WEST NOTTINGHAMSHIRE COLLEGE
FINANCE & ESTATES COMMITTEE

Minutes of the meeting of the Finance & Estates Committee held on Friday 7th July 2023 at 3pm

GOVERNORS PRESENT:	Charles Heaton, Chair Jane Peacock Andrew Cropley, Principal/CEO Paul Wheeler
ALSO IN ATTENDANCE:	Maxine Bagshaw, Director of Governance Jon Fearon, Finance Director Gavin Peake, Director: IT, Estates and Learning Resources

		ACTION by whom	DATE by when
1	**DECLARATIONS OF INTEREST** The chair reminded everyone present to declare any interests that they may have on agenda items scheduled for discussion. Standing declarations were noted.		
2	**WELCOME, INTRODUCTIONS AND APOLOGIES FOR ABSENCE** Apologies for absence were received from David Ainsworth.		
3	**MINUTES OF THE MEETING HELD ON 27TH APRIL 2023** 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 27th April 2023. There were no matters arising.		
4	**ACTION PROGRESS REPORT** The committee were happy to note the content of the update provided.		
5	**HEALTH AND SAFETY ANNUAL REPORT 2022/23** The director: IT, estates and learning resources introduced his detailed report, and key matters highlighted were:		

Signed : ___ CRH ___________________Chair Date:10/10/2023

- This is a summary of key points discussed and highlighted from the internal Health and Safety Committee.
- There was a spike in accidents in the joinery department in term one, but this calmed down in terms two and three. 80% of the college’s tools sit within this department. The figure is not a concern but is higher than expected.
- Non-college incidents have decreased.
- Self-harm incidents requiring first aid have decreased. It is believed that, in the prior year, a small number of students required first aid repeatedly.
- Non-epileptic seizures are now down to one, which is a significant reduction.
- Reporting of near misses has increased, which is positive. The new processes introduced are very helpful and have meant that the college was able to proactively respond in a number of circumstances. The introduction of QR codes for student reporting has been very positive, and the pilot will now be rolled out to all sites.
- Positive audit outcomes with just a few circumstances where there is outstanding paperwork, all of which are being addressed.
- Very positive take-up in relation to training, with a lot of managers completing the IOSH safer management course.
- Prevent and counterterrorism training has been completed by account level, exec and managers. More operational training will be rolled out next year.

In relation to those students who self-harmed last year, one governor asked whether there was any progression or wraparound support provided for their next steps. Staff indicated that it would depend where they were moving on to and gave assurance that staff do work hard to support transition, both in and out of the college. The director: IT, estates and learning resources agreed to speak to the safeguarding team to get a better understanding on this and then report back to this committee.	Director of IT & Estates	July 2023

One governor made reference to the ‘other incidents’, i.e. students generally feeling unwell, and questioned whether this was so low-level that the data should be captured. Staff advised that the college uses all of the HSE categories and does complete a lot of data capture in relation to the non-college-related issues. This is just to ensure awareness and gives the college the ability to follow through if there are any unusual trends and/or stand-out data.

AGREED: to note the content of the update provided.

6 <u>BALANCED SCORECARD AND ANNUAL KPI REPORTING</u>

Signed : ___ ___________________Chair Date:10/10/2023

The committee acknowledged that the financial aspects are all included within the management accounts as key measures. The finance director confirmed that the financial health score remains ‘good’, cash balances are positive, and the ratios are good.

The committee were given an update in relation to the suggestion of commissioning a decarbonisation survey, and staff advised that the organisation is looking at what it can sensibly do to move away from using gas. One quote has been obtained so far for completing a decarbonisation survey: this is £25k. The intention is to obtain further quotes over the summer.

AGREED: to note the content of the update provided.

7 **RISK REPORT**

The finance director introduced this item and confirmed that the report highlights new risks, all of which relate to capital projects and expenditure. This is because of the sheer number of projects and financial values. The Estates team is currently really busy. The spend deadlines are a risk. RAG ratings are currently green, but there is a need to closely monitor this. The college will have to justify some of the spend and, therefore, is commissioning a full condition survey to support this. ESFA guidance and information provided to the sector is a little vague; therefore, a survey is required to give clarity. Challenges will be:

- Sourcing goods and services
- Working in buildings that are operational.

Staff confirmed that they are working closely with curriculum areas to ensure maximum flexibility and identify solutions where there are challenges.

AGREED: to note the content of the update provided.

8 **MONTHLY MANAGEMENT ACCOUNTS TO MAY 2023 AND YEAREND FINANCIAL FORECAST**

The committee were happy to take the report as read. The committee chair highlighted a potential anomaly at section 5, second paragraph, which is the pay analysis. He indicated that he believed the figures were those for last month and appeared as a ‘ghost comment’.

Key matters highlighted were:

- Page 6 provides the carry-forward for apprenticeship provision. There were delays in starts this year, which means a high carry-in figure to next year. The position as at May was £3.75 million, which should be compared with £1 million in the prior year. This

gives confidence in relation to the apprenticeship growth, which has been built into next year's budget.
- There are 135 engineers ready to start in September/October, which is a much more positive start than the prior year and will have a positive impact upon revenue.
- Apprenticeship numbers were down in 2022/23 due to delayed starts, but the college has built up a strong pipeline for 2023/24 from existing learners. Without recruiting any more learners, the college will still have a revenue stream.

AGREED: to note the update provided.

9 **CONTRIBUTION ANALYSIS**

The finance director explained that the 2022/23 position is included within the 2022/23 management accounts just discussed. In terms of targets for 2023/24, the organisation is circa 95% through the finalisation process. Weaker areas identified include:

- Motor vehicle apprenticeship provision – there is some joint sharing of activity and, when they are added together, it is less of a concern. Growth is not predicted but the department does have capacity that can be utilised.
- Fabrication and welding – the college is currently running some additional staffing to support ill health. This is to ensure that the organisation can respond to the growth in employer demand. The department is now starting to grow activity and has been tasked with improving on the 25% contribution figure.
- Catering – the senior team have had a meeting with the department as they have a low engagement with adults, and a new adult programme is being developed. The intention is to try to secure growth. The issue is group sizes.
- Academic studies/A Levels – the college has changed the way it apportions revenue for this department, which is the lowest funded. The college took the decision to broaden the curriculum to create more demand and grow, which has impacted on class sizes. This is purposeful investment. Contribution performance is linked to group sizes.
- Access to HE – this is mainly an adult offer, and the margin is acceptable.
- Community learning – there are smaller levels of engagement which impacts upon income.
- Performing arts – there has been a drop-off in recruitment numbers, and class sizes are an issue. The college has competition from Expressions in Mansfield, which is funded through Nottingham College. There is also a regional centre of excellence in Nottingham. One governor asked whether there is any opportunity to partner with Expressions. Staff indicated that this would require an approach from the college to become their

funder rather than Nottingham College. Staff indicated that this is mainly 16-year-olds who lodge with local families away from home and, therefore, when previously considered, was felt to be high risk activity. How funding operates is also a risk to carefully be considered. Staff indicated that there is potentially an opportunity to enter into a partnership along with Portland College, who would be able to help mitigate the risk. All agreed that one combined offer, if it could be achieved, would be better than competition. The committee discussed COVID disruption to school curriculums in this area which, potentially, has also had a negative impact.

The committee asked how the information provided sits alongside the student numbers circulated by the vice principal earlier in the day. The finance director advised that the prediction is based upon 3,500 learners and that the college takes 8% off per learner across the piece just in case the prediction doesn't materialise. This means that the larger departments are more affected than the smaller ones.

In relation to performing arts, the CEO advised that there is some work to be done to increase numbers in 2024/25 and that a lot of students go Bilborough who could, or should, be coming to WNC.

AGREED: to note the content of the update provided.

10 SPACE AVAILABILITY AND FREQUENCY OF USE

The director: IT, estates and learning resources indicated that the college has started to include utilisation statistics in the analysis this year. The focus before has been frequency, i.e. the need to remove any inefficiencies. Frequency has improved over the last two years and there is now a need to squeeze things more, which is why utilisation is becoming the focus. One aspect to be considered is a review of 'base rooms', with the intention to reduce these so that they are better utilised. The intention is to have less open/flexible space and, instead, reconfigure to provide more classrooms and more smaller meeting rooms to maximise efficiency.

The college will also start to look at staffing next year, particularly fractional posts. A large proportion of fractional staff don't work on Mondays and/or Fridays, which leads to inefficiencies.

The college also has too much sports space, but to change this is quite a challenge. The college is making better use of the atrium; however, this space, alongside the sports area, gives 'too much space' for some of the bid criteria. A challenge from the committee was to provide some information/set the optimum utilisation/frequency of use for specific space areas as this would then give a better idea how far away the college

Director of IT & Estates | Autumn term 2023

Signed : ___ ___________________Chair Date:10/10/2023

currently is. It was agreed that this would be included in an autumn term report.

Staff confirmed that they are trying to do further data analysis and break spaces down by 'type' so that it is easier to understand constraints and, alternatively, options to support growth. Specialist spaces have less utilisation, and this can be improved upon; one example given was engineering. The aim is to use Chesterfield Road as the benchmarking model. There is a need to focus on classroom utilisation, and the college will be pushed by student growth to be more efficient.

One governor asked how far away the need is to do something with the sports hall. Staff advised that changing it isn't inevitable and that it would be expensive. There are options for growth in relation to students on ECHPs and, potentially in the future, the local authority may get capital funding that could support a physical change to the building. This was described as an opportunity at some point in time.

AGREED: to note the content of the update provided.

11 **<u>2023/24 DRAFT BUDGET AND TWO-YEAR FINANCIAL FORECAST</u>**

The committee considered the detail provided. and key matters highlighted included:

- The college is forecasting significant apprenticeship growth.
- Other income lines are broadly the same as this year.
- There will be some 16-18 funding growth because of the lagged funding position.
- The 16-18 income figure is secure and has increased because of a number of aspects, including T-Level rates and growth in the prior year; however, the college has lost payments for work experience capacity building.
- The revenue risk is apprenticeship provision. The team predicted £6.2 million, but this has been factored down in the budget as it was simply considered too big an increase on the current year.
- Pay costs are higher because of increased activity in apprenticeships, but this is offset by extra revenue.
- The gas price for next year has significantly increased because a fixed element is ending. The increase will be over £300k. To try to mitigate this, the organisation will be implementing some cost saving measures. The college does have £300k to spend on energy efficiency measures and will be focusing this on trying to reduce gas use. Examples given were heating in the construction centre and, generally, heating water across the organisation.
- The next result is a budget reduction.
- The original EBITDA forecast was £2.25 million; however, this is now £1.775 million because of known cost increases.

- This budget does give the organisation the ability to invest in capital; however, the college has received over £7 million external funding for capital and, therefore, doesn't plan to spend as much as in prior years.

One governor asked whether there is a pay bonus included within the budget. The finance director advised that the September payment already agreed is included within the 2022/23 year, not 2023/24, and that the college cannot afford a further bonus in 2023/24 unless additional funding is received during the year.

The finance director highlighted extra costs in 2023/24 because of the transfer of the Barnsley College centre running costs: this is rent and staffing. The centre will not generate an income in year one; however, the transfer of 60 learners will help to support the argument for any in-year growth. As delivery is to 16-18-year-olds, there will be a lagged funding impact and the ESFA may not fund in-year growth despite the fact that they have for the last few years.

One governor observed that the budget assumes full staffing and no agency, and they questioned whether this is realistic. The finance director explained that the budget is driven by roles and that there is a pay contingency within the teaching staff line. A challenge from the committee was whether, if the college does need temporary staff at a higher cost, this presents a risk. The finance director confirmed that it does but explained that the organisation has really run down the agency staffing numbers and staff only use agency when it is absolutely necessary. The committee asked whether the vacancy rate is included within the budget or whether the assumption is full staffing. The finance director confirmed that it assumes full staffing and, therefore, there could be vacancy savings to offset agency costs if required. The committee were given assurance that this is something that appears on the risk register.

The committee discussed options in relation to the EBITDA figure, particularly in relation to the financial health score and bank covenants. The finance director confirmed that there is an element of 'cushion' within the pay line.

