieve a project without requiring WNC contribution.

- D2N2 – the LEP put out a short call regarding a low carbon bid. The college is aiming to use Mansfield and Ashfield Towns Funds to match £1.5 million. At Chesterfield Road, it includes a model where refurbishments are a training opportunity and opportunities for recruitment.

One member of the committee asked whether there are any research and development tax initiatives that the college could access. The finance director expressed the view that, potentially, there are, but the college does not have any taxable gains to offset against. Colleges do have access to SALEX facilities, and the aim is for the college to be ready to apply when the window of opportunity opens up. It was agreed that the finance director would investigate tax credits and take some tax advice, with Charles Heaton and Tony Westwater to share details of companies that they are aware of which provide support in this area.

FD

Feb
2022

The D2N2 bid is ready to go and should give a strong return. It is also envisaged that there will be a quick turnaround in terms of bid approvals.

A question and challenge from the committee was in terms of staff capacity to deliver all of these initiatives. The CEO confirmed that staff appear to be managing at the moment.

The last round of ESFA funding that the college will bid against is in

Signed :  _____ Chair

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relation to T Levels. Staff expressed the view that, if the college bids for all opportunities, it will give options and flexibility. All felt that it was a good investment of time to spread the options.

In relation to Derby Road, the committee were advised that demographic growth is coming but has not had an impact this year. The site has space but not the 'right space', and examples given were the spa, sound booths, etc. There is a need to repurpose the space and make it more general. This work is likely to mean a £400k contribution from the college's own funds.

In terms of the new projects/bids proposed, the committee were happy to support the bid submission in relation to low carbon, with an update to be provided to the February board. It was agreed that the T Level bid update would be provided to the March 2022 board meeting.

FD

March
2022

AGREED:

- a) To note the content of the update provided
- b) To recommend that the board support a bid to D2N2 for low carbon
- c) To recommend that the board support three T Level bids to address improvements to sites, with a maximum commitment of £400k over two academic years.

11

RISK REPORT

The finance director introduced this item and confirmed that risks have reduced in a number of areas. Furthermore, the college now has access to a funding tool kit, which is really helpful. Other aspects that have reduced risks include an 8% increase to funding rates for 2022/23 and an increase in the deprivation rate. There has also been an increase to the weighting for high value provision (e.g. engineering). Whilst there are positives, there is also a negative: a loss of £250k for maths and English, which was a surprise. However, teaching catch-up funding is available for the next two years.

The college will see increased funding for 16-18-year-olds next year; however, there will be an increased pay expectation associated with this, and the college needs to work this through and find the efficiencies to fund. There is pay pressure and, therefore, options need to be considered as plans are drawn up for 22/23.

AGREED: to note the content of the update provided.

12

SUBCONTRACTING

The finance director presented the detailed report and indicated that the ESFA have advised that they do not expect the college to hold to

Signed :  _____ Chair

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the 25% cap for 21/22; however, they do expect the college to move to this in 22/23. This reduces the risk and there are a couple of partners who can step up; however, there are others who are not currently delivering as required, some of which relates to supply chain issues.

The recommendation in the report today is for a contract increase with two companies. The college is having further conversations with other partners regarding options. The committee were supportive of the proposal to increase contract allocations with White Rose and Chameleon, and it was noted that the college will transact the other proposed reductions.

AGREED:

- a) To note the content of the update provided
- b) To recommend that the board approve subcontracting increases with White Rose and Chameleon.

13 AOB

There were no items of additional business.

14 DATE AND TIME OF NEXT MEETING

This was confirmed as 28th April 2022 at 5pm.

Meeting closed at 7.05pm.

Signed :  _____ Chair

Date: 28/04/2022