**WEST NOTTINGHAMSHIRE COLLEGE**
**FINANCE RESOURCES AND ESTATES COMMITTEE**

*Minutes of the meeting held on Tuesday 26th September 2017 at 4.00 pm*

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| **MEMBERS PRESENT:** | Terry Dean<br>Malcolm Hall MBE, Chair<br>Dame Asha Khemka DBE DL<br>Alison Breeden<br>Alan Mele |
| **ALSO IN ATTENDANCE:** | Maxine Bagshaw, Clerk to the Corporation<br>Andrew Martin, Deputy Principal/Director of Finance<br>Tom Stevens, Executive Director Capital Projects and Estates<br>Tracy Thompson, Vice Principal Human Resources and Organisational Development<br>Lesley Roberts, Vice Principal: Business Development<br>David Overton, Governor attending for Estates matters only |

| | | ACTION by whom | DATE by when |
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| 1 | **APPOINTMENT OF THE COMMITTEE CHAIR FOR 2017/18**<br><br>Malcolm Hall was nominated as the Chairman, this nomination was seconded and approved.<br><br>AGREED: to appoint Malcolm Hall as the Committee Chairman for the 2017/18 academic year. | | |
| 2 | **DECLARATION OF INTERESTS**<br><br>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. | | |
| 3 | **WELCOME INTRODUCTIONS AND APOLOGIES FOR ABSENCE**<br><br>There were no apologies for absence. The Clerk was also able to confirm that Martin Rigley a newly appointed Governor would be joining this Committee at the next meeting. | | |
| 4 | **MINUTES OF THE MEETING HELD ON 7TH JUNE 2017**<br><br>The minutes were reviewed and it was agreed that they were an accurate record of discussions.<br><br>AGREED: to approve the minutes of the meeting held on 7th June 2017.<br>There were no matters arising. | | |

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| 5 | **ACTION PROGRESS REPORT**<br><br>The Committee reviewed the action progress table and a number of matters were updated:<br>• Line 1 - Vision Business partner contracts – it was confirmed that a report on this had been presented to the Board on Thursday of the prior week.<br>• Line 2 - Mansfield Employability Centre/Thoresby Street – an update on this is included within the Executive Director: Capital Projects and Estates report.<br>• Line 3 – Estates utilisation review and strategy – again this is included within the report presented today by the Executive Director: Capital Projects and Estates.<br>• Line 4 – Relish – this is reported at agenda item 8.<br>• Line 5 – Carbon Policy – this is not yet due.<br>• Line 6 – Vision Business – it was confirmed that the survey outcomes would be shared at the next meeting as part of the year end self-assessment process.<br>• Line 7 – Alumni update – this is not yet due.<br>• Line 8 – Ashfield College – the Executive Director: Capital Projects and Estates indicated that the College believes that it may have an interested buyer and therefore this seems to be moving in the right direction.<br>• Line 9 – Committee Self-Assessment for 2016/17 – the Clerk drew members' attention to the report presented at the prior meeting which, unfortunately in her absence, was not discussed in detail. The Committee reviewed attendance and the schedule of meetings. All agreed that Tuesdays appeared to work well. There was some debate as to whether or not meetings could be scheduled on the same day as Board meetings, however it was felt on balance that this would not give sufficient time for the Committee Chairman to develop the summary report which, as agreed, will be presented at each Board meeting. The group felt that Martin Rigley would make a strong addition, in terms of his business knowledge, to this Committee.<br>• Line 10 – Committee Membership – the Clerk confirmed that at the Board meeting last week Terry Dean had been reappointed as a Governor and Martin Rigley had been appointed. However the view expressed was that there is still a skills gap to be addressed in terms of Finance/Accountancy to replace Hari Punchihewa. One suggestion made was to approach Neil Robinson currently an Audit Committee Co-optee to see if he would be willing to move to this Committee rather than Audit and/or consider becoming a full Governor.<br><br>AGREED: to note the content of the update provided. | VP | Nov 2017 |

**6** **MAINTENANCE REPORT UPDATE**

The Executive Director: Capital Projects and Estates introduced this item and drew members' attention to section 2.1:

- He confirmed that for the 2016/17 year a budget of £436,800.00 was allocated for reactive maintenance service contracts and planned projects as part of the College financial budget. He indicated that the College would come in just about on planned budget.
- This budget is broken down into reactive maintenance £160,000, service contracts £212,200 and maintenance works of £64,600. A further £149,984 was allocated to capitalise works.
- Expenditure overall for maintenance and service contracts totalled £426,415 against the budget of £436,800.
- Expenditure capitalised on projects related to blended learning (£54,829), Ashfield House fire alarm (£49,595) and Thoresby Street Employability Centre (£45,925) totals £150,349.
- Reactive maintenance service contracts and planned projects for 2017/18 include a budget of £439,500, of this £148,000 is reactive maintenance and £291,500 service contracts.
- Planned projects for 2017/18 are allocated £387,519, the majority of which will be capitalised and include:
  a) Station Park Construction Centre refurbishment - £155,630 for LED lighting, decoration, furniture and carpets.
  b) Derby Road toilet blocks - £200,000 for refurbishment of 16 toilet blocks across the campus. Tenders for work have been received and are presently being evaluated.
  c) Utilisation of space - £29,710 for a range of small projects to assist the utilisation of space across the estates and some essential maintenance works.

In terms of Estates performance management he indicated that to benchmark performance of reactive maintenance requests a log is kept on the College intranet for action. The Estates team were introduced to the system in March 2015 and 2 year data is available (appendix 2). Overall a total of 513 jobs were recorded in 16/17 with 130 breaches giving a success rate of 74%.

In reviewing the report as a whole it was acknowledged that page 13 sets out the historic position regarding 2016/17 spend. Page 19 provides a full list of planned expenditure for 2017/18 which is included within the wider College budget. It was confirmed that most of these projects are actually underway and started in the summer months with a staggered approach planned for works at station park.

Page 22 sets out the refurbishment required in relation to toilets at Derby Road. The Committee were advised that the team have gone out to tender twice and page 23 gives a summary of the tendered position.

The Executive Director: Capital Projects and Estates expressed confidence that the project can be brought in on budget, however there are further points of clarification required regarding the tenders submitted to ensure comparisons are made on a like for like basis. The Committee all agreed that they were happy for the Executive Director: Capital Projects and Estates to continue to negotiate to secure a final/best price. Specifically noted was the poor credit rating and change of Directors for the company Warwick Installation Services Ltd.

**Q** In reviewing the information provided the Committee queried at page 5 why the actual level of service contracts came in at twice as much as the original contract, specifically in relation to Thoresby Street. It was explained that this was because part of the site was reopened to accommodate the Employability Centre. In relation to the value of service contracts relating to the Engineering facilities it was explained that the expected expenditure increased over the last couple of months in the year and that this was as a result of a number of adjustments made and was dependent upon when the invoices were received.

**Q** In relation to the planned expenditure set out on page 19 the Committee questioned why the 2017/18 figures, in percentage terms, are higher or lower than prior years. The Executive Director: Capital Projects and Estates was challenged in that there seemed to be significant variance in the figures from one year to another. The Committee were advised that the College is intending to spend more in terms of reactive maintenance in the 2017/18 rather than 2016/17 academic year, however the projections are very much on a best guess estimate at this stage and may vary.

**CH** Members considered page 26, section 9.4 in detail regarding performance management and it was explained that the system for logging maintenance requests and capturing implementation data is still a work in progress. The system only records an element of the total work undertaken by the team and excludes regular maintenance work, for example mandatory testing of emergency lighting. The Committee challenged the senior team and expressed a view that the team should have been able to 'iron out' any issues as the system is now in the second year of operation. It was acknowledged that the system relies on input from operatives and therefor has some limitations. It was confirmed that it is College staff who undertake the works required and therefore there was a view that there could be more robust performance management. The Executive Director: Capital Projects and Estates expressed the view that the team had actually achieved responses to target and on time, however they had not recorded completions on the system quite quick enough.

All agreed that this was a staff training issue.

AGREED: to note the content of the report provided.

Signed : ____________________________Chair Date:

## 7 PROPERTY STRATEGY UPDATE

The Executive Director: Capital Projects and Estates presented his comprehensive report and an update was given in a number of areas.

- Employability Centre Thoresby Street Mansfield – on 21st February 2017 the Committee approved the refurbishment of the former media centre in to an Employability Centre. A progress update was previously provided on 9th May 2017. Course numbers to date after 3 completed courses and recruitment for a 4th indicates that the programme is on target to achieve, or be close to, predicted enrolment over the 12 month period. Annual income is adjusted from £198,135 in May to £194,391 in September. He expressed the view that provided the College can run the courses for the full 12 months then it will have successfully hit the targets. There needs to be successful recruitment to February 2018 and if achieved the initiative will have paid for the refurbishment costs. Anything beyond this will be a more positive contribution. Feedback from clients is very positive and the team have had a lot of successful outcomes in terms of learners getting jobs. For the next meeting it was agreed that the Vice Principal: Business Development would provide progression statistics and student numbers.

  VP BD 07.11.17
- Income – the main alteration relates to estimated staff costs which have increased from £60,834 to £105,437 and reduces the cost benefit for the first year. Overall the project will pay back on the investment over a 12 month period with an anticipated contribution of around £43,191.
- Derby Road utilisation of space – the Committee were advised that from the start of the new academic year evening classes after 17.30 pm in the main blocks of accommodation will operate Tuesday to Friday, with Monday closure to produce efficiencies and reduce vulnerability to unwanted intruders as part of the building can be closed earlier.
- The most recent room survey in October/November 2016 was submitted to the FE area review. It shows the College with 40% utilisation which compares favourably with other colleges at 33% but this excludes the accommodation at the University Centre which will supress use. A new room survey is scheduled to be undertaken in October/November 2017 and will be reported to the February 2018 committee meeting.

  EDCP&E February 2018
- To maximise space and improve utilisation where possible the teaching timetable for 17/18 has been assessed.
- A number of room changes have been made and the number of classrooms available for teaching reduced from 203 to 195. Also 3 staff rooms are now available. The additional rooms are surplus to teaching and could be used to relocate some administrative staff from Ashfield House. It provides insufficient space however to relocate all staff.

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- Student enrolment numbers do have an impact upon utilisation statistics and lower than planned enrolments make it more challenging to improve efficiencies.
- With uncertainty around the apprenticeship reform, student enrolment and staffing requirements it is proposed not to make any more office moves at this time and re-evaluate in early 2018.

In terms of space utilisation calculations and classroom savings members' attention was drawn to pages 37 and 38. The view is that the College could manage with less space and what it currently utilised does not reflect what is actually needed.

In general discussion the Committee acknowledged that an issue to address at a future meeting is what potentially needs to be done regarding Chesterfield Road if the lease is handed back to the College following the closure of Vision Studio School. The College could be in a position that it has an additional building that it needs to consider what to do with.

- Derby Road cladding and fire prevention – the Committee were advised that, to provide added assurance of fire safety with regard to concern about the safety of cladding used at Grenfell Tower, a review of all associated fire controls and process of evacuation in the event of a fire with particular emphasis on the 6 story tower has been commissioned and is complete. The review was undertaken by an independent specialist fire prevention consultant who is a member of the institute of fire engineers as recommended by the College's building insurer, Zurich. So far as possible the College has done everything that it can to ensure fire safety and there is confidence that the Colleges compartmentalisation is compliant. Fire alarms are checked every week and an evacuation process undertaken 3 times a year with an evening evacuation once per year. Within the report no additional actions have been recommended at this time. The report concludes that the building is deemed to satisfy all current fire safety and means of escape requirements for its type and use and the recent provision of the external cladding does not appear to have reduced the level of safety for occupants.
- Vision Business occupation of premises in Grafton Place, London – it was reported to the meeting of the corporation Board in July 2017 that at very short notice it became necessary to find appropriate accommodation for the administration of the training of around 850 apprentices in central London. A 12 month licence of premises in Grafton Place has been taken at a cost of £49,095 + VAT. The Committee were asked to retrospectively approve this licence.

AGREED:
a) to note the update provided; and
b) retrospectively approve a 12 month licence for premises at Evergreen House, Grafton Place, London, NW1 2DX at a cost of £49,095 + VAT to accommodate Vision Business administrative staff.

8 **HOSPITALITY AND CATERING CURRICULUM FACILITIES (RELISH)**

The Executive Director: Capital Projects and Estates introduced this item and confirmed that the Relish facility is the only building on the Derby Road site that has not now had some investment. He indicated that in terms of long term, a preferred strategy would be to demolish Relish in its entirety and construct a new centre for hospitality on the site where the nursery is presently located with a new nursery constructed on one of the existing tennis courts at the Western edge of the campus and the existing site of Relish becoming a carpark. Potentially the new hospitality building could be constructed to provide additional office accommodation on a second storey located directly above the hospitality and catering curriculum areas. This would enable all administrative staff located at Ashfield House on the Chesterfield Road campus to relocate entirely to the Derby Road site. Ashfield House could then be disposed of further consolidating the property portfolio on three sites. It was however acknowledged that this was an unaffordable strategy at the current time.

In the medium-term, the construction of a new hospitality centre would require significant capital which is not currently available. It also requires a substantive business plan that would facilitate relocation of the nursery into a new building. For the medium term it is more realistic and an affordable solution to refurbish Relish to bring it up to date in key areas of the building as set out in the report. The medium-term plan will also provide the opportunity for the curriculum area to expand in numbers in terms of students studying hospitality qualifications and improve the future commercial viability for a new hospitality centre.

In terms of student numbers Committee members’ attention was drawn to section 4.1 of the report. Historically there has been a decline in student numbers however for 2017/18 there has been a significant increase.

**Q** The Committee questioned why historically the numbers have declined but have now increased. The Executive team indicated that this was an unknown at this stage and that further analysis needs to be undertaken to assess whether or not maintaining student numbers is realistic. The Vice Principal: Business Development indicated that her team are currently doing some research as there are apprenticeship vacancies within hospitality and catering, however the team are struggling to recruit student numbers.

CH The Committee were advised that in 2017/18 there is no budgeted expenditure regarding the refurbishment of Relish. The Committee all agreed that this was a sensible approach and challenged the senior team to be certain that numbers can be retained for the full year and can be maintained going forward in terms of growth. It was explained that there are no real curriculum patterns year on year, however the Executive are working with the Head of School to develop a wider strategy in this area.

The Committee were advised that one of the aims is to develop a small demonstration theatre, details of which were provided at page 52. If progressed the scheme would be funded via inclusion as the main summer works project and the business planning process as part of the College plan for 18/19 with an application for grant funding from the Savoy Educational Trust. The project would be the main priority for implementation over the summer vacation period for 2018/19 September intake of students, subject to affordability. The Committee discussed the Savoy Educational Trust and the likely expectation that any capital investment would need to be match funded. The Committee agreed that there was no harm in seeking to progress this initiative but any final plans need to be subject to a firm business case and affordability testing. It was felt that an application to the Savoy Educational Trust may act as a catalyst to encourage the school to put forward plans for growth.

AGREED:
a) to note the update provided; and
b) endorse the submission of a bid to the Savoy Educational Trust for capital funding to support the construction costs of a demonstration theatre project in Relish.

(David Overton left the meeting at 5.10pm)

**9 <u>COLLEGE INSURANCE – CONTRACT EXTENSION/TENDER</u>**

The Deputy Principal introduced this item and key points noted from his report were:

- The proposal provided is against information required under the new agreement following a framework tender for the College insurance conducted through the Crescent Purchasing Framework. This is the final year of agreement following the tender which commenced in 2015/16. The College is insured by Zurich insurance to provide cover against College risks for the 3 year period to the end of 2017/18.
- The College will need to decide if it intends to enforce an optional additional year to the contract term for 2018/19 or run a further tender process and begin another 3 year period. At this point in time his recommendation is that the College adopts the additional year as long as the risk premiums proposed are in line with current levels.

- Little has been gained by conducting the last two tender processes as the College has reappointed Zurich on each occasion and the complexity of the insurance usually only solicits responses from three operators. It is very much a niche area of provision.
- The total cost of cover for the College Group at £144,467.63 is some £1,962.78 (1.38%) higher than the previous year.
- While the College no longer requires WIP insurance on its building programmes saving £6,103.72, the base on which premiums are calculated have increased impacting upon property insurances (+£2,917.08) and casualty premiums which are based on the wage bill (+£2500.27).
- Motor vehicle insurance has increased by £2,088.52 due to an expansion in fleet size (31 from 27) and a small increase in individual premium rates.
- Although there are a number of minor changes to the respective costs of cover and the structure of the policy there is broad comparability between 2016/17 and 2017/18 financial year for the cost of insurance.

