



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

Minutes of the meeting held at West Nottinghamshire College on Tuesday 8th November 2016 at 5.45 pm

BOARD MEMBERS PRESENT: Terry Dean
Malcolm Hall (by conference call)
Hari Punchihewa, Chair
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
David Overton, Governor attending for Estates matters only

	ACTION by whom	DATE by when
<p>16.64 <u>DECLARATIONS OF INTEREST</u></p> <p>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.</p>		
<p>16.65 <u>WELCOME INTRODUCTIONS AND APOLOGIES FOR ABSENCE</u></p> <p>Apologies for absence were received from Dame Asha Khemka, Alison Breen and Lesley Roberts.</p>		
<p>16.66 <u>MINUTES OF THE MEETING HELD ON 27TH SEPTEMBER 2016 AND ANY MATTERS ARISING</u></p> <p>The minutes were reviewed and it was agreed that they were an accurate record of discussions.</p> <p>AGREED: to approve the minutes of the meeting held on 27th September 2016.</p> <p>There were no matters arising.</p>		
<p>16.67 <u>ACTION PROGRESS REPORT</u></p> <p>Members reviewed the action progress table and were happy to note actions taken. Three particular comments and requests were made:</p>		

Signed : _____ Chair

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| <ul style="list-style-type: none"> • In relation to the development of alumni (and/or student ambassadors) the Committee asked that the Director of Communications, Marketing and Learner Engagement provide an update at the next meeting. | DIR CM & LE | 21.02.17 |
| <ul style="list-style-type: none"> • In relation to employer feedback and the request that conversion rate statistics be provided in relation to the telesales team. The Committee requested that Lesley Roberts provide an update by way of email in November and asked that a report on this, specifically as part of the action progress table, be provided at each meeting. | VP EE | Nov & each meeting |
| <ul style="list-style-type: none"> • In relation to the request for a summary of actual versus budgeted position the Committee asked for this as part of general reporting as well as the yearend position. | DP Finance | Each meeting |

AGREED: to note the update provided.

16.68 **PROPERTY STRATEGY UPDATE**

The Executive Director Capital Projects and Estates introduced this item. The Committee all acknowledged that they had read the detailed reports and therefore asked that he pull out key matters only. He expressed the view that the College was now ‘seeing the light at the end of the tunnel’ in terms of the projects that are coming to fruition. Key matters brought to members attention were:

- Vision University Centre – formal handover took place on 12th October 2016. The building is now open to students and staff, and teaching commenced on 31st October 2016. Teaching staff will receive additional training in use of the lecture theatre and Microsoft suite. The Committee all agreed that the College had secured some excellent press coverage in relation to the centre and asked that their thanks be passed on to the PR and Marketing team. Timetabling for the University Centre is planned with appropriate consideration given to group sizes in the allocation of rooms. There are still 12 missing cladding panels. These are expected this week. There is still one portacabin on site which is to the side and ongoing works are minor and easy to manage.
- 5 a-side football pitch – this is just about ready to go live with no delay in terms of development. The teams at the minute are seeking to ensure absolute clarity regarding usage expectations.
- Derby Road refurbishment and LED lighting instillation – all commissioned refurbishment and furnishing of rooms is complete with a total expenditure in the region of £964,420. LED lighting installation is ongoing. Work is scheduled for completion in December, after which the College will be able to submit an application to SALIX Finance for a 100% interest free loan. One matter brought to members’ attention is the fact that the refurbishment did not include the toilets or staff areas and that this is something that the Committee and the Board will need to consider in the future.

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- Vision Studio School condition improvement fund 2017/18 – it is proposed to submit an application for grant funding to support the repair and renewal of the pitched and flat roof of the Studio School. Closing date for submissions is 9th December 2016 with a decision by April 2017. As in previous rounds of applications, it is likely that requests for funding will be far in excess of funds available to support projects.
- Ashfield Centre – all curriculum has now been withdrawn to Derby Road and Engineering Centre as planned. SFA have been approached with regard to site disposal which will be considered as part of the forthcoming area review process.
- Derby Road kitchen service lift – the original goods service lift requires replacement following advice from lift service engineers. Lift supplies have been asked to competitively tender to provide options and costs which could be in the region of £50k plus VAT. A risk assessment and interim arrangements for the handling of heavy goods is in place to mitigate and reduce the risk of accident. This will be a priority action for the maintenance plan in 2017/18.
- Acorn Way remains sold subject to contract.
- Thoresby Street – a proposal is under consideration to develop part of the building in to an employability centre, this is in feasibility stage and if too expensive will not proceed but potentially it will provide a short to medium term use for the building.

The Committee took the opportunity to congratulate the Executive Director Capital Projects and Estates and his team for all the hard work and the successful conclusion of projects in 2016.

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In reviewing the report members considered paragraph 6.3 and the identified needs to update and refurbish staff accommodation. They questioned whether there was a 3-5 year plan in place which now needs to be reviewed following successful completion of projects this year. The Executive Director Capital Projects and Estates confirmed that this was the case and indicated that at the next meeting he would bring back a report which identifies key elements. Full submission of the updated strategy will be presented to the Board at its March 2017 midyear review meeting.

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As a general comment the Committee indicated that there were still some elements of the College that remain unclad, for example student union, nursery etc. They questioned whether there are any plans in place to clad these. The Committee were advised that for most of these areas the lack of cladding is superficial but there is a list of areas that still need to be considered including the student union and the nursery. He confirmed that for the new calendar year he would need to pull these strands together and develop a final plan to be submitted to this Committee and the Board early in the new calendar year.

EDCP&E

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The Committee discussed the Ashfield site more generally and the suggestion was made to look to obtain outline planning permission to utilise the site for residential housing. The Committee asked that the Executive Director Capital Projects and Estates look at the government initiative 'building better homes for the future' and ascertain whether or not there are options for the College to secure a purchaser or investment through this avenue. The view was that this could also be considered for Thoresby Street.

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Feb 2017

One Governor took the opportunity to raise a concern that he has regarding parking at the Studio School. He explained that he has personal experience of being blocked in. Parking is haphazard and not limited to clearly identified parking bays. The Executive Director Capital Projects and Estates acknowledged that there was a challenging parking issue on the premises. He explained that the Studio School has 10 allocated spaces and all other spaces on the site are for College staff. He acknowledged that there is some considerable angst and tension between College Staff and Studio School staff. It was agreed that Malcolm Hall and the Executive Director Capital Projects and Estates would meet to discuss this further outside the meeting.

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Nov. 2016

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Members raised a number of questions on the report provided:

- Paragraph 8.9 – the Committee were advised that the outstanding works detailed here have all now been completed. It was explained that the slight delays in terms of completion were all agreed as part of deferment with curriculum staff.
- 8.11 – the College is still looking at the need for storage at the Engineering Centre. A site physical survey has been undertaken which would suggest that usage is quite high and storage is still needed. Plans are being prepared to enable costings to be obtained. It was explained that the actual motor vehicles themselves that students work on actually require a lot of storage. The Director of Finance indicated that as part of the area review process the College will be looking at its curriculum and that this may impact upon space needs, for example fabrication and welding is a very small element of curriculum and there has to be a review regarding space requirements in terms of need and demand. It was also noted that future demand for apprenticeships will also influence requirements as will what other Colleges offer in the area.

AGREED: to note the update provided.

16.69 **HR – PEOPLE REPORT 2015/16**

The Director of HR provided a presentation to the Committee. She confirmed that this was in line with the report to the Board in October and was provided to enable this smaller group to undertake greater analysis and a 'deep dive'.

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Date:

She indicated that the report for 15/16 clearly demonstrates the impact that the strategy has made. In terms of the presentation key matters brought to members attention were:

- 1) When staff work together it is clear to see:
 - Strong leadership and management.
 - Evidence of the impact of strategies and interventions in place.
 - The College is seeing its stars shine.

- 2) Providing a talent pool – this includes a spotlight on:
 - PAL to learning consultant – the main aim is to improve teaching and learning by coaching. The team have used an online platform very effectively.
 - From interim Manager to Head of School.
 - 2 Maths graduates funded through ETF plus 9 other interns – this has provided a really helpful resource to the team.
 - 35 Business Administration Apprentices – the College is able to share and showcase their stories particularly in relation to a successful talent pool story for BKSB.
 - Cross College administrators.

- 3) There is evidence of driving change in challenging times, doing things in the right way including:
 - VBSS is now established.
 - Average head count 51.
 - 155 new starters.
 - Teaching hours increased.
 - Transformation of the College estate.
 - Whilst living the values.
 - High response rate and high levels of evidence in staff survey. The Director of HR expressed her own personal satisfaction in relation to this.
 - College relationship with the trade unions – it was explained that this is robust and professional.
 - Employee council continues to be one example of the effect of platforms used to have meaningful conversations with College.

- 4) Improving performance
 - Continued effective performance improvement of those not meeting expectations and staff performers. One taster includes the Lifestyle Academy. This has been transformed in terms of outcomes and is now in the top quartile. Mind sets have also been changed particularly in relation to staff regarding English and maths skills. There is evidence here of staff working really hard to take advantage of the BKSB product. There is also clear evidence of professionalism both at revive and refined.

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- 5) Cultivating a healthy workforce
- Total absence closed at 33.7%, short term triggers vastly reduced. Increase in long term absence but this was mainly due to surgery. AOC benchmark is 4.2%. The Director of HR indicated that ideally the College target is around 3.4% therefore there is more to do. Health and wellbeing is really important for all staff and senior management.
 - Stress management - 27% reduction from the previous year in the number of people absent.
 - MSD - 24% reduction in the number of people absent from the previous year.
 - The report showcases the excellent work.
- 6) Next steps – continued implementation of people strategy 2015-18 with a focus on:
- Addressing 2015/16 survey areas of improvement and current levels of staff engagement and morale. She confirmed that she and the team were still looking at recognition and reward, which was not necessarily increased pay, for example the reintroduction of the star awards or something similar.
 - Work force development and talent management through the apprenticeship standards.
 - Investors in people reaccreditation.

As a general comment the committee were advised that:

- Staff have seen quite a significant level of disruption in 15/16 and have coped really well. The College has invested heavily in change management programmes.
- Really positive year with year on year reduction in terms of HR statistics seen in terms of absence, turnover etc.

The Director of HR was commended for all of the hard work that was evident and the really positive outcomes seen in 2015/16.

In terms of the slide headed 'providing talent', the Committee questioned whether there was a mechanism in place for identifying talent. The HR Director indicated that the College does not have a formal talent management programme in place as is the case in some larger organisations. It is an area to develop in the future and she is hoping that the use of apprenticeship standards will support this.

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The Committee questioned the level of engagement by staff in the survey. The Director of HR indicated that it was difficult to compare with previous surveys as it was carried out by a different organisation in a different way this time; however generally she feels that there was a higher level of engagement than in the past.

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As a general comment the Committee all agreed that the report was clear evidence of good teamwork in place.

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The Committee asked for a short update on progress being made in terms of restructuring the business development unit. They were advised that the College has started formal consultation, this occurred on Monday. There were informal discussions with the unions last week. 41 posts are at risk with 29 posts to be lost. Discussions are on track and are going as well as can be expected in difficult circumstances, and a particularly difficult time in the year. It was acknowledged by all that those members of staff who have already been identified as not being at risk will find it challenging to work with colleagues until the situation is resolved. The Director of HR confirmed that all managers have been briefed and the HR team are supporting them in terms of any difficult conversations. The Committee were reminded that the BDU has a total staffing cohort of 109, of these 41 are at risk and 29 posts will be made redundant. The College pays a statutory minimum in terms of redundancy with no enhancement.

AGREED: to note the content of the report provided.

(David Overton left the meeting at 6.45pm)

16.70 2015/16 DRAFT MEMBERS REPORT AND FINANCIAL STATEMENTS

The Director of Finance introduced this item and confirmed that whilst the report and consolidated financial statements for the year ended 31st July 2016 presented was still in draft it was very much a final version and was not expected to change. He advised the Committee that accounts this year were different in terms of presentation which is in response to the new SORP. Members' attention was drawn to page 58 which is highlighted as the most significant presentational change, particularly in relation to the actuarial loss in respect of pension schemes. He confirmed that the bottom section of the page, headed 'total comprehensive income excluding defined benefit pension and other adjustments' seeks to unravel and explain the changes in presentation. He confirmed that Brexit has had an impact upon pension calculations and this has led to an increased deficit which will in turn impact upon the level of contributions required from the College as an employer.

In terms of the detail provided the Committee were advised that the College is not revaluing its estate. It has chosen not to do this as there is no real benefit to the College and if done once would then become a year on year additional cost/time consuming exercise with no tangible benefit.

As a general overview, he indicated that the 15/16 outturn was worse than the prior year position and this was mainly due to two elements, the first was that in 14/15 the College saw a gain of £400k through the VWS release of properties. This is not the case in 15/16 and the remainder of the difference relates to underperformance in terms of work related training.

Signed : _____ Chair

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Members attention was drawn to:

- Page 59 – this is a new statement headed ‘consolidated and College statement of changes in reserves’. This is a new requirement and also includes the necessity to restate the previous years.
- Page 60 – the balance sheet. In particular net current assets shows a big change with a deficit of £4,448million. He explained that the difference arises because of a number of matters:
 - 1) The calculation now includes the value of untaken holiday which for the College is circa £700k. The College intends to change its yearend holiday date to align with accounting requirements and when this is done this accrual will disappear in future accounts.
 - 2) Change in presentation regarding capital grants. In prior years all have been considered as long term, however this year Colleges are required to separate out any liabilities that will fall due within 12 months, again this has added to the negative balance.
 - 3) The College has actively taken steps to avoid using the additional £3 million loan facility that is available. This has been done by maximising use of College working capital which also means that cash amounts have declined.
 - 4) Defined pension obligations have increased significantly, all in a negative way.

The Committee discussed the pension issue generally and it was confirmed that the increase from 2015-2016 can on the whole be attributed to an influence of external mathematics, particularly discount rate changes. There is no way any College can realistically plan for the pension increases but it is becoming more and more of a sector issue and certainly something that is being discussed as part of the area reviews.

- Page 61 – cash flow was stronger than in the prior year but the College has spent significant sums on capital projects instead of taking out additional borrowing. In real terms the College has used £1.5 million of its own working capital to support projects rather than taking out loans.
- Income and expenditure account is now presented on a total basis which includes the pension deficit, this was not the case in previous years.
- The Director of Finance confirmed that the College is meeting all of the loan bank covenants

The Committee made one observation and indicated that the Director of Finance, when sending a copy of the annual accounts to the bank, should include a covering letter to explain the changes in terms of presentation. The Director of Finance confirmed that the bank have already been given a heads up in terms of what the new SORP requirements may mean. He has also indicated to the bank that there may be a need to review covenants with changes required in light of new accounting practices.

Signed : _____ Chair

Date:

The Director of Finance confirmed that a copy of the Members Report and Financial Statements would be submitted to both the Audit Committee and then the Board at the December meeting.

AGREED: to recommend that the Board approve the 2015/16 draft Members Report and Financial Statements as presented.

16.71 RECONCILIATION OF FINANCIAL STATEMENTS TO JULY FINANCE REPORT

The Director of Finance introduced this item and drew members' attention to page 87 specifically. It was acknowledged by all that the vast majority of differences had been explained as part of discussions in the earlier agenda item. The table on page 27 clearly identifies the differences, which as previously reported, relate to the performance of work based learning and the £400k impact of VWS property releases in 2014/15. All agreed that there was a need to urgently correct the performance position of work based learning and it was acknowledged that the senior team are acting on this. The Committee, in reviewing the reconciliation, agreed that they understood why there were differences in terms of performance in outturn however they clearly challenged the senior team to ensure recovery in relation to work based learning performance.

AGREED: to note the update provided.

16.72 STUDENTS' UNION ANNUAL AUDITED ACCOUNTS FOR 2015/16

The Director of Finance introduced this item and reminded the Committee that the Students' Union was not an independent entity and was effectively treated as a department of the College for accounting purposes. Notwithstanding this all agreed that the Students' Union needed to be an accountable organisation.

Members' attention was drawn to page 90 which sets out the income and expenditure. This clearly shows the College contribution. The yearend sees a small deficit position which is not a significant concern. The Students' Union achieved a close to breakeven position with £40k less subsidy from the College than in the prior year.

Q The Committee questioned what KPIs are set for the Students' Union. The Director of Finance indicated that whilst a budget is set there are no real performance indicators in place. The College has always given the Students' Union its independence and it was noted that the level of student engagement with the Students' Union is not at such a level as seen in universities. The Committee were strongly of the view that there would be a benefit in establishing KPIs for no other reason than 'that is the real business world'. It was agreed that the Director of Finance would refer this recommendation to the Executive for discussion and review.

Director
Finance

November
2016

Signed : _____ Chair

Date:

AGREED: to approve the Students' Union annual audited accounts for 2015/16 as presented.

16.73 PROCUREMENT – UPDATE AND PERFORMANCE REPORT FOR 2015/16 AND REVIEW OF THE STRATEGY 2015-2019

The Director of Finance introduced this item and confirmed that the intention is now to report procurement on an annual basis. The team have seen another successful year in 15/16, however it is getting tougher year on year. What now needs to be the focus are changes in the way that activities are undertaken rather than simply about securing a better deal.

Key matters brought to members attention were:

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- 1) Cashable savings – the target was 2.5% extra year on year against influenceable spend. Cashable savings achieved in 2015/16 were £256,919 which represents 5.01%. The Committee questioned whether the target set was challenging enough. It was explained that the target is set over the lifetime of the strategy so over a 4 year period. In the latter part of the strategy period the savings obtained will get harder and harder and therefore it is expected that an overall target of 2.5% is realistic.
- 2) Transaction efficiency savings – target is 2.5% annually against influenceable spend. Efficiency savings achieved for the year were £223,668 which represents 4.35%. It was explained that this target really relates to doing things in different ways and are theoretical savings, for example the use of procurement cards rather than the use of an electronic system.
- 3) Spend through collaborative strategies – the target is 10% annually against influenceable spend. Spend through collaborative strategies achieved this year was 28.56%. In reviewing the information provided in the report it was acknowledged that performance in this area is higher by the College than other organisations within the sector. Nearly 30% of activity went through procurement services, for example Crescent Purchasing Consortium and Crown Commercial Service etc.
- 4) Vendor based management – active vendors currently available on the electronic procurement system are 550. By way of comparison in 2013/14 this was 2,225 and therefore a 75.28% vendor based reduction. The Committee were advised that the procurement team are always incredibly careful about adding new suppliers.
- 5) Tenders – 12 tenders were completed in the 15/16 year.
- 6) Staff noncompliance – the Committee were advised that there were 2,532 noncompliant electronic orders out of 8,881 total orders placed equalling 28.51%. There were 47 noncompliant manual orders out of 203 total placed, equalling 23.15%. The number of non-compliances has reduced from the previous year which were 38.01% and 38.21% respectively.

Signed : _____ Chair

Date:

As a general comment the Committee felt that the level of staff noncompliance was high and challenged the senior team to identify what else could be done. The Director of Finance explained that the team are looking at block ordering wherever possible, for example through exam awarding bodies. The team are also looking to train staff more and if the issue still persists then it will become a performance management/discipline issue as these non-compliances are a breach of the financial regulations. He provided assurance to the Board that the team expect to be able to reduce the level of noncompliance percentage in future years.

Members' attention was drawn to page 107 which clearly identifies the non-performance hot spot areas. The Committee were assured to see that the finance team have this level of detail and can therefore address these areas. The target for the College is to address any cultural issues in terms of working practices. It is acknowledged that there is a need to change and noncompliance is monitored very closely.

AGREED: to note the update provided.

16.74 COMMITTEE WORK PLAN FOR 2017

The Clerk presented the Committee work plan and a number of minor changes were requested and recorded. Subject to these minor changes noted by the Clerk the work plan was approved.

AGREED: to approve the Committee work plan for 2017.

16.75 AOB

There were no items of additional business.

16.76 DATE AND TIME OF NEXT MEETING

The Clerk reminded the Committee that the next scheduled meeting was Tuesday 21st February 2017 at 4.00pm.

16.77 CONFIDENTIAL MINUTES OF THE MEETING HELD ON 27TH SEPTEMBER 2016 AND ANY MATTERS ARISING

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 27th September 2016.

There were no matters arising.

Meeting closed at 7.25pm.

Signed : _____ Chair

Date: