WEST NOTTINGHAMSHIRE COLLEGE
FINANCE, RESOURCES AND ESTATES COMMITTEE

Minutes of the meeting held at the Derby Road site on Tuesday 23rd February 2016 at 4.00 pm.

BOARD MEMBERS PRESENT:	Dame Asha Khemka DBE Hari Punchihewa, Chair Colin Sawers Alan Mele
ALSO IN ATTENDANCE:	Maxine Bagshaw, Clerk to the Corporation Andrew Martin, Deputy Principal/Director Finance Tom Stevens, Executive Director Capital Projects and Estates Tracy Thompson, Director of HR Sacha McCarthy, Director of Employer Engagement David Overton (Governor for Estates matters only)

		ACTION by whom	DATE by when
16.01	**DECLARATION OF INTERESTS** 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 specific interests were declared and standing declarations were noted.		
16.02	**WELCOME INTRODUCTIONS AND APOLOGIES FOR ABSENCE** Apologies for absence were received from Malcolm Hall MBE and Terry Dean. Alan Mele, the new external Committee Co-optee was welcomed to his first meeting.		
16.03	**MINUTES OF THE MEETING HELD ON 10TH NOVEMBER 2015** 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 10th November 2015. There were no matters arising.		
16.04	**ACTION PROGRESS REPORT** Members reviewed the action progress table and the Clerk was able to update on a number of items: • Item 1 – on the agenda.		

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- Item 2 – on the agenda.
- Item 3 – a review of the property strategy will take place as part of the process for preparing for the Area Review. There will need to be a separate board session to focus on options and alternatives. With this in mind, it was agreed that a review of the property strategy would not take place at committee level but would be included at board level, as part and parcel of the area review process.
- Item 4 – on the agenda.
- Item 5 – included within the report presented regarding space management.
- Item 6 – completed.
- Item 7 – completed.
- Item 8 – on the agenda.
- Item 9 – is not yet due. The Committee were advised that the College has not yet commenced work with the Carbon Trust and therefore it is likely that the target date for completion of the action will be the June meeting rather than May.
- Item 10 – on the agenda.

AGREED: to note the update provided.

16.05 **PROPERTY STRATEGY UPDATE**

The Executive Director: Capital Projects and Estates introduced this item and drew a number of matters to members' attention:

- University Centre – construction is going well. Work commenced on 19th October 2015. Unfortunately high winds have had an impact on the steel erection which has affected the timetable. However, at this stage Wildgoose contractors are confident (subject to weather) that the delay can be made up to complete this element of work on time. All acknowledged that the timetable even without any delays was very tight with only a small period of time to fit out the building between 16th and 26th September 2016. In discussion it was acknowledged that at this stage the College does not have a plan B as it does not have capacity elsewhere within the College estates. It was accepted that students who enrol for HE provision will expect to be accommodated in the new building on 26th September. The Committee indicated that if the College is not going to be able to accommodate them in the new building at that point in time then it will have to find alternatives. It was acknowledged that actual student numbers to be accommodated are not known at this stage and that a much clearer idea on this will not be available until later in the year. Irrespective of this position the Committee strongly suggested that the management team think of alternative options, sooner rather than later, so as to avoid difficulties in September.

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It was acknowledged that the College will put pressure on contractors to complete by the deadline, however they express concern that caution should be in place so as not to incur accelerated costs, for example overtime, weekend work etc. The Committee asked that if any additional time is required then it needs to be clearly communicated to the contractors that this will not be at an additional cost to the College.

- Road access from A60 – the Committee were advised that it is now likely that the College will need to provide wider access. This will involve a small additional tarmac cost which will be offset by 4 additional car parking spaces which will be a benefit to the College. A tree may need to be moved to accommodate this and will be subject to consultation with local residents as it is currently subject to a TPO. Members' attention was also drawn to the plan showing where the extension of the current double yellow lines on Cauldwell Road will be placed.
- New car park – the new 50 space car park is complete and was handed to the College on 1st February 2016.
- Vision Studio School CIF – it was confirmed that the bid has been submitted and the outcome is expected in March/April. However, the Committee were advised that irrespective of the big outcome some works are required to replace and upgrade the fire alarm system. There will be a cost to the College for the alarm section covering Ashfield site (which is College owned and operated), the estimated costs are circa £60k. It was confirmed that this £60k will come from the 16/17 maintenance budget. In relation to the other parts of the bid submitted, any works on the parts of the estates leased and occupied by VSS will be at a cost to VSS. Although the College owns the building the Studio School is in occupation on a full repairing lease.
- Former general hospital site Mansfield – the College has received notification of a planning application for the construction of 42 apartments and 12 bungalows on the site. Completion is 2017 at the earliest. The proposed development is not anticipated to have any impact on adjacent College buildings.

AGREED: to note the content of the update provided.

16.06 **<u>REFURBISHMENT PROGRAMME AND LED LIGHTING REVIEW 2016</u>**

The Executive Director: Capital Projects and Estates introduced this report and indicated that the proposed works fall in to two distinct categories: a) refurbishment works to the Derby Road site and b) replacement of all existing lighting to LED.

In relation to the proposed accelerated refurbishment works at Derby Road he confirmed that the team have considered all internal works required but that these have then been prioritised on the basis of needs and affordability. Following this exercise the scope of all work required is £1,621,431.04.

After prioritisation it is proposed a total of £1 million refurbishment work from a total estimated project cost of £1,406.339.94 (this is the total scope of work less LED lighting replacement) plus replacement of existing lighting to LED at a cost of £215,096.10. It was explained that a SALIX loan will be utilised in relation to the LED lighting costs. Members' attention was drawn to Appendix 2 which sets out the elements of the refurbishment work proposed. In relation to the costings some are certain but others need more detailed tenders. He explained that competitive quotations will be received for all elements of the work approved by the Committee. He confirmed that whilst the total refurbishment programme is £1 million this will consist of a number of much smaller packages of activity which will each be tendered on an individual basis. He confirmed that the anticipated costs of each of the elements all fall within the financial approvement limits for the Principal and that what he was seeking today was general support from the Committee for the accelerated refurbishment programme. He confirmed that a paper would be presented at the May 2016 meeting to confirm which contractors were appointed as a result of the tender processes undertaken.	ED CP&E	May 2016
He confirmed that the proposal regarding LED lighting is part of an independent review. Members' attention was drawn to page 50 and the executive summary. He explained that when this option had been looked at in the past it had not been cost effective to introduce, however the independent report clearly evidences that this is a cost effective solution with a payback period for the investment being within 5 years. He confirmed that this can be funded by a SALIX loan which is interest free, Government backed and offered over a four year period. The loan is specifically offered to support projects which lead to energy efficiency. The proposal made is to make changes to any fittings where the payback period will be less than 5 years. In relation to the executive summary it was noted that there were a number of areas where the payback period was much greater than 5 years. It was explained that these are the newest areas of the College which already have efficient lighting in place as part of initial developments. He confirmed that the data regarding payback years excludes VAT and additional costs which will have to be incorporated into the calculations. In terms of the SALIX loan the Deputy Principal/Director: Finance explained that the College will need to obtain permission from the bank to take out the loan as the College is subject to a negative pledge arrangement. He has a meeting arranged with the bank tomorrow and does not expect any issues in relation to the proposal. It was confirmed that the cash flow forecasts in later reports takes into account the expenditure planned within the proposal. Assurance was again given that all of the work intended will go out to tender.		

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In terms of the LED lighting one member of the Committee made a suggestion that in terms of process the College invite three manufacturers to create plans and put forward costed options and recommendations. This is rather than incurring the costs of professional fees to draw up the scoping documents and then advise on the tender process. It was explained that manufacturers are readily willing to undertake a survey, provide drawings and work up costs. This in effect would be a two stage tender process involving a) manufacturers and b) instillation contractors.

The Committee agreed that this was the sensible option but acknowledged that if invitations to manufacturers were not successful then it would be necessary to revert to a more traditional model of tender.

The Committee asked for clarification on the rationale for the accelerated refurbishment. It was explained that the College can clearly foresee annual cost savings and in addition to this it is expected that refurbishment works will contribute to improved retention. It was explained that this academic year the College has seen a higher rate of withdrawal than in previous years. It is considered likely that the internal areas of the College could have influenced this and that it is important to have the best quality classrooms possible to ensure that students once enrolled and actually attending College do stay and are given no reasons to move/withdraw. The Committee all agreed that it would be important to look at the retention statistics post September 2016 and then compare with the prior year to see whether the refurbishment has positively impacted upon retention. It was explained that for every student the College is able to retain on a full time basis this is the equivalent of £4,000.

The Committee questioned whether the College undertakes exit surveys. It was confirmed that it does and that students give a variety of reasons for withdrawing from courses. The Committee also questioned whether the College collects information as to why students actually come to College. It was confirmed that each student has an individual learning plan in place which identifies ambitions and progression, this will include some information regarding the reason for enrolment; however, it was acknowledged that some students who withdraw early will not have actually got to this stage in the student experience process. Assurance was given to the Committee that the College looks at a whole host of recruitment and retention initiatives.

Members discussed page 36 and noted that there was not much space available within the College site to decamp while works are undertaken and therefore felt it is very important to communicate and manage student expectations.

Having reviewed the detailed report provided the Committee were happy to support the proposals made and:

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AGREED:
a) to approve the scope of work and refurbishment programme of work for the 6 story tower block, 3 story tower block, enviro block and foundation/LRC block at an estimated total cost of £993k. This work to be undertaken in 2016.
b) to approve an application for a SALIX finance loan of £215,096.10 to finance the costs of replacing existing light fittings with LED in the 6 story tower block, 3 story tower block, enviro block and foundation/LRC block. The loan is repayable direct to SALIX over a period of 4 years.

16.07 <u>MANAGING SPACE – A REVIEW OF SPACE UTILISATION AND KPIS</u>

The Executive Director: Capital Projects and Estates introduced this item and reminded the Committee that one of the KPIs in place is to ensure that College accommodation at condition A and B is 90%. The current position is 80%. Members' attention was drawn to page 87 and to the schedule he described as 'backlog maintenance required'. He explained that this was the works required to bring the College Estate up to the desired high quality. Page 88 shows the impact of the proposed and agreed £1 million refurbishment but excludes any electrical works. It was confirmed that years 2 and 3 of the table cover the £1 million refurbishment programme proposed. In general discussion it was acknowledged that what was presented is not simply 'backlog maintenance' but also includes improvement. The Deputy Principal/Director: Finance provided assurance that the College will not plan to do everything proposed as this is simply not realistic and is not affordable. In addition to the £1 million refurbishment agreed the intention is over the next years to allocate £450k per annum for maintenance, this will focus on the most essential repairs. It was confirmed that repayment of the SALIX loan will be every 6 months over a 4 year period.

It was confirmed that as part of the area review process the College will need to update and evaluate the impact of the £1 million accelerated refurbishment. Once these are complete the works planned will take the estate up to 85% condition A and B. It was explained that after this point in time then the College will have to undertake further works at Ashfield College if it is to be able to go higher than the 85%.

Members' attention was drawn to page 75 and the summary regarding the position at Ashfield College. The Executive Director: Capital Projects and Estates confirmed that what was presented was simply a space assessment and that what needs to be done in conjunction at a future point is a review of curriculum considerations. The Deputy Principal/Director: Finance expressed the view that currently there is simply not enough utilisation of this part of the College estate to justify the investment proposed/required.

Members' attention was drawn to page 84 and the EFAs letter to Colleges as part of the area review process regarding property disposals and free schools.

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It was felt that, as explained in paragraph 8.6, this could provide further options particularly in relation to Ashfield and Thorsby Street. The Committee all agreed that this was something worth exploring.

In relation to space utilisation members' attention was drawn to the appendix on page 89. It was explained that it has been quite a challenge to produce the statistics and it was acknowledged that further work needs to be done regarding this.

In reviewing the statistics the Committee questioned why the College does not simply reduce the size of its estate. It was acknowledged that this is a complicated question but that the College needs to be able to answer this as part of the area review process. All agreed that there was a need to have a plan in place to improve the percentage statistics. The Committee indicated that there was a serious need to consider the Ashfield site and the impact that this has upon the statistics in terms of utilisation and indeed condition of the estate. The Deputy Principal/Director: Finance expressed the view that how the College manages its rooms will be a key to success and that one of the next steps is to audit the timetabling processes.