AGREED:
a) to approve the insurance costs and extent of cover provided for the 2017/18 financial year as presented; and
b) endorse the proposal that a one year extension of the current agreement with Zurich allowable under the formal tender for 2018/19 subject to premium levels is agreed.

The Deputy Principal confirmed that for the 2018/19 year he would need to be certain that the premium level does not go up significantly and if it does the matter will be brought back to the Committee.

**10** **ANNUAL REVIEW OF STANDING ORDERS**

The Clerk introduced this item and confirmed that she has undertaken an annual review and minor changes are proposed and highlighted in red.

Principally they are administrative changes reflecting renaming of the EFA and SFA to the ESFA.

The Committee all felt that the minor changes proposed were self-explanatory and were happy to endorse the recommendation.

AGREED: to
a) note the content of the update provided; and
b) approve the amended standing orders as presented.

## 11 PROVISION FOR BAD DEBT/WRITE-OFFS 2016/17

The Deputy Principal introduced this item and confirmed that the summary provides information to the Committee on the provision of bad and doubtful debts for the 2016/17 financial year, up to and including the end of July 2017. It is based upon the current draft end of year position which is subject to audit.

He reminded the Committee that the College makes provision for its bad and doubtful debts in line with its accounting policy and making full provision for debts over 90 days old and levying a 5% provision on residual sales and student ledger balances.

The College uses a third party debt collection agency to pursue non-payment of debts in line with the policy and procedure.

Members' attention was drawn to paragraph 5 which sets out the analysis of the current provision and highlights that the issue with bad debt mainly relates to items within the main sales ledger with 83.8% of the total provision within this particular ledger. Within the £277k provision £264k relates to specific debt provision with the balance of £13k being a general provision calculated at 5% of the remaining debt after the specific debts have been calculated in full.

The proportion of the overall sales ledger balance represented by the bad and doubtful debt provision is 51.2% in 2016/17 which is much higher than the proportion of 33.7% in 2015/16. Within the specific sales ledger provision 4 debts remain in place against training providers whom the College no longer works with. Richard Owen Training are still in existence and remain with the College's legal team for recovery, accounting for £70,992 of the provision. Pinewood Training have now been liquidated and the provision of £74,464 will be written off as irrecoverable. Debts for Cube Training of £30,602.23 and Training Futures of £19,467.72 are being actively pursued for recovery.

The HE debt provision relates to 8 student debts which are all actively being pursued.

The student ledger debt provision relates to 32 individual company debtors which are also being actively pursued through the debt recovery processes. In relation to HE the Committee were given assurance that the College has changed its payment policy to ensure that debt in this area does not escalate. As the value of College income from direct student tuition fees increases, be that from the student loan company or through the new mandatory contribution to apprenticeships after May 2017, the importance of sound credit control and debt recovery continues.

The current credit control team of 2 people within finance are sufficient to manage the College debtor balances at the present time but the resource level will be kept under review as College income streams continue to diversify.

AGREED: to note the content of the update provided.

**12** **MANAGEMENT ACCOUNTS (DRAFT) – 31ST JULY 2017**

The Committee were happy to note the content of the report provided on the portal.

**13** **VISION BUSINESS – PARTNER CONTRACTS**

The Committee were happy to note the content of the report provided on the portal and it was also acknowledged that this had been discussed in detail at the Board meeting held in the previous week.

**14** **BOARD MEMBERS EXPENSES REPORT FOR 2016/17**

The Clerk provided a verbal update and confirmed that there had been no expenses claimed within the 2016/17 academic year.

**15** **TREASURY MANAGEMENT POLICY AND PERFORMANCE**

Members were happy to note the performance report provided on the portal. In terms of the policy the Deputy Principal confirmed that no changes were recommended.

AGREED: to note the content of the update provided.

**16** **ANY OTHER BUSINESS**

There were no items of additional business.

**17** **DATE AND TIME OF NEXT MEETING**

The Clerk confirmed that the next scheduled meeting was 7th November 2017.

**18** **CONFIDENTIAL ITEMS**

It was agreed that confidential items would be recorded separately.

Meeting closed at 5.30 pm.

Signed : ____________________________Chair Date: