WEST NOTTINGHAMSHIRE COLLEGE
FINANCE & ESTATES COMMITTEE

Minutes of the Finance & Estates Committee meeting held on Thursday 26th January 2023 at 5.30pm

GOVERNORS PRESENT:	Charles Heaton, Chair Jane Peacock David Ainsworth Paul Wheeler Andrew Cropley, Principal/CEO
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	**DECLARATIONS OF INTEREST** The chair reminded everyone present to declare any interests that they may have on agenda items scheduled for discussion. Standing declarations were noted. Paul Wheeler advised that, later in the meeting, there will be a discussion regarding the Inspire and Achieve Foundation, and he explained that Mansfield Building Society has funded them in the past but that this is no longer the case.		
2	**WELCOME, INTRODUCTIONS AND APOLOGIES FOR ABSENCE** There were no apologies for absence. Paul Wheeler was welcomed to his first meeting as a committee member. It was noted that Kate Truscott has transferred to the Standards Committee.		
3	**MINUTES OF THE MEETING HELD ON 28TH NOVEMBER 2022** 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 28th November 2022.		

Signed : ______ ________________Chair Date: 27/04/2023

There were no matters arising.

4 **MINUTES OF THE JOINT FINANCE & ESTATES AND AUDIT COMMITTEE MEETING HELD ON 28TH NOVEMBER 2022**

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

AGREED: to approve the joint meeting minutes held on 28th November 2022.

There were no matters arising.

5 **ACTION PROGRESS REPORT**

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

6 **ANNUAL KPIS AND BALANCED SCORECARD REPORTING**

The committee acknowledged that each of the elements, i.e.

- finances,
- capital projects
- Carbon Reduction Strategy

are all covered by substantive agenda items later in the meeting.

7 **ENVIRONMENTAL SUSTAINABILITY UPDATE**

The director: IT, estates and learning resources drew the committee's attention to the detailed written report, and a number of matters were specifically highlighted:

- The college is undertaking a huge amount of work under the heading of 'environmental sustainability'.
- One of the most significant current initiatives is in relation to the buses.
- The college has a five-year contract which is coming to an end and, therefore, other options are being considered.
- The current service is very restrictive and impacts on a number of areas, including:
  - timetabling
  - room utilisation
  - evening flexibility
- Most of the routes now use the largest buses possible (i.e. a 94-seater double-decker) and, as more students are expected next year and beyond, the college would have to pay for additional buses on the routes, which would significantly increase costs.

- The economics of increasing student numbers simply means that the continuing service is no longer economic and the college cannot continue to do what it has always done.
- The college started to speak to the bus companies and was able to get them all together to start talking sensibly about options. Bus companies are running at approximately 70% of the pre-COVID position; therefore, looking at alternative options is an interesting proposition as it will mean they have a significant number of students on their services.
- The college believes that moving to a different model, i.e. utilising existing public transport routes, is the only solution.
- The new proposal is that students will be sent a bus ticket in the post, which they then have to activate on a website. This ticket will allow them to travel across the region seven days a week.
- It will allow the college to stagger the start, finish and lunchtimes, etc. and also to introduce more homework clubs.
- It also helps students to get used to buses as a means of transport, which is environmentally friendly.
- There are two bus companies that cover the college's catchment area, and they are working hard together to make this work.
- The initiative is also being supported by the local authority and will include the fact that bus stop signs will give timings of buses coming to WNC. This information will also be available on an app.
- There are, however, some weaknesses in some of the existing public service routes, and the college will have to tender for these.
- In addition, some extra capacity is needed to transport students up from Mansfield bus station.
- Internally, there are five different workstreams looking at the initiative as it is such a big project; however, everyone recognises that it is worthwhile.
- The hope is to include rail within the scheme, and staff are currently in dialogue with them to try to find a solution.

One member of the committee asked how much the ticket will cost when compared with the current outlay. The finance director indicated that it is variable but that, generally, the cost will be £500 per person, some of which will be fully funded by a grant. If a student does have to pay a contribution, they will pay £125. In terms of how that compares with the current position, the cost is £420 if a student gets a bursary and £330 for the college if a student has to pay, with their contribution being £180. The new service will cost the college less in terms of subsidy. The previous cost to the college was as high as £700 per student, and this figure has only decreased because the number of students using the service has increased. If the college had to add extra buses to the routes, the cost per student would increase again. In the new arrangements, students will be able to pay £18 per month rather than £125 upfront, which is the current position.

In general discussion, the committee all agreed that, if it is possible to also provide rail travel as part of the deal, it would be a great network and would also help to avoid the 'crunch times' at the start and end of the day.

One member of the committee asked for further information regarding the extent of tendering required, other than the deal currently being negotiated. Staff advised that the service to Hucknall is not as good as needed and, therefore, the college will need to find a way to link this location with the rest of the bus service. It will not necessarily get the students to the door but, instead, will get them to a location where they can pick up the public routes.

One member of the committee asked what the position will be in relation to high needs learners and support for them. Staff advised that there are a group of specialists within the college who are leading the thought train on this, and it will involve getting certain students onto the buses for the first time. The plan is to have a free ticket for them for the two-week period prior to other tickets going live. This will allow them to get used to the service and the routes, and they will be supported on journeys in a safe environment.

One member of the committee noted that the report refers to the fact that staff will also receive a benefit and asked for further details in relation to this. Staff indicated that the offer from the bus companies will not be subsidised by the college but is a great deal, i.e. £33 a month.

A question and challenge from the committee was in terms of monitoring utilisation rates when the new offer goes live, in order to ensure value for money. They asked whether KPIs need to be agreed. Staff indicated that monitoring will be easier in the second year rather than the first because of software implementation timelines. Bus companies intend to use quite a sophisticated piece of software to track and monitor; however, this cannot be implemented before September 2023 and, therefore, interim arrangements will be in place for next academic year.

The committee asked whether there are any other partners who can be drawn in to maximise benefit. Staff advised that the college has all three transport links in dialogue and that Nottinghamshire County Council is also incredibly committed and working with the organisation.

One member of the committee asked whether there are any student perceptions to be taken account of, and examples given were in terms

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of anxiety, safety, etc. It was confirmed that support services are looking into this and training will be offered, as well as opportunities to build confidence. There will also be a lot of staff physically ‘on the ground’ in the first six to eight weeks. There is also the potential to use existing student ambassadors, with a buddy programme being considered.		
The committee asked whether there is anything to consider in terms of public perception on the buses. Staff indicated that the presence of adults tends to calm students down and is known to have a positive impact on attitudes and behaviours. It was confirmed that, if there are problems, they will be dealt with as they happen. A challenge from the committee was to make sure that the college brand and reputation doesn’t suffer. It was confirmed that the college will always have the right to withdraw a ticket if there is an issue.		
In terms of reporting to the board, the committee agreed that it would be helpful to have a table which summarises the overall financials. It was agreed that this would be provided by the finance director so that it could be included within the chair’s summary report to board.	FD	Feb 2023
The director: IT, estates and learning resources then drew the committee’s attention to progress being made in relation to solar energy as a means of providing electricity. Key matters highlighted were: • The college was approached by an energy provider, Shawton, regarding the roof space at Derby Road potentially being suitable for solar panels. • The college’s commitment would be to buy energy when it wants it. • The set-up costs all rest with the company. • The unit rate offered looks attractive and, therefore, the college entered discussions with ESPO, which is an expert in this field. ESPO was happy to support the offer but were also aware that the college’s current provider, Total, was doing something similar in schools, and they recommended obtaining costings from them. • Immediately before this meeting, Total has provided a quote which looks to be less than Shawton’s. This is a lower per unit price, and future increases are capped at 2%, whereas Shawton proposes a link to RPI.		
In discussion, the committee all agreed that they would not be happy with increases being linked to RPI and, therefore, felt that the second option was better. One governor asked for some context information in relation to public procurement rules. Staff advised that ESPO is a purchasing consortium and, therefore, the sector tends to use it as part of the approval model. The college uses both ESPO and the Crescent		

Purchasing Scheme and relies upon their recommendations. All agreed that moving to solar-created electricity would be a positive in terms of environmental credentials and would also give links to green skills for students.		
Given the values involved, the committee felt that it was important to see a full project plan, particularly a better way of forecasting future costs rather than focusing on the historical figures as the first proposal seems to. The committee indicated that it is important to consider the potential end of contract costs, and examples given were decommissioning, repairs, removal, etc. A challenge from the committee was to present a proper proposal and business case, given such a significant investment. They also asked staff to consider any insurance implications.		
Staff advised that the second stage of review by Total will be a more detailed analysis and will include surveys. It is likely that, at this point, Total will ask the college to move forward on an exclusive basis given that they will be committing resources. Staff indicated that the college is probably two months away from having a full proposal. A challenge from the CEO was to carefully consider the workload of staff, as it is not within their expertise to predict energy prices and there can be no real certainty whether or not it will be possible to get a better price in the future. He expressed the view that it is important to trust ESPO's advice.		
The committee agreed to use ESPO as an independent third party to test the proposals. Staff indicated that ESPO has verbally confirmed that both are good deals. In terms of an options analysis, one governor commented upon the unknown nature of the future, i.e. whether education will require as much energy, given reduced requirement for buildings in 25 years. The committee also asked whether planning permission would be required. In relation to the latter, staff expressed a view that it will not, given the proposed size. Staff confirmed that the final paper to be presented to board will include commentary from ESPO and that they will be asked to provide a 'gauge' on prices.		
The committee considered the detailed report provided and acknowledged that there were some great other initiatives mentioned. Staff indicated that the college is working hard to try to get a 'before and after' position for all of the initiatives so that data measurements can be generated.	Director of IT and Estates	April 2023
One member of the committee asked whether it is possible for the college to calculate its carbon footprint. It was confirmed that it is as part of the FE funding methodology. It was confirmed that a report on this would be provided to the next meeting, given that the annual review is usually conducted in March each year.		

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AGREED: to note the content of the update provided.

8 MONTHLY MANAGEMENT ACCOUNTS – DECEMBER 2022

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

- December 2022 was not a great month for the college, with lower productivity and, therefore, lower performance/margins.
- The EBITDA is down to 3.5%, which tips the college into the financial health category of 'requires improvement'.
- AEB delivery is going well and there is an expectation that there will be overperformance funding.
- The college is using the adult loan pot well, and the belief is that it is possible to access more.
- In terms of apprenticeships, the college has now withdrawn from health and social care and has had to pay back some funds. This means that the team has lost £65k instead of making a contribution. The college is trying to redeploy as many staff as possible, as there is a belief that demand will be there in the future. The college is still struggling to get starts in engineering and construction, which is damaging an important income stream. Staffing continuity challenges are having a negative impact.
- A major overspend is in pay, i.e. agency staffing, particularly in engineering and construction. The college may need to consider increased market supplements to attract permanent appointments.
- The college needs to do work to bring January 2023 back in line. The college will have a significant issue if it continues to incur agency costs at the current level.

The committee asked whether any industrial action is anticipated. Staff indicated that, at the current time, none is expected.

In relation to the delivery split of AEB (i.e. college, skills academy, and partners), the committee asked whether an explanation can be included in the management accounts going forward.	FD	Feb 2023

One governor noted that there was reference to a 'new rail team' and asked for further information in relation to this. Staff advised that the college has ceased subcontracting with Trackwork as they had communicated an intention to withdraw from delivery. College has been able to recruit a couple of Trackwork staff, initially on secondment. There is also a team working in Loughborough and Derbyshire.

In terms of the financial health dip to 'requires improvement', the committee asked when it is expected that it will get back up to 'good'.

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The finance director estimated that this will be in April 2023, with the EBITDA figure moving above 4%.		
In relation to pay, one member of the committee asked what flexibilities the college has. Staff advised that there are flexibilities that sit alongside the grade structures; however, the college does need to be mindful of any potential equal pay claim consequences. The college is able to award market allowance payments. A challenge from the committee was for the college to carefully consider that the first offer made is the best offer, to avoid a bidding war.		
One member of the committee noted that, in the 'other' income line, there is a shortfall of £87k, and they asked what this relates to. The finance director indicated that it is a potential timing/phasing impact. In addition, catering income is down, given that services are now not open for as long. Potentially, there are also some lines which are too prudent, and this is something to be reviewed with staff.		
The committee noted that, in the prior meeting, a £188k yearend benefit for 2021/22 was recorded. The finance director advised that five-twelfths of this have now been released into the management accounts. He confirmed that there was no 2021/22 apprenticeship repayment; however, there has been some repayment for monies received since August.		
One member of the committee made reference to the section 10 analysis and suggested that there was a clerical error as the figures didn't look to be correct.		
The committee noted the reference to the 'current ratio adjustment' and asked what is adjusted. The finance director explained that certain things are not included, and an example given was holiday accrual. The committee felt that it would be helpful for the Corporation Board if the management accounts had a definition of adjustments as a footnote.	FD FD	Feb. 2023 Feb. 2023
The committee noted that the balances are down in the cash forecast, and they asked whether a bridge can be included to show what has changed. The committee were advised that there are some timing movements that will have impacted. Capital expenditure is higher than planned, and there is a need to slow this down. The committee were advised that the contract with NTU has now been resolved and, therefore, the expectation is to receive the outstanding £275k in early February 2023. The committee noted that, if there is more AEB growth funding, there will be a margin on this which can go towards offsetting some of the reduction.		
In terms of recruitment, one member of the committee asked whether the DfE teaching and education website and advertising campaign is having an impact. Staff advised that it isn't as it is quite restricted in		

Signed : ______ __________________Chair Date: 27/04/2023 terms of where it signposts interested individuals to. It doesn't make links to specific colleges and/or locations.

AGREED: to note the content of the December 2022 management accounts presented.

9 JANUARY 2023 PAY REPORT

The finance director indicated that it had not been possible to produce this for this meeting and, therefore, it was agreed that it would be sent out with the minutes.

10 CAPITAL PROJECTS AND BIDS

The director: IT, estates and learning resources provided an update on a number of aspects, including:

1) Civil engineering site
- The college put out a number of surveys just before Christmas. These are starting to come in now, but it is early days.
- The college is in dialogue with Ashfield planners regarding potential noise. A survey has been commissioned but has not yet been received.

2) Station Park
- The college met with project managers, and their recommendation is to move to a design and build contract with less use of architects. Different options are now being modelled, but initial views are that a design and build will be the best route.

3) Chesterfield Road
- The college is engaging with planners, and they have liaised with their own design consultants. The design consultants have made some recommendations which college architects are very unhappy with, some of which they suggest don't comply with building regulations, etc.
- An outstanding issue is the portico. The design consultants want to retain this as part of the building, which college architects disagree with. The team is now trying to negotiate around the various options. The committee asked whether this would lead to a project delay; the hope is that it won't, particularly as a lot of other issues have been resolved satisfactorily. This portico is the last 'bone of contention'.

AGREED: to note the content of the update provided.

11 RISK REPORT

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The detailed report was presented by the finance director. A number of matters were particularly discussed, including:

- Areas of risk reflect the prior month and, therefore, now need to be updated.
- The college is now in a better position to predict funding for 2023/24, given that allocations have just come in and a new toolkit has been released to the sector.
- The original estimate is +£2 million revenue in relation to 16-18 funding. This would be a 10% increase and is based on student numbers.
- A 2% increase in base rate funding.
- The government has prioritised where the increases are to be, and these include engineering, construction, and science. Because of cost weighting uplifts, WNC's position will be positive.
- Potential increases per learner for apprentices. The sector is just awaiting final detail of this, but it is likely to only apply to new starts.
- The college needs to re-evaluate the risk in relation to pay.
- In relation to subcontracting, the intention is to continue to reduce, which will mitigate the risks.

In general discussion, an observation made by one governor was that, at F5, F6 and Sub 4 the progress in the column headed 'risk mitigation' says 2021/22 but should be 2022/23.

In relation to cyber risks, the committee asked whether the college continues to have 2012 servers. It was confirmed that it does but only a small number, and the plan is to remove them.

In terms of the format of the risk register, the committee were happy to endorse the content scores and mitigation proposed.

AGREED: to note the content of the update provided.

12 **SUBCONTRACTING UPDATE**

The finance director introduced this item and drew the committee's attention to the detailed report. Key matters highlighted were:

- White Rose was acquired by Learning Curve, a direct contract-holder with the ESFA. It is believed that White Rose delivery is going to support Learning Curve's under-delivery. White Rose has previously been a reliable subcontractor, but this is not the case this year.
- The college has now developed a subcontracting risk register, which is included within the pack
- Potentially, risks associated with White Rose should now

- increase rather than being recorded as static.
- The college believes that it is possible to increase direct delivery.

In terms of approvals and variations, the finance director summarised the position, including:

- Reduced allocation to White Rose.
- Reduced allocation to Chameleon.
- Increased allocation to QualiTrain as they are performing well.
- A small increase to the Inspire and Achieve Foundation – the committee were advised that the charity now also contracts with Inspire across the Nottinghamshire region. Subcontracted provision with the college is only local, and it is believed that they will overperform, hence the small increase proposed. The committee were given assurance that they have really improved their quality. For the benefit of newer governors, the finance director explained the concerns which originally led to the restrictions in the contract and the conversations. He described conversations as now being more positive, particularly in terms of progression to the college. All agreed that it was a very purposeful programme and worth supporting.

In terms of traineeships, the committee were advised that a previous agreed contract with Creative Sports and Leisure has now started to see activity; however the ESFA has announced that there will be no funding for traineeships from August 2023; therefore, this provision will be discontinued.

The committee asked for an overview of forecasting for Chameleon. The finance director advised that income to period 5 has been recognised and it is known that they have further sign-ups but not to the extent of the original forecast. He indicated that it is important to continue to support them so that they are motivated to deliver as much as possible. He confirmed that any shortfalls in subcontracted activity would be made up by direct delivery.

AGREED:

a) to note the content of the update provided
b) to recommend that the board approve subcontracting changes as proposed.

13 **FINANCIAL REGULATIONS**

The finance director put forward a proposal to make one minor change to the financial regulations, and that is in relation to the spend authority limit for the director: IT, estates and learning resources. His current limit is £25k, and the proposal is to increase this to £50k given the capital works underway. The committee asked whether £50k is enough. It was explained that this limit relates to individual works and that the bigger project values are subject to board approval. This is more about the day-to-day approvals required.

One governor asked how regularly checks will be completed. The finance director confirmed that the authority limit proposed relates to the postholder rather than the individual and that, given responsibilities for IT, estates and learning resources, it is not a high figure and avoids delays.

AGREED: to recommend that the board approve that the financial authority limit for the director: IT, estates and learning resources be increased to £50k within the financial regulations.

14 <u>AOB</u>

There were no items of additional business.

15 <u>DATE AND TIME OF NEXT MEETING</u>

This was confirmed as Thursday 27th April 2023 at 5pm.

Paul Wheeler tendered his apologies for this meeting as it clashes with his own organisation's AGM.

16 <u>CONFIDENTIAL MINUTES OF THE MEETING HELD ON 28TH NOVEMBER 2022</u>

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

AGREED: to approve the confidential minutes of the meeting held on 28th November 2022.

There were no matters arising.

Meeting closed at 7.30pm.

Signed : ______ ___________________Chair Date: 27/04/2023