Members discussed Thoresby Street and the information provided at paragraph 8.3. It was acknowledged that there is a need to retain this site, certainly until the summer, because of exam requirements but that thereafter a future assessment needs to be undertaken. Disposal has to be considered, however it is acknowledged that parking implications will form a part of review discussions.

Members' attention was drawn to Appendix 5 where it was advised that the College has compared its own position with the sector as far as it is able to in terms of published statistics, however, it was felt that because of the system for filing this kind of information nationally there has to be some questions regarding the accuracy of the data provided.

Members' attention was drawn to Appendix 6 which specifically looks at the Colleges position and shows exactly where it sits both in terms of the positives and negatives when compared with the sector.

Members reviewed page 94 and the detail provided within the MSCI report. It was confirmed that the College has done a lot of work since this report (which is dated 10th July 2015) which gets the College to the current reported position.

Having reviewed the information in detail members were happy to support the proposals subject to a review of the room utilisation KPI of 40%. They asked that this be considered on an ongoing basis with plans developed for improvement.

	AGREED: a) to approve the anticipated estate condition and backlog maintenance programme, following completion of the accelerated programme of work for the Derby Road campus in 2016 with potential budget requirements of around £450k per year for ongoing planned maintenance of the estate as part of the business planning in process. b) to commission an updated report on the condition of the estate on completion of the accelerated programme of work on the Derby Road campus and the opening of the University Centre in September 2016 (this will be part of the area review process). c) That on completion of the accelerated programme of work at the Derby Road campus the amount of estate classified as condition A/B will increase from 80% to 85.84% for 2017 with a target of 90% estate in condition A/B. d) Functional suitability of the estate to increase from 80% to 85.84% for 2017 with a target of 90% estate in functional condition of very good/good. e) An interim target of 60% room occupancy, 60% frequency and utilisation of 40% or higher for rooms classified for teaching and learning with a further review of data to be undertaken. f) To retain Thorseby Street for use by the College until completion of the University Centre in 2016 and then to obtain updated advice on the sale of Thorseby Street from the Colleges land agents and change of use to residential with planning permission. g) To approve the proposed key performance indicators for the estate for 2015/16 and 16/17.		
16.08	**<u>POST OCCUPANCY EVALUATIONS – ENGINEERING CENTRE AND VISUAL ARTS</u>** The Executive Director: Capital Projects and Estates introduced this item and presented the substantial reports. He confirmed that preparation of these reports is a condition of grant funding and that the data provided to this meeting will be part of a larger report that is submitted to the SFA. In relation to the Engineering Centre he confirmed that this was a very successful project in terms of timing, delivery and the ability to close out the accounts. The project was completed with an overspend of £49k. Members' attention was drawn to page 127 which summarises the measurable project outputs. He indicated that in some areas it is still too early to properly assess and in some cases the College is not comparing like with like. Members specifically commented upon page 121 and the information provided that success rates for apprentices has declined, however, assurance was given that this is now improving. In relation to the statistics provided it was noted that these are engineering apprenticeships only. It was agreed that Sacha McCarthy would review this information to ensure accuracy before this report is submitted to the	Director EE	February 2016

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	SFA. In relation to Visual Arts, again a very successful project. It was noted that the College returned £42k to the SFA which was underspent. AGREED: to note the update provided. (David Overton left the meeting at 5.20pm)		
16.09	**EMPLOYER RESPONSIVE UPDATE** a) Partnerships update for the 2015/16 contract year Sacha McCarthy introduced this item and confirmed that the purpose of her report is to seek approval for the partnership board report with any amendments since the previous board meeting in December 2015. Her report includes any amendments requiring approval and these are highlighted within the appendices in yellow. Those subcontractors highlighted in pink are new partners and interim contracts are noted and subject to approved due diligence before funds are to be released. Since January 2016 contracting out for adult apprenticeships is the only funding steam option available for new partner engagement.		
	She confirmed that the second partner performance review is scheduled for activity up until the end of period 7 (February). Once conducted and funds are measured against the agreed tolerance points the outcomes will be shared. It was confirmed that a report in relation to this outcome position would be presented to the next meeting on 10th May 2016.	Director EE	May 2016
	Members reviewed the content of the report and in particular section 2.5 which summarises the termination of a contract with a partner. It was explained that this termination took place at the end of November with 648 apprentices relocated. It was explained that one of the other Colleges partners took 550+ of the apprentices which were mostly in relation to logistics provision. Assurance was given that a risk management and oversight process is in place. The Committee questioned whether there was more that could be done to have even more rigorous oversight. It was explained that yes more could be done and is being done, particularly in relation to on site audits and short notice random sampling. The Committee indicated that they would wish to encourage the College team to act on any suspicions that they have and act quickly. In terms of the amendments proposed the Committee were given assurance that all expected due diligence activities have been undertaken. AGREED: to approve the amended partner contracts proposed as detailed on the schedules provided at page 166 and 167. b) KPI update for the Business Development Unit.		

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Sacha McCarthy indicated that the KPI performance management report has been updated to enable the management of performance against targets in year. The report is based upon the first formal review from the data set for December 2015. The KPI report will be updated formally in March, May and yearend.

KPIs are grouped into 3 themes. These are finance, business performance and quality.

1) Finance KPIs – a total of 5 individual themes. Contracts for adult apprenticeship is high risk with volumes of activity falling short of profile to date within an agreed tolerance, contracts for 16-18 apprenticeships and traineeships are currently medium risk and are within an agreed tolerance and contracts for work placed learning and adult responsive are currently low risk as performance is in line with profile plan.
2) Business performance KPIs – a total of 12 individual themes. Those currently risk rated as high include adult apprenticeships, higher apprenticeships and ATA starts activity, out of funded learners and sales conversions. Those currently risk rated medium include 16-18 apprenticeships and traineeship starts, the remaining 5 themes are all low risk.
3) Quality KPIs – a total of 7 individual themes. There are no high risk themes, those currently risk rated medium include apprenticeships and work placed learning success rates, 4 themes are low risk and 1 theme will not be reported against until the next formal review.

High risk areas – of the 24 themes, in total 6 areas are highlighted as high risk, 5 of these are all related to short falls of activity within the apprenticeship funding streams. The out of funding theme remains high risk due to the volume of outcomes aligned to two large partners who are on an exit strategy.

Members' attention was drawn to the high risk items at page 171. It was explained that in relation to the adult apprenticeship contract the profiled activity planned for December simply did not come to fruition. She confirmed that since that time there has been an improvement but statistics will not be finalised until the end of February and therefore there is still considered to be a high risk. The Committee asked for a prediction as to where the College will get to at yearend. Sacha McCarthy predicted that the shortfall will be £1.7million against the adult apprenticeships allocation. This is roughly a 10% shortfall. It was explained that partners are out performing the internal team, assurance was given that senior leaders are working really hard with the staff involved to improve the College business position.

The Principal indicated that the Governor afternoon session planned for tomorrow will look at:

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a) how the College positions itself to respond to the known changes, including area reviews and apprenticeship levy, and
b) undertake an assessment regarding how sure the College can be that the reforecast position will be delivered. It was explained that at the 10th March meeting, which is the midyear review, Sacha McCarthy will provide an updated report on this area which is obviously a significant concern and follows prior year patterns.

The Committee indicated that in terms of the themes there needs to be a greater analysis regarding the detail and what sits behind this. In addition to this in future reports there needs to be a realistic assessment of what can be achieved by yearend based upon what we currently know.

AGREED: to note the update provided.

16.10 **<u>HR 6 MONTHLY KPI REPORT</u>**

The Director for HR introduced her comprehensive report and drew key matters to members' attention.

a) College
  - Staff turnover has decreased by 1.2% when compared to the same point last year.
  - The number of resignations continues to fluctuate and this issue is closely monitored. She confirmed that reviews and analysis are undertaken on a team by team basis.
  - The turnover rate for resignations is 2.1% higher than in January 2015.
  - Absence has stabilised at around 3.6% for this 6 month period. Whilst this is 0.2% above target it continues to be below benchmark.
  - The number of people who have hit short term trigger now compared to this time last year has more than halved. All agreed that this was a really positive impact seen in response to the changes introduced.
  - The College is maintaining good practice in terms of managing health and wellbeing and continues to review areas for improvement.
  - Appraisal completions have improved by 3.5% since the end of 14/15 (this is an increase from 89% to 92%) and the expectation is to get to 100% by the end of the year.
  - Staff engagement – as part of the investors in people framework a staff survey was completed between November and 4th February 2016. The Board will be updated on the survey results once they are known and analysed.

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b) VBSS
   - As at 31st January 2016 the VBSS head count was 40 with an FTE of 21.6.
   - The in-year turnover rate at 31st January 2016 is 15% for all reasons. For resignations only the turnover rate is 7.5%. There have been 4 leavers in total up to 31st January 2016, 2 are fixed term contracts coming to an end and 2 are resignations. 3 of the leavers are in Lifestyle although there is no cause for concern.
   - The absence rate at 31st January 2016 is 1.5%. This is below the College rate of 3.6%.
   - The numbers employed in VBSS continues to increase each month and key statistics will be monitored throughout the year.

In general discussion it was confirmed that some absence occurs in College in 'pockets' and that in some areas there is a greater impact than others.

The Committee noted that there was more delivery staff resigning than business support and questioned whether this was usual. The Director of HR indicated that there were no concerns for her in relation to this trend and gave assurance that resignations are reviewed on a department by department basis. It was explained that higher turnover rates tend to be in areas where performance is being challenged.

AGREED: to note the update provided.

16.11 <u>MANAGEMENT ACCOUNTS TO 31ST DECEMBER 2015</u>

The Deputy Principal/Director: Finance introduced this item and confirmed that the accounts follow a similar pattern to that previously recorded i.e. the College is slightly behind where it planned to be. He indicated that the reason for underperformance is quite specific rather than in all areas. Key matters brought to members attention were:

- The College is £253k behind budget. The core driver of the current performance is the shortfall in income.
- Across the component parts of the group the College performance is below forecast with a surplus before interest and depreciation of £899k (corresponding month in the last year was £1,112k) against a target of £1,243k. After interest and depreciation College position is £68k deficit against a budget of £256k surplus.
- BKSB continues to deliver strong results with an operating surplus of £614k.
- VWS has contributed a deficit of £10k for the year to date.

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- Overall group income of £21.011 million for the year to date is £2.425 million behind forecast and £2.885 million lower than the £23.896 million recorded in 14/15. Similar issues with adult skills performance remain.
- Overall pay costs are £548k underspent. It was explained that as the College failed to achieve student numbers for 16-18 year olds there was a corresponding reduction in staff needs.
  He commented that this underspend was simply not sustainable in the longer term.
- The group balance sheet is now stronger than at yearend. Cash balances improved to £12.118 million. Unearned ASB for 14/15 of £4.1 million will be recovered over the period January to March 2016. It was explained that this underperformance in ASB is repeating itself this academic year.

AGREED: to note the content of the update provided.

16.12 <u>MIDYEAR REVIEW AND FINANCIAL REFORECAST</u>

The Deputy Principal/Director: Finance presented this item and confirmed that the report provides a midyear review but also confirms that the team have looked at the midterm financial position. He advised that changes to the apprenticeship programme will be key and will have a significant impact.

Key points brought to members attention were:

- For 2015/16 the College is currently lagging behind its funding forecast.
- The budgeted position for the College was roughly a breakeven position.
- BKSB will easily hit the budget target for 15/16.
- Page 224 sets out the anticipated position for the remainder of 15/16, this includes lower than anticipated performance against ASB allocation and ESF. As a consequence the ESF income has been stripped out in its entirety from the reforecast position. It was confirmed that there are no associated ESF costs.
- Current view of in-year performance indicates that the College will reach an income level of £49.8million some £2million lower than expected. Main core reason for this is adult skills budget underperforming at £1.7million. Originally the budget held a notional £500k for ESF, this has been removed. Upsides to the years income forecast include the NCS programme, where £437k of income is expected (budget £100k). Tuition fees +£70k and 16-18 partnership apprenticeships at £148k are also favourable with the latter resulting from a deal agreed with a core partner to expand volumes. The only other major core adverse movement from the budget is within 16-18 ALS income where the learner volumes for LLD supported learners through an EHCP have been lower than originally anticipated leading to an income level £164k lower than budgeted.

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- Page 225 provides 2016/17 assumptions in core income programmes.
- The expected performance levels likely to be delivered in 15/16 are expected to inform income levels for 16/17. The major change in 16/17 will be the reduction expected in funding 16-18 classroom based students allocated on a LAG model following under recruitment against target in 15/16.

  This impact is likely to be in the range of £700k and fall squarely on the classroom based teaching and learning areas.

The Committee discussed paragraph 3.8 and in relation to the contribution targets set questioned whether the College is being challenging enough. The Deputy Principal/Director: Finance explained that the College has tried to be proportionally fair in terms of staff utilisation and that in his view what needs to be set is an achievable budget. The College has had some underutilised staff in some areas because of poor performance and some sickness absence.

- Page 224 HE Centre - no bottom line impact of the centre in 16/17 but there will be in 17/18.
- Adult apprenticeships are expected to increase in 16/17 in preparation for the introduction of the levy yielding greater employer awareness and propensity to engage. An estimated increase of 10% for the College programme and 5% for the partner programme from 15/16 forecast levels is expected.
- Page 226 sets out the 17/18 assumptions in core income programmes. This is a year where the College will see a major change in income.
- Paragraph 46 – the current planning assumption for 17/18 is that the College will see 40%-50% of the current apprenticeship subcontracting programme move away from the College resulting in significant changes to partner apprenticeship income. It was confirmed that this is an assumption at this stage and that it has to be taken in the context of a lot of unknowns and any transitional arrangements that may be introduced. It was confirmed that the College has undertaken some worst case planning and will be seeking to increase direct delivery College volumes to offset.
- Paragraph 48 – in 2017/18 the College anticipates that the new levy will see a significant leap in the number of apprenticeships delivered by the College directly and have targeted an increase of 20% in 16-18 apprenticeship volumes and 35% in adult apprenticeship volumes. The impact of these additional volumes will contribute towards the offset of the reduction in the partner programme. All acknowledged that what will be key is how this is achieved. The College margin is higher than when partners are used, however the Committee were advised that it is not an easy option just to increase direct delivery.

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- In addition to the partner programme shrinking and College programme increasing the other elements of the response include a limited uptake of the College compliance and quality service by those providers now accessing direct funding. The College has assumed that half of the lost partners will remain engaged with the College and pay a 7.5% fee for these services yielding a little over £250k in the year.
- Any ESF income would be an unexpected bonus in 16/17.
- Page 227 sets out pay cost assumptions.
- The assumptions supporting the key changes to the apprenticeship programme for 17/18 were referred to in annex A.
- Within the core College 16-18 classroom programme it is assumed that income will remain flat with an allocation of £10.706 million.
- The HE centre is expected to generate income of £1.815 million in line with the agreed business plan and be contributing to College bottom line as there will be 2 year cohorts in place for the expanded programmes in 17/18.
- The financial forecast continues to exclude any income for ESF programmes due to the uncertainty of tender and award.
- Page 228 sets out non-pay cost assumptions. It is not envisaged that there will be a great deal of change. There is an increase of £100k expected in relation to marketing for the HE Centre.
- Page 229 sets out capital assumptions. Members' attention was specifically drawn to paragraph 88. The partner programme will reduce costs significantly (alongside partner income) from £14.976 million in 16/17 to £9.956 million in 17/18. This reflects the 50% reduction in 16-18 apprenticeship partner activity and 40% reduction in the adult apprenticeship partner programme.
- Also included in the forecast for 15/16 are the costs of a major internal refurbishment of the Derby Road building approved earlier in the meeting at £1million. Again it was confirmed that in addition to this there will £450k annual maintenance grant.
- Page 230 paragraph 90 provides a summary of the College group reforecast results for the period.
- As a general comment it was acknowledged that pay costs will increase to reflect more direct delivery. All agreed that there was a lot of work to be done in terms of delivering the changes expected.
- Page 233 is the balance sheet. It is expected that by the end of the planning period to 31st July 2018 the NET asset value will have increased to £16.439 million with fixed sets of £47.1 million. Long term debt is expected to reduce from £15.522 million to £13.305 million as annual repayments of £739k continue, associated with the main building refurbishment programme.

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- Paragraph 103 - the Colleges current financial health scoring is 'satisfactory' but progressing back towards good at the end of the planning period. The Committee were asked to note however that the SFA have just released a consultation regarding changing the financial health scoring criteria. The Committee were reminded that the College would have been deemed as good if it had not borrowed to improve the estate. The borrowing ratio is what is holding the College back in terms of the calculation.
- Page 232 sets out the midyear forecast.

  The Committee all acknowledged that BKSB remains critical and acknowledged that a lot of work now needs to be done regarding delivery of the reforecast plan.

The Committee questioned whether there is anything that could be done to improve the performance of Vision Apprentices. The Deputy Principal/Director: Finance explained that the company was set up as an employment tool only and that the margins are very small and the budget is predicated on a breakeven position. He confirmed that the senior team know that more has to be done in relation to Vision Apprentices, particularly given the changes to apprenticeship funding expected. Alan Mele suggested that the College get in touch with all banks and accountants so that they could act as a referral service for clients. He indicated that from a personal point of view his clients (employers) constantly indicate that they are struggling to recruit apprentices and that it would be very beneficial to pass on Vision Apprentices information. It was confirmed that Sacha McCarthy would follow up on this. All agreed that a developmental strategy needs to be devised for Vision Apprentices as part of the response to changes. Included within this is a marketing and engagement strategy. All felt that the Vision Apprentices team could use business networks in a smarter way.

Action	Date
Director EE	Feb. 2016

Members were happy to support the proposals regarding the mid-year review and financial reforecast, however they acknowledged that the Board should not underestimate the transformation needed to support the delivery planned.

AGREED: to recommend that the Board approve the mid-year review and financial reforecast presented.

16.13 NEW FINANCIAL REGULATIONS

The Deputy Principal/Director: Finance introduced this item and confirmed that there were no fundamental changes. He indicated that the appendices have been stripped out which makes the document more accessible and readable for staff.

AGREED: to approve the amended Financial Regulations presented.

Signed : ______________________________Chair Date:

16.14 **COLLEGE FEE POLICY 2016/17**

The Deputy Principal/Director: Finance introduced this item and confirmed that there were no substantial changes. He reminded the Committee that there had been a slight increase in fees in the prior year and therefore no significant changes proposed this year. Members' attention was drawn to paragraph 8 which summarises the charging fees over the prior nine year period.

Members attention was drawn to paragraph 13B which sets out the only change proposed and this is that adult full time learners will pay a fee of £450 (in 15/16 it was £400) when neither the learners nor learning programmes are included within national fee remission categories. It was explained that this is a fee intended to encourage retention and continuation.

Higher education fees detailed in paragraph are as currently set. Arrangements for student withdrawals, included from paragraph 19 onward, explains how the College ensures that students pay.

The Committee felt that the policy remained fit for purpose and were happy to recommend approval to the Board.

AGREED: to recommend that the Board approve the proposed College Fee Policy for 2016/17 presented.

The Committee questioned how the £450 fee compares with competitors. It was explained that fees vary but that the feedback is that this requirement is not a barrier to students and it is felt to be a reasonable comparator.

The Committee also questioned what the current position was in relation to bad debts. It was explained that the position is 'as expected' and of no concern/significance. Often when students withdraw it becomes difficult to pursue payments but these are not at significant levels.

16.15 **FRS 102**

The Committee considered the very comprehensive report prepared. It was confirmed that this has been reviewed in detail by the Audit Committee with support for the proposals agreed in line with external auditor comparisons with other Colleges in the sector.

AGREED: to recommend that the Board approve the proposed changes to the accounting policy as a result of adoption of FRS 102 as set out in section 4 of the report.

16.16 **AOB**

There were no items of additional business

Signed : ______________________________Chair Date:

16.17 DATE OF NEXT MEETING

It was confirmed that the next scheduled meeting is 10th May 2016.

Meeting closed at 6.30pm.

Signed : ____________________________Chair Date: