



WEST NOTTINGHAMSHIRE COLLEGE
FINANCE & ESTATES COMMITTEE

Minutes of the Finance and Estates Committee meeting held via Microsoft Teams on Thursday 26th November 2020 at 6pm.

GOVERNORS Charles Heaton, Chair
PRESENT: Andrew Cropley, Principal/CEO
 Tony Westwater
 Paul Frammingham, Committee Co-optee

ALSO IN ATTENDANCE: Maxine Bagshaw, Director of Governance
 Gavin Peake, Director of IT, Estates & Learning Resources
 Jon Fearon, Finance Director
 Mike Firth, ESFA observer

ACTION by whom	DATE by when

1 APPOINTMENT OF THE COMMITTEE CHAIR

The director of governance advised that, since the last meeting, Paul Frammingham has stepped down as a governor because of work commitments. He has, however, agreed to continue as a committee co-optee into the next calendar year. This means that he is no longer eligible to be chair of the committee, therefore an alternative needs to be appointed. Charles Heaton was nominated as the committee chair: this nomination was seconded and approved.

AGREED: to appoint Charles Heaton as the Finance & Estates Committee chair.

Charles Heaton took the opportunity to thank Paul Frammingham for all of his work to date as the chair and also confirmed that he was really pleased to note that he was remaining as a committee co-optee.

2 DECLARATIONS OF INTEREST

The chair reminded everyone present to declare any interests that they may have on agenda items for discussion. No declarations were made and standing declarations were noted.

Signed : _____  _____ Chair

Date: 01.02.2021

3 **WELCOME, INTRODUCTIONS & APOLOGIES FOR ABSENCE**

Apologies for absence were received from David Gillies.

4 **MINUTES OF THE MEETING HELD ON 29TH SEPTEMBER 2020**

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 29th September 2020.

5 **ACTION PROGRESS REPORT**

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

6 **HEALTH AND SAFETY ANNUAL REPORT FOR 2019/20**

The director of IT, estates and learning resources introduced this item. Key matters noted were:

- The Health and Safety Committee meets on a termly basis and a link governor is present at all of these meetings (currently Rebecca Joyce). He confirmed that all areas of the college are represented.
- The full Health and Safety Committee report was circulated in advance of the meeting; this forms the basis of the feedback to governors.
- This term, the report is dominated by COVID-19 work that has been carried out.
- New COVID information arrives every week and the college risk assessments have been updated frequently over the period of this crisis. Early changes were scrutinised very closely by unions and the team worked extremely well with them, incorporating feedback and making positive changes to make people safer and to make people feel safer. The college received a Health and Safety Executive visit, which triangulated the risk assessments with what is actually happening in practice, with no issues identified.
- The occurrence of students attending site with symptoms has decreased significantly and it appears that the message is getting through to them. There is still work to do with staff who attend feeling that they are 'soldiering on'.
- The college reports to Public Health England, the ESFA and DFE where required. There have been four 'outbreak cases' reported; however, they related to only two individuals in each instance.
- There have been circa 100 positive COVID-19 cases.

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- The college does phone PHE and the Health and Safety Executive as required and has received helpful advice.
- The 50/50 attendance model is working well and has significantly reduced the number of people who have had to self-isolate. There have been between 110 and 120 cases of self-isolation as at this afternoon. There has been a steep climb in the numbers over the last three weeks, which mirrors the trend in Mansfield and Ashfield; however, given the size of the college population, the numbers are relatively small.
- The NHS app has caused some issues as it appears that it works through walls. Advice to staff is to suspend the app when at work, a similar approach to a number of public bodies such as the NHS and it has been acknowledged that the college's own track and trace safety systems in place are more thorough than the NHS app, in any event.
- In terms of standard health and safety activities, the college has been doing less than in other years; however, there have been very few accidents and incidents. The college does acknowledge that there needs to be a focus on the more standard activity and, therefore, a temporary member of staff has been added to the team to give capacity. There is also the intention, going forward, to strengthen the team as this is needed.
- Fire evacuation took place in COVID circumstances and there were lessons learned, particularly in terms of social distancing when returning to the building.
- There are now significant numbers of staff who are working from home and there is a need to ensure assurance regarding health and safety arrangements. Home-working is considered to be a positive step forward; however, the college will need to ensure that health and safety aspects are fully considered.

One member of the committee indicated that, in a recent discussion session with staff, staff movement around the building was commented on and he asked if there were any concerns. The director of IT, estates and learning resources expressed the view that there were no concerns regarding this, and it is believed that the college has been very thorough in terms of capturing data and minimising the numbers of staff/students who have had to self-isolate through triangulation.

In terms of workstations at home, one member of the committee asked what the position was in relation to assessments completed. The committee were advised that the Health and Safety Executive has given advice for COVID situations and that this has been rolled out. All members of staff working from home on a permanent basis have been provided with the necessary equipment, and he indicated that more of a worry now is the mental health aspect and feelings of isolation. The principal confirmed that the college is looking to appoint someone to

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support with staff resilience and that this will be on the basis of three days per week. It was confirmed that, to date, the college's response to COVID has received positive feedback from staff, including trade union representatives.

A challenge from the committee was for senior staff to make sure that all are reminded to take regular breaks and effectively manage their working day. The principal provided assurance that this message has been shared and, in fact, staff are encouraged to meet online and have a non-work chat to reduce feelings of isolation. All agreed that there needed to be careful thought to some innovative ways to focus on wellbeing.

A question and challenge from one member of the committee was that, pre-COVID, there had been some issues regarding the more challenging areas for health and safety, e.g. construction and risk assessments in relation to this. The director of IT, estates and learning resources confirmed that the college was now more comfortable with the position and that staff have been able to make significant inroads in terms of processes and procedures during lockdown.

The committee took the opportunity to commend staff, particularly the estates team, for all of the hard work during the COVID crisis.

AGREED: to note the content of the update provided.

7 BALANCE SCORECARD REPORTING – PROGRESS WITH ESTATES WORK

The director of IT, estates and learning resources introduced this item and described the ever-changing situation as 'working to complete a jigsaw with pieces added unexpectedly'. He confirmed that this has been the busiest summer ever in that staff have had to respond to COVID, and the growth in student numbers has also been a real challenge. The committee were advised that estates works have been, and will continue to be, added throughout the year rather than just taking place predominantly over the summer months as is the norm.

The committee were advised that there have been a number of positive changes made, including animal care provision and the NTU HE facilities. Aspects were updated in a number of areas, including:

- Chesterfield Road – there was an incident at the beginning of the year which meant that the middle section of the building had to be brought back online quickly. Staff have since then indicated that they are very happy to remain in the middle section and there are no plans to return them.
- Thoresby Street – the college has now signed the sale contract and asbestos work has been completed. Construction students are completing practical jobs under supervision.
- Condition survey items – the college has employed a project

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manager on a fixed-term contract to make progress, as there are very tight timescales associated with the spend.

AGREED: to note the content of the update provided.

8 EMERGENCY MANAGEMENT PLAN

The director of IT, estates and learning resources drew the document to governors' attention and confirmed that it is reviewed on an annual basis. He confirmed that the communication plan is implemented during every incident and the same for estates response. He advised that the plan, in relation to IT, is practiced far more often than other areas. It was confirmed that, after any incident, a review is undertaken to assess what may have gone wrong and/or lessons learned. The committee asked whether it was actively used during the COVID crisis, and it was confirmed that it was.

A question from one member of the committee was whether or not the lessons learned can be recycled into a document. It was confirmed that they can be, and the committee were given assurance that the plan is constantly unpicked and updated. Procedures are changed so that knowledge isn't lost and lessons learned are recorded somewhere.

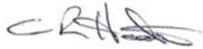
AGREED: to note the content of the update provided.

(Gavin Peake left the meeting at 6.35pm)

9 RECONCILIATION OF FINANCIAL STATEMENTS AND JULY 2020 FINANCE REPORT

The finance director introduced this item and confirmed that this has been provided in a revised format to more closely align with the statutory accounts. Key matters noted were:

- Revenue is slightly lower than the July position, and he explained that this is because a prudent approach has been taken.
- There were some built-in assumptions regarding agency and sessional claims that have not been as high as expected; again, this is because of prudent provision.
- In terms of capital works, the college has done as much as possible in the summer, which has pushed up the non-pay figure.
- No significant difference overall, with the college being £158k less than the reported EBITDA position in July management accounts.
- No errors and no adjustments from auditors.

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In considering the update, the committee all agreed that it was very useful to have it in this format so that the position in the statutory accounts can be compared easily. The finance director confirmed that the most significant variance and change relates to pension liability which is now £18 million. This is felt to be a prudent number but highlights the risk in this area. He confirmed that there is a pressure in the sector to look at this, as FE does have more control regarding pay than other public sectors. He expressed the view that there needed to be a balance struck between the cost of analysis versus benefit, which is why a sector rather than an individual approach may be cost-effective. He advised it is likely to be several years before this figure starts to reduce.

AGREED: to note the content of the update provided.

10 MONTHLY MANAGEMENT ACCOUNTS – OCTOBER 2020

The finance director introduced this item and explained that he and the team have attempted to take a very prudent view, which is why there are movements compared to the prior year. He drew the committee's attention to a number of areas of concern, including:

- AEB – he explained that there is some underperformance in terms of direct delivery and also a reduction in subcontracted activity. In relation to the latter, this will lead to a loss of income on the 20% margin. It was acknowledged that the college needs to look to replace this with its own delivery.
- Apprenticeship provision – there have been delays in actual starts and also processing paperwork. Whilst there is a good pipeline in place, there have been some delays when compared to forecast.
- The committee were advised that the college had been selected for an ESF audit on MIS and that this has been a distraction in terms of internal processing. It was confirmed that the outcome of the audit will be reported to the Audit Committee at its next meeting in February 2021.

FD

Feb.
2021

The finance director advised that, because of these known areas of underperformance, there is a need to be cautious regarding spend as there is not yet confidence regarding income in a number of areas. He confirmed that a very cautious view has been taken this month, given that the college is slightly behind in terms of the current paperwork processes; however, he provided assurance that the cash position is strong.

A question from one member of the committee was how the college is now so cash generative, particularly given that it is going to be paying down £4 million in debt. The committee asked why, if the college is so cash generative, there is a need to sell the subsidiary company. The

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finance director indicated that the forecast still includes the RCF facility, which will be removed in the next set of accounts. This facility (£1 million) has not been used and is not needed, and agreement has been reached to end it in November 2020. The committee discussed the potential bksb sale price versus the operating contribution provided and felt that there needed to be careful consideration. The finance director confirmed that the college is obligated to sell for a specific price and is working hard with Deloitte to achieve this; however, there is in the intention to review if the actual price offered is different to expectations. It was described as being part of a journey. A challenge from one member of the committee was to remember that the college is fundamentally an education provider and not an ed tech company, therefore continuing with the subsidiary company could be a distraction and a drain on resources. The finance director confirmed that BDO have been doing some really helpful work and that the Information Memorandum now drafted is positive and focuses the right direction. Lloyds appear more receptive to alternative options now, if needed. It was confirmed that bksb cash will be used to pay down college debt now that the treatment of pension has been agreed. All acknowledged that the business could be run in a different way if it were fully commercial.

A challenge from one member of the committee was in terms of the bad debt provision: they felt that the way to disclose needs to be amended as it distorts the position.

AGREED: to note the content of the October monthly management accounts presented.

11 **NOVEMBER 2020 PAY REPORT**

The finance director indicated that it had not been possible to finalise this for the meeting. It was agreed that this would be circulated next week and would be reported to the Corporation Board if any issues arise.

Finance
Director

Dec.
2020

12 **FINANCIAL RETURN TO THE ESFA – CONFIRMATION OF SUBMISSION**

The finance director advised that the sector has been asked to submit revised cash flow data, with actuals included rather than estimates. The main variation for WNC is the repayment of debt to the ESFA and Lloyds. It was acknowledged that the ESFA is monitoring the sector very closely as it is known that some colleges are facing cash flow difficulties.

AGREED: to note the content of the update provided.

13 **COLLEGE POSITION AGAINST 3-YEAR AND RECOVERY PLAN**

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The finance director introduced this update and confirmed that the college's recovery is very much based around the sale of its subsidiary. Vendor due diligence is now substantially complete and supports information within the Information Memorandum. BDO are working closely with Deloitte, and this is leading to increased confidence.

Key challenges for the college are:

- Covenant position, which needs to be closely monitored given that the sale has been delayed to ensure maximum value is obtained. Negotiations with Lloyds and ESFA have led to the agreement to repay £4 million, which then gives Lloyds confidence. In turn, they have agreed to an extension to the covenant position until November 2021.
- In terms of the sale of bksb, some potential buyers have prolonged governance processes; therefore, this extension has bought time to be able to properly engage with them and ensures that the company is not perceived as a distressed seller.

The position builds confidence with two key creditors, which is an important part of the college's journey.

AGREED: to note the content of the update provided.

14 SUBCONTRACTING UPDATE

The finance director introduced this item and confirmed that there are some issues associated with subcontractor performance and, therefore, it is highly likely that some of the contract values will be reduced. Key matters brought to the committee's attention were:

- One to One are struggling to get DWP/Jobcentre Plus referrals, therefore their contract for the year will reduce.
- White Rose have rolled forward their learning period, which has a negative impact on 19/20. It means that the college will have to increase its allocation for 20/21. £200k will be required to cover this.
- There is £407k unallocated AEB and the college is looking at direct delivery rather than subcontracting. He explained that there was a significant review planned for January 2021.
- Some change in the rules are expected and it is hoped that this would be helpful.

As an overview, the current proposal is to reduce the contract allocation with One to One and increase with White Rose. The committee were happy to support the proposal and agreed the revised allocations as presented.

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AGREED to approve subcontractor variations as presented.

15 **GOVERNOR AND EXECUTIVE EXPENSES FOR 2019/20**

The director of governance introduced this report and the appendix generated by the finance department. In terms of the information provided, she confirmed that there was nothing irregular or excessive that she would wish to bring to the committee's attention. The finance director indicated that he had received a query regarding accuracy, as the amount claimed for Charles Heaton is less than actual. He confirmed that this has been reviewed and relates to a retrospective claim which was not included at the point of issuing this summary. He confirmed that processes have been double-checked and he has confidence that this is a one-off processing issue.

AGREED: to note the content of the update provided.

16 **GIFTS AND HOSPITALITY – GOVERNOR DECLARATIONS FOR 2019/20**

The director of governance advised that, as part of the yearend processes, an email had been sent to all governors asking whether any gifts or hospitality had been received during the year. She confirmed that no declarations were made. The committee felt that there was merit, in the next annual cycle, to use DocuSign so that governors have to complete and self-declare rather than not report. The director of governance confirmed that the processes in relation to this would be implemented.

AGREED: to note the content of the update provided.

17 **RISK REPORT**

The finance director introduced this item and confirmed that this report picks out the finance and estates aspect from the corporate risk register. He particularly drew governors' attention to the fact that parts of the public sector have come under attack from Russian and Chinese IPs. The college has worked with JISC to block and control these. Whilst the level of attacks has now reduced, it is still a concern given that it is so prevalent. All agreed that it was helpful to have the combined support of JISC.

The committee were advised that the COVID risk has been raised as the college is seeing the level of new learner engagement running lower than planned; therefore, the college is looking to address this in a number of ways. An example given was promotional videos for each curriculum area, as potential students can no longer visit site.

The committee were all pleased to see some green arrows where it is

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clear the risk is being managed and mitigated.

The principal expressed a level of frustration that the sector does not appear to be being supported in the challenging circumstances. An example given was the current ILR audit and the possibility of an Ofsted visit. He felt that it was important that government and funders hear and listen to the concerns in the sector.

AGREED: to note the content of the update provided.

18 **EFFICIENCY REPORT**

The finance director introduced this item. He explained that the focus of this report was on contribution analysis and that this was part of management reporting. The challenge is the fact that this is based upon management information and, therefore, whilst only indicative, it does allow attention to be focused to 'get things fixed'. He confirmed that teams are being encouraged to work together to ensure that data is accurate and up to date. He described this as a work in progress.

In considering the report provided, one member of the committee asked whether the target for English and maths is correct. The finance director explained that this is predominantly a service area, the college does seek for it to be profitable, and that it is a charge to other curriculum areas.

The finance director acknowledged that there was a more sophisticated way to record and report on this aspect and that, to support this, it is critically important to ensure that data areas are correct.

One member of the committee asked how often this information will be reviewed. The finance director confirmed that the peak in terms of accuracy is in January; therefore, it was agreed that there would be a review of this at the next meeting.

Finance
Director

January
2021

AGREED: to note the content of the update provided.

19 **REVIEW OF FINANCIAL REGULATIONS AND ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY**

The finance director explained that the college has taken the opportunity to update but that no significant changes have been made. Key aspects brought to the committee's attention were:

- 2-year plan instead of 3-year
- Defined responsibilities
- Refinement to the anti-fraud policy in terms of clarity in the financial regulations and where to report fraud, rather than simply cross-referencing with the whistleblowing policy.
- IR35 in procurement

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- Capital expenditure above £150k requires an independent review. It was confirmed that the director of IT estates and learning resources has a budget of £1.3 million that is included within this.
- Delegated authority – the finance director is to see everything at £2k or above. The limit in relation to this is fluid and responsive based upon the position and transactions. The finance director confirmed that he rejects less than 5% of transactions proposed; however, this provides an important level of second scrutiny.
- 12.4 reflects the fact that the HE centre is now an investment property.
- IR35 – everyone is on PAYE unless there is utilisation of an umbrella organisation where proof of this is required to confirm PAYE treatment.

In reviewing the document, all acknowledged that a significant overhaul was not required and that it is important not to get bogged down in the trivia. Governors were all pleased to see the capital piece/review required at +£150k. The committee were happy to recommend board approval of the changes proposed but did encourage the finance director to undertake a spellcheck on the documents.

AGREED: to recommend that the board approve the updated Financial Regulations and Anti-Fraud, Bribery and Corruption Policy.

20 **AOB**

There were no items of additional business.

21 **DATE AND TIME OF NEXT MEETING**

The director of governance confirmed that this is Thursday 28th January 2021 at 5.30pm.

22 **CONFIDENTIAL ITEMS**

It was agreed that confidential items would be recorded on a separate basis.

Signed : _____  _____ Chair

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