The committee's attention was then drawn to the addendum paper circulated, and key matters highlighted were:

- This explains the links to the strategic objectives including A-Level growth, 16-18 Level 3 growth, T Levels, and apprenticeship growth.
- Apprenticeship opportunities are important to the college because of curriculum reforms.
- There is significant growth in engineering, which is a priority for the area.

Signed : ___ ________________Chair Date:10/10/2023

- An increase in cash reserves.
- Further reduction in the debt.
- In relation to the sensitivities, the team have modelled a 3% reduction in apprenticeship and adult forecasts with no significant impact. The college has also modelled a 5% reduction. If the EBITDA figure goes down to £1.5 million, the college is just in the 'good' financial health score.
- The balance sheet shows £4.2 million at the start of the year, mainly because of the high number of grants received. The figure at yearend will be £2.24 million. The bank covenant requirement is £2 million.
- The loan figure comes down during the year and, at some point, it may be beneficial to pay this off so as not to have to be concerned with covenants.
- The current ratio slightly improves.
- In relation to cashflow, the lowest point is December and it is a little tight in August; however, all through the forecast period, it remains above the £2 million covenant requirement.
- Staffing costs as a percentage of income are forecast to be 66.4%. The current position is 65%.
- 16-19 revenue is 54.7% of total activity.
- EBITDA will be 4.6%. The finance director advised that 8% is the 'perfect benchmark' but that there are not a lot of colleges who achieve this. 8% would allow enough for capital investment; however, the college is lucky at the moment given there is so much external funding within the sector.
- Financial health calculation is 'good' for the next two years. The weakest area is the lower EBITDA.
- The college is financially secure.

AGREED: to recommend that the board approve the 2023/24 budget and two-year financial forecast as presented.

12 **SUBCONTRACTING UPDATE**

The finance director presented the detailed report which includes information on:

- 2022/23 activity
- 2023/24 allocation proposals and
- Supply Chain Fees and Charges Policy for 2023/24

Governors acknowledged that they had participated in a really helpful meeting with subcontractors earlier this week, and all agreed that these should be scheduled more regularly by the college to explore opportunities. All acknowledged that there were very clear strategic reasons for working with partners.

Signed : ___ ___________________Chair Date:10/10/2023

The finance director indicated that, in the main, the college wants to continue working with all but two. Key matters highlighted were:

- Proposal to increase the allocation to Academies Transformation Trust. However, they may not want this as they have just secured an ESFA contract.
- Proposal is to continue with Chameleon.
- Inspire is very keen for the college to reintroduce funding for 16-18-year-olds, and this is something to explore. Currently, only Mansfield and Ashfield learners are funded by WNC, but this could be broader and this would strengthen progression routes.
- The college is not intending to contract with White Rose, who have been taken over by Learning Curve. The college is looking to directly deliver and use the under-utilised facilities at Derby Road. One governor asked whether there were any options, as discussed at the meeting, to access their employer network. Staff advised that it is not a significant opportunity as they mostly work in Derby and Chesterfield. An observation made was that it is no longer the business that the college was working with.
- The college will not contract with Trackwork and has brought delivery in-house this year.
- There is an apprenticeship partnership with NTU, but this is not wholly a subcontract, with the college buying in services. Employers have to agree to this arrangement.
- The college is looking to get the subcontracted amount down to 15% next year

The committee then considered the policy, and it was explained that no significant changes had been made and that it is just updated.

Staff confirmed that the relationships with subcontractors are not just about funding and that, as was acknowledged by the subcontractors, they do receive support in terms of training, quality assurance, etc.

One governor noted that, within the policy, the risk of funding adjustments is passed onto them, and they asked whether this was usual. The finance director confirmed that it is, and it specifically relates to their delivery and would be based on error sampling.

AGREED:

a) to note the 2022/23 update
b) to recommend that the board approve 2023/24 proposals as presented
c) to recommend that the board approve the Supply Chain Fees and Charges Policy for 2023/24 as presented.

13 **CONTRACT AWARDS 2023/24**

Signed : ___ ___________________Chair Date:10/10/2023

The committee were reminded that the college has worked hard to develop its work with partners, specifically to identify and recruit learners. Key matters highlighted were:

- Stainsby is provision through taxi academies.
- The college took back the HGV provision/relationship this year because of concerns.
- Maclav was quite a major part of the recent Ofsted inspection. They have mainly Eastern European learners who are taught in classes online. There is very good engagement. This partnership helps the college to connect with Eastern European communities and wider.
- The college is conducting a pilot with Trent Education, which is mainly ESOL in Nottingham City.
- Education and Training Consultancy are new, with this organisation helping the college to replicate the White Rose provision.

As an overview, staff advised that the college is happy with the quality of the arrangements but gave assurance that the relationships do end if there are any concerns.

A challenge from one governor was that it would be helpful to better understand the difference between subcontracting and partners. The finance director advised that, when subcontracting, the organisation delivers and the relationship is a funding agreement. With partners they find the learners and the college employs delivery staff. All delivery is under the college's quality criteria. The partner provides the model for delivery. The college always conducts a pilot before making a commitment. The college is in control of the learning; however, the partners have the connections with the learners. As an overview, subcontracting is outsourced whereas, with partners, it is more consultancy based.

AGREED: to recommend that the board approve the contract awards for 2023/24 as presented.

14 **<u>CAPITAL PROJECTS/ESTATES REPORT</u>**

The director: IT, estates and learning resources presented this item, and he explained that the report format has changed slightly and that this will now be maintained for both this committee and the board. Key matters highlighted were:

1) <u>Chesterfield Road</u>

- Unfortunately, planning approval has been delayed again, with the next planning meeting scheduled for 31st July.
- This means that the college will miss the opportunity to complete works over a large part of the summer.

- This puts the opening date of 1st September 2024 at risk; therefore, the college may need to make other provision.
- The college is close to appointing the main contractor, and proposals in relation to this will be presented to the board next week.
- All bids have come in at an affordable point.

2) Station Park

- The mezzanine over the catering and student areas has to be completed in the summer. The expectation is that this can be achieved and will then allow decant from other areas.
- The college is using a company with a full-service package.
- The price point is very competitive, which gives staff confidence regarding affordability of the larger project.
- The works required are now being split into smaller projects.
- The steel was ordered today.

In terms of procurement generally, this will become more relevant when the college moves into the bigger projects and starts the larger spend. Most of what is detailed in the report relates to summer works.

AGREED: to note the content of the update provided.

15 **LSIP AND NEW BIDS**

The finance director confirmed that a joint D2N2 bid is being prepared. This will be a consortium bid with other colleges for £6 million. Spend has to take place before March 2025. Of this amount, £1.5 million will be revenue, which has to be spent by March 2024. The bid will have a focus on green skills and employability skills for young people. The bid should give quite a bit of flexibility and working groups have been established.

The college is also working on a new bid to D2N2 in relation to growth funding. This will have a focus on manufacturing and distribution. It will support the college's ambition for apprenticeship growth. It will be used to increase the size of workshops and replace old kit. It should allow the college to move part of motor vehicle. Match funding from Haas investment is to be utilised. When achieved, it will allow students to complete repairs on live vehicles and will give them a much more real work experience. NTU are a partner.

The committee were advised that there were two unsuccessful bids: the first in relation to ESFA 16-18 growth and the second in relation to T Levels.

AGREED: to note the content of the update provided.

16 **COMMITTEE REVIEW**

Signed : ___ ____________________Chair Date:10/10/2023

The director of governance explained that this was an opportunity to reflect on the year and plan for 2023/24. The committee were happy to recommend that the board approve continuing membership and content of the Terms of Reference unchanged into 2023/24. It was noted that Jane Peacock will move to the Standards Committee and the proposed new governor (subject to board approval), Edward Rawson, will join this committee.

AGREED:

a) To note the update provided
b) To recommend that the board approve continuing membership and Terms of Reference
c) To approve the work plan proposed for 2023/24.

17 AOB

There were no items of additional business.

18 DATE AND TIME OF NEXT MEETING

This was confirmed as 10th October 2023 at 5.30pm.

19 CONFIDENTIAL MINUTES OF THE MEETING HELD ON 27TH APRIL 2023

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 April 2023.

There were no matters arising.

Meeting closed at 5.10pm.

Signed : ___ ___________________Chair Date:10/10/2023