



**WEST NOTTINGHAMSHIRE COLLEGE  
FINANCE, RESOURCES & ESTATES  
COMMITTEE**

**Minutes of the meeting held at the Derby Road site on Monday 29<sup>th</sup> June 2015 at 5.00pm.**

**BOARD MEMBERS PRESENT:** Malcolm Hall  
Dame Asha Khemka  
Hari Punchihewa, Chair  
Colin Sawers

**ALSO IN ATTENDANCE:** Maxine Bagshaw, Clerk to the Corporation  
Andrew Martin, Deputy Principal/Director Finance  
Tom Stevens, Executive Director Capital Project and Estates  
Tracy Thompson, Director HR  
Steve Cressy, Head of Partnerships and Projects  
David Overton, Governor for Estates matters only

ACTION by whom	DATE by when

**15.19 DECLARATIONS OF INTEREST**

The Chair reminded those present to declare at the start of the meeting any interests that they may have on items on the agenda. No declarations were made.

**15.20 WELCOME INTRODUCTIONS AND APOLOGIES FOR ABSENCE**

Apologies for absence were received from Kate Allsop, Terry Dean, Tom Stevens and Sacha McCarthy. Steve Cressey was welcomed to the meeting and it was confirmed that he would present the Partner update.

**15.21 MINUTES OF THE MEETING HELD ON 24<sup>TH</sup> FEBRUARY 2015 AND ANY MATTERS ARISING**

Members reviewed the minutes and a typographical error was noted at page 3. At the bottom of the page it should read 'installation' and not 'instillation'. The Clerk confirmed that she would make the amendment required. Subject to this one change it was agreed that the minutes were a true and accurate record of the meeting.

AGREED: to approve the minutes of the meeting held on 24<sup>th</sup> February 2015.

It was confirmed that matters arising would be discussed as part of the action progress report.

Signed : \_\_\_\_\_ Chair

Date:

**15.22 NOTES OF THE DISCUSSIONS WHICH TOOK PLACE ON 12<sup>TH</sup> MAY 2015**

It was agreed that these were an accurate record of discussions.

**15.23 ACTION PROGRESS REPORT**

Members reviewed the action progress report included at page 31 and agreed/noted the following:

- Estates Strategy 2015-2020 - the full report will be presented to the September meeting. A draft of the Strategy is presented for initial discussions at this meeting.
- Estates plans – some information is provided within the pack for this meeting.
- Commercial income generation strategy – the Principal explained that September and October would be very busy months and as a consequence the commercial income generation strategy would not be available at that point. It was agreed to postpone the action date with the strategy presented to the November meeting.
- Procurement – the Director of Finance confirmed that this item had been deferred until the September meeting.
- Post occupancy evaluations – not due until December 2015.
- Budget context 15/16 cost savings actions identified to be linked to the risk register due for completion in September 2015
- Lease review options – completed.

ED:CPE

Sept 2015

Principal

Nov. 2015

Dir Fin

Sept 2015

AGREED: to note the update provided.

**15.24 PROPERTY STRATEGY 2015/2020**

The Director of Finance introduced this item and confirmed that the report is presented in two parts. The first part is a historic review of capital investment and the estates strategy for the period 2010 to 2014. The second part then looks forward to the period 2015-2020.

In terms of the period from 2010 to 2014 all acknowledged that a significant investment had been made. The forecast investment for the period, including payment of all retention sums is just over £30.5 million which is just inside the approved budget. The capital programme has been supported through a series of grants totalling £5.8 million from the SFA, a £17 million bank loan and College reserves of £7 million. The condition of the overall estate has changed significantly. Before the project 15.21% was category A and 29.88% category B (45.09% in good condition). After the project this changed to 61.9% in category A and 20.78% in category B (82.68% in good condition).

Looking forward to 2015-2020, what is presented at this meeting is a draft work in progress with additional sections to be added and linked to the overall College business strategy.

Signed : \_\_\_\_\_ Chair

Date:

The main thrust of the 2020 strategy is to deliver a new University Centre, synthetic turf 5 aside football pitch and additional car parking on the Derby Road site. Relocate administrative staff to Chesterfield Road from Ransom Hall in the first 2 years and then followed by further internal refurbishment of the Derby Road campus. The strategy aims to support the College strategic plan and advance the 2020 vision via the achievement of a number of strategic goals listed under teaching and learning for the future, a connected and collaborative College community and a safe social, sustainable campus.

**Q** The Committee questioned how the MUGA will be funded. It was explained that the MUGA scheme has been incorporated within the total £6.5 million HE Centre scheme. Also included in this are the additional car parking costs which will all be subsumed within the total cost. It was explained that one tender will be issued but that there will be separate specification sections dealing with the different component parts of the HE Centre development.

The Committee asked that the Director of Finance speak to Tom Stevens and ask for clarification as to whether or not there is any possibility of accessing other funding streams for other sport. It was agreed that these discussions would take place.

Andrew Martin

July 2015

Members' attention was drawn to page 51 which sets out a list of the estate portfolio. It was noted that the original plan was to dispose of Chesterfield Road however this is not now the case. It was agreed that the Executive Director Capital Projects and Estates would update this table in the final version of the strategy to be presented in September.

EDCP&E

Sept. 2015

**CH** In reviewing the strategy as a whole, the Committee agreed that they would like to see much greater clarity regarding targets and objectives, particularly in terms of the use and development of the estate. The Committee questioned whether it was possible to calculate the efficiency of usage. The Director of Finance indicated that the College does have some utilisation statistics. This being the case the Committee agreed that they would like to see an improvement target regarding utilisation included within the final strategy document.

**CH** Members reviewed the data table provided at page 43 and acknowledged that the absolute costs of maintaining the College estate have decreased. In addition, the College has improved the metre squared cost. The amount of space has decreased and the quality of space has improved. The Committee challenged the senior team and indicated that they would wish to see that the cost of operating the estate is decreasing. In terms of section 9.3 it was agreed that the expenditure figures would be disaggregated so that the Board could more clearly see the cost of the new build elements to the estate and have a better understanding of the cost/benefit position. It was acknowledged that this is a 'work in progress' document and that the final plan will be presented to the Board in September/October 2015.

EDCP&E

Sept/Oct 2015

Signed : \_\_\_\_\_ Chair

Date:

The Director of Finance, in general discussion regarding solar panels, confirmed that the College has committed to undertaking a feasibility study regarding the introduction of solar panels. He indicated that purely from a financial point of view it is something to consider. The Committee indicated that they would like to see some sort of target set within the strategy in relation to an analysis of the feasibility of introducing solar panels. As a general comment the Committee all agreed that they would like to see greater transparency regarding the efficiency gains obtained from upgrading the estate included within the plans presented.

As a general comment the Committee all agreed that within future reports they would like to see clear targets and milestones which are connected to the corporate plan.

AGREED: to note the content of the draft report presented.

#### **15.25 LONG TERM MAINTENANCE REPORT**

The Director of Finance introduced this item and confirmed that the report falls into two parts. The first is a review of the 14/15 position and the second part is the planned expenditure for 15/16. As a general comment the Committee indicated that they would like to see planned maintenance and reactive maintenance split out in to two separate parts so that it is easier to monitor.

In reviewing the update it was noted that the forecast is to spend all of the budget planned for 14/15 with total expenditure of £522,198. The most significant elements to this expenditure are the replacement of the Derby Road fire alarm at £112k. Digital radios and introduction on LRC steps to the rear of the Derby Road site as recommendations from the fire incident on 15<sup>th</sup> January at a cost of £18,228. Full conditions survey of the sites completed at a cost of £19,600.

In terms of reactive maintenance and planned projects for 15/16 a budget of £500k is proposed for reactive maintenance of which £386.5k is allocated to base cost reactive maintenance.

The Director of Finance then went on to discuss the proposed LRC refurbishment for 2015/16. He described the current LRC as a 'tired' space which is functional rather than attractive however it is a space that is very well used by students.

Members' attention was drawn to the plan at page 81 which shows how the space in the new LRC will be utilised. It was confirmed that the plan is to use the space for blended learning activity. The estimated cost of the project is £180k. The Director of Finance explained that this figure would be funded from ongoing cash management. The aspiration is to have the new LRC in place for September 2015 with summer works undertaken.

Signed : \_\_\_\_\_ Chair

Date:

The Committee were supportive of the proposal presented and noted the method of funding was from College generated activity. They agreed that it was important to develop this area and were happy to support the refurbishment plans at an estimated cost of £180k.

AGREED: to

- a) note the update provided,
- b) approve the refurbishment of the Derby Road LRC at an estimated cost of £180k.

#### **15.26 UNIVERSITY CENTRE UPDATE**

The Director of Finance introduced this item and drew members' attention to page 159. It was noted that the Executive Director Capital Projects and Estates is actually attending the local authority planning meeting this evening, which is why he has tendered his apologies. All agreed that the detail of this project had been considered at the residential in the prior week and therefore it was not necessary to revisit discussions in this area. What was particularly noted was the fact that the programme completion date is 30<sup>th</sup> September 2016 which is slightly later than is ideal. Completion is delayed slightly with the LEP investment Board not meeting until 8<sup>th</sup> September 2015. Corporation Board is scheduled to meet on Thursday 17<sup>th</sup> September which will be too late it is therefore proposed that a special meeting of Board representatives is convened in August with delegated authority from the Corporation Board meeting on 9<sup>th</sup> July 2015 to appoint a building contractor.

The Committee all agreed that this was a sensible solution to what is in fact a very tight timescale and that they would be happy to support this recommendation to the Board at the meeting on 9<sup>th</sup> July 2015.

AGREED: to note the update provided.

#### **15.27 RANSOM HALL RELOCATION**

The Director of Finance introduced this item and drew members' attention to page 169. Given the figures presented the Committee all agreed that there is a need to review the car parking position at Thorsby Street as indicative costs are significant and prohibitive. It was agreed that a full options appraisal regarding the variables at Thorsby Street would be provided at the next meeting. All agreed that there was a need to identify a strategy and that that this could only be completed following an options appraisal.

Members' attention was drawn to page 177 which sets out the planned work at Chesterfield Road. In terms of the tenders submitted, none of the four detailed have worked with the College before. It was confirmed that the adjusted tenders are within the planned budget.

EDCP&E

September  
2016

Signed : \_\_\_\_\_ Chair

Date:

AGREED: to appoint Petric Contracts Ltd as the successful contractor in relation to the refurbishment works agreed at Chesterfield Road.

(David Overton left the meeting at 6.00pm)

**15.28 MANAGEMENT ACCOUNTS TO APRIL 2015**

The Director of Finance introduced this item and drew members' attention to page 87 of the pack, the content of which was noted. He confirmed that the College Group has delivered an overall operating surplus before interest and depreciation. After interest and depreciation the surplus still remains positive. He explained that the College performance is below forecast and that the cause of this is that the College is struggling to hit its activity targets, particularly in relation to ASB. He explained that if the College does not deliver the activity forecast then this has a detrimental impact, however he did point out that there was significant underspend in relation to pay costs and non-pay costs (partner costs) which does offset some of this.

Members' attention was drawn to the data provided on page 92 and it was confirmed that at this point in the year it is not anticipated that the College will hit its year-end target for ASB income and that achievement will be somewhere in the region of £20-£21 million.

Members discussed the information provided at page 93, particularly in relation to sessional teaching staff costs and temporary staff costs. It was explained that there has been a higher than anticipated use of temporary staff simply because of a failure to successfully recruit to some posts. In relation to sessional staff it was acknowledged that these will always be needed, however the Director of HR provided assurance that she is looking at the terms and conditions for these contracts to ensure that value for money is obtained.

**Q/CH** The Committee questioned whether underspends in relation to pay or use of sessional staff has impacted upon quality. The senior team provided assurance that this was not the case and that it is appropriate to use sessional and temporary staff in certain circumstances. The Director of Finance indicated that in particular this year the provision of IT Studies has been a challenge because of high staff turnover and a difficulty in recruitment.

AGREED: to note the content of the management accounts to April 2015.

**15.29 2014/15 PROJECTED YEAR END POSITION**

The Director of Finance introduced this item and drew members' attention to the data table on page 100. As previously indicated the College is unlikely to hit the yearend target for ASB income and as a consequence this impacts upon the yearend forecast.

Signed : \_\_\_\_\_ Chair

Date:

As a general point he expressed a view that the outturn is likely to be better than the midyear forecast with the surplus reached at circa £1.6 million as opposed to the midyear forecast of £1.45 million. He explained that the shortfall on ASB income is offset significantly by a reduction in partner costs.

In terms of the year end forecast he indicated that what is not included is a summary of the change in the College's property portfolio in terms of sales, leases etc and that this will have to be considered in the final year end report.

The Committee took the opportunity to discuss Vision Apprentices and the relatively static/declining position. It was agreed that there is a need for the Vision Apprentices Board of Directors to make a decision regarding the future plans for this company. It was confirmed that the Board are going to be asked to consider whether or not there is a need for it to operate as a standalone company given the low volumes of activity. The Committee questioned whether there would be any impact upon people if a decision was taken not to operate the company on a standalone basis. It was explained that most of the apprentices who make up the number of employees, 37 in total, are placed with local authorities. What the company would need to do is manage the apprenticeship provision as a runoff. It was explained that it is far more attractive in the current economic climate for employers to recruit apprentices directly rather than use the ATA model which is why there has been a decline in numbers.

Q

In reviewing the end of year financial projection, as a general comment, the Committee agreed that it was important to develop the accuracy of the midyear review so as to provide confidence in the planning process for the following year.

AGREED: to note the update provided.

### **15.30 DRAFT BUDGET FOR 2015/16 & FINANCIAL FORECAST TO 2016/17**

The Director of Finance introduced this item and confirmed that 15/16 is heavily influenced by the genuine reductions in funding seen in the sector. The 15/16 year will see the College sustain a £5 million reduction in overall group income. This predominantly relates to ESF and ASB reductions.

In reviewing the plan the Committee noted the proposal to reinstate a subsidiary company to act as a back office service entity. This is to be able to offer revised terms and conditions in order to secure savings required in 15/16 and into the future as preparations begin to manage the funding challenges likely over the next several years. Following discussions at the residential the Committee all agreed that they would be happy to endorse and support this initiative.

Signed : \_\_\_\_\_ Chair

Date:

**Q/CH**

In reviewing the projections the Committee questioned whether growth predictions for BKSB were too low. Significant discussions regarding BKSB were undertaken with the outcome being that the consensus was to keep a prudent view regarding the company. The Committee indicated that they would find it useful to see a copy of the Business Plan and projections for BKSB. The Clerk confirmed that this would be included as part of the subsidiary company term 3 update scheduled for provision at the July Board meeting.

Clerk

9.7.2015

As a general overview the Director of Finance indicated that in 15/16 the income generated by College direct activity is likely to increase. Reductions will be seen in relation to partner activity and there will be a consequential significant reduction in non-pay costs.

He confirmed that the subsidiary company model savings are included within the budget proposed. All agreed that savings were necessary given that the income forecast is for a continuing decline over the next 3 years.

The Committee acknowledged that there were a number of costs which could not be reduced these include interest, national insurance, pension etc. Having reviewed the forecast position the Committee all agreed that now was the time to fundamentally review what the College does and why it does it, as on the figures provided the College on a long term basis is simply too marginal in terms of profit given the expected and anticipated reductions in income. The Committee all acknowledged that the College was facing very challenging times with only savings at the margin being identified on a year on year basis. The Board all agreed that it would be very useful for the College to undertake more segmental analysis of College activity in terms of contribution. The Director of Finance confirmed that this work would be undertaken and presented to the September meeting. The Committee all agreed that it was important to undertake more detailed analysis of what the most profitable activity is and start to think about a future strategy.

Director  
Finance

2015

As a general draft budget the Committee all agreed that they were happy to propose this be approved by the Board. This however has to be within the context of more detailed cost and income analysis in 2015/16 as very clear targets and strategies need to be developed to address the declining income position.

**AGREED:**

- a) to note the update provided,
- b) recommend that the Board approve the draft budget for 2015/16 and financial forecast for 2016/17.

Signed : \_\_\_\_\_ Chair

Date:

**15.31 PARTNERSHIP CONTRACTS 2015/16**

The Committee in reviewing the contracts register proposed all agreed that they needed assurance regarding;

- a) correct and robust due diligence processes,
- b) formal contracts are in place,
- c) appropriate monitoring mechanisms are in place and robust.

Steve Cressey indicated that as a matter of strategy the College is looking to consolidate the number of partners that it uses. He confirmed that there are issues with some partners which are managed on an operational basis. The College team this year have under allocated with existing partners and is making proactive approaches to other companies to target high quality providers and partners.

He provided assurance that the due diligence processes are robust and a undertaken as part of a collaborative approach by a number of teams throughout the College, which include both quality and finance.

All agreed that it was key to issue contracts as early as possible so that the College can 'hit the ground running' for the next academic year.

AGREED:

- a) to note the update provided,
- b) recommend that the Board approve the partnership contract schedule listed for 2015/16.

**15.32 COMMITTEE REVIEW**

The Clerk introduced these reports and all agreed that some discussions had already taken place. When reviewing the terms of reference it was acknowledged that they had been substantially reviewed within the current academic year and therefore the recommendation to the Board is that they continue unchanged in to 15/16.

In terms of membership the Committee all agreed that recruitment of 1 additional person would be of benefit and that this is something to continually try and address.

In terms of self-assessment the Committee felt that they had fulfilled the objectives set within the terms of reference. It was acknowledged that attendance at meetings has not always been outstanding however it was not felt that this had impacted upon the work of the group.

In terms of scheduling of meetings for the next academic year it was agreed that the preferred start time would be 4pm rather than 5pm.

AGREED: to note the update provided.

Signed : \_\_\_\_\_ Chair

Date:

**15.33**     **AOB**

There were no items of additional business.

**15.34**     **DATE OF NEXT MEETING**

The Clerk confirmed that the next scheduled meeting is Tuesday 29<sup>th</sup> September 2015 at 4pm.

**15.35**     **CONFIDENTIAL MINUTES OF THE MEETING HELD ON 24<sup>TH</sup> FEBRUARY 2015**

AGREED: that the minutes were a true and accurate record of the meeting.

There were no matters arising.

**15.36**     **CONFIDENTIAL NOTES OF THE DISCUSSION ON 12<sup>TH</sup> MAY 2015**

AGREED: to note the content of the notes provided.

Meeting closed at 7pm.

Signed : \_\_\_\_\_ Chair

Date: