WEST NOTTINGHAMSHIRE COLLEGE
CORPORATION BOARD

Minutes of the Board meeting held in the Board Room at Derby Road on Thursday 17th May 2018 at 5.05 pm

GOVERNORS PRESENT:	Kate Allsop Ian Baggaley Nevil Croston, Chair Jamie Fryatt Malcolm Hall MBE Dame Asha Khemka DBE DL Mark Williams Martin Rigley MBE Lewis Maskery
ALSO IN ATTENDANCE:	Maxine Bagshaw, Clerk to the Corporation Alastair Thomson, Deputy Principal/Director: Finance Tom Stevens, Deputy Principal: Business Development Louise Knott, Vice Principal Communications, Engagement and Student Experience Tracey Thompson, Vice Principal Human Resources and Organisational Development Amanda Jogela, Director: Quality and Performance Julian Smith, Director of Learning and Innovation Gavin Peake, Director of IT

		ACTION by whom	DATE by when
1	**DECLARATION OF INTERESTS** The Chair reminded Governors present to declare any interest that they may have on items to be considered. No interests other than standing items were declared.		
2	**WELCOME INTRODUCTIONS AND APOLOGIES FOR ABSENCE** Apologies for absence were received from Terry Dean, John Holford, John Robinson, Lee Radford, Alison Breeden and Jane Hawksford.		
3	**MINUTES OF THE MEETING HELD ON 26TH APRIL 2018** 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 26th April 2018. There were no matters arising.		

Signed : ______________________________Chair Date:

4 ACTION PROGRESS REPORT

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

5 MANAGEMENT ACCOUNTS – MARCH 2018

The Deputy Principal/Director of Finance introduced this item and, as previously reported, indicated that the College's challenges are mainly in relation to income. Key points noted from the accounts were:

- The mid-year forecast envisages a full year group deficit of £2.048 million compared to the original budget of £1.432 million surplus, however that is under pressure at present due to the impact of the lower than expected level of new starts on apprenticeships.
- In the year to the end of March 2018 the group delivered an overall deficit before interest and depreciation of £426k (prior year £2.047 million surplus). Interest payable and depreciation pushed the deficit to £2.133 million, £139k behind the phased forecast (prior year £321k surplus).
- The College delivered a loss before interest and depreciation of £1.549 million (prior year £472k surplus) against a forecast deficit of £1.340 million.
- Three particular areas have impacted upon overall results, these are:
    a) the anticipated reduction in subcontracted activity means partner contribution is £1.1 million lower than last year;
    b) college delivered apprenticeship income has not expanded quickly enough to cover the current cost base;
    c) income contribution targets are not being met in most areas of the curriculum.
- In particular, as pre-May 2017 apprenticeships move towards the end of their programmes, the level of new starts is insufficient to replace the income from old style apprenticeships over the coming months. This will undoubtedly put additional financial pressure on the last few months of 17/18 and in to the next academic year.
- Short term cash control is now key to the College and senior management. With a framework set by the Corporation Board, the College will be required to make difficult and clear decisions over the next few months. Cash has reduced by £1.795 million since the start of the financial year, this is in spite of the remainder of the Group's revolving credit facility being drawn down.
- BKSB continues to deliver good results with an operating surplus of £1.113 million.
- Overall Group income of £30.019 million for the year to date is £301k above forecast as partner delivered AEB allocations start to come through, although it also means that partner payments are above forecast as well.

Signed : ______________________________Chair Date:

- Group reserves have reduced to £7.138 million (excluding pension liability) from £9.272 million at the yearend which is below the bank covenant level of £9 million. The College is planning to rectify the position through a combination of asset sales and the current restructuring plan, but without asset sales at the required level the College will breach its reserves covenant at the yearend.

In general discussion he confirmed that the College has fully drawn down the revolving credit facility available and has also taken full advances of BKSB Gift Aid for the 17/18 year and therefore there is no further flexibility in either of these areas.

He indicated that cash control was now critical and that this will involve managing payment to suppliers. The Board questioned whether payments will still be made within agreement terms and were given assurance that in the vast majority of cases this will be the case, however there may be a small number of instances where payment goes a few days beyond the agreement date. He provided assurance that the College is speaking to its suppliers on an individual basis to ensure that they fully understand the position. He explained that in most cases the College can manage within its usual cycle of business, however there is close monitoring of monies in and out to avoid any unexpected difficulties. He explained that the process now is not to make an automatic payment but gave assurance that there will be no significant delays to suppliers.

The Board considered key aspects of the management accounts including:

- Page 18 – the pay cost analysis – this was described as being in line with expectations;
- Page 19 – non pay cost analysis – again this was described as being broadly in line;
- Page 22 – cash flow forecast – this is not a positive position and needs to be incredibly carefully managed.

The Board considered in detail the short-term cash flow forecast on page 23 and it was again reiterated that the College is having to actively manage when suppliers are paid. The Board questioned what the cash flow position looks like after July 2018 and were advised that a lot depends on a number of variables which will be discussed later in the meeting as part of confidential items.

- Page 25 – key performance indicators – it was reiterated that the Colleges current level of reserves is below the bank covenant requirements, however the point at which this figure becomes really important is the 31st July which is when the College will be assessed in terms of compliance with the covenants. Cash days are now 7, which is incredibly tight.

Signed : ____________________________Chair Date:

AGREED: to note the content of the March 2018 management accounts as presented.

6 **2018/19 FEE POLICY (FE&HE)**

The Deputy Principal/Director of Finance presented this item and explained that there was very little change from the prior year position proposed. He reminded Governors that 80% of fees charged relate to HE provision.

In terms of FE a 3% increase is proposed and for HE the fee levels for 2018/19 will be:

a) £7,000 for full time learners
b) £3,610 for part time learners
c) £1,200 per 20 credit module
d) £800 per module resit.

The Board considered the information provided and were happy to approve the fee proposals and policy as presented.

AGREED: to approve the 2018/19 Fee Policy (FE&HE) as presented.

7 **AEB REPORT**

The Deputy Principal Business Development introduced this item and a number of key points were noted:

- the College is allocated a total of £6,817,728 adult education budget (AEB) for 2017/18;
- to the end of period 9 (April) overall expenditure on AEB is £5,001,004.
- subcontractors are targeted to commit £1,805,605 AEB during the remaining three months of the year enabling the College to achieve budget;
- to achieve the annual amount required subcontractors have been allocated contracts up to £5,762,131. This is an over commitment of 4.8% (£263,444) on the overall budget for subcontractors of £5,498,687;
- adjustments will be made on a month by month basis to ensure that the College does not go over its allocation, however it must work hard with subcontractors to achieve the allocation figure so that there is no negative impact in the next academic year.

Members' attention was drawn to the table of activity on page 38. In particular of note was column four which sets out the subcontractor target for July 2018. It was explained that hitting the AEB allocation, particularly through the use of subcontractors, is a known risk area for a period of time. Assurance was given that this is monitored closely on a day to day basis. Members considered the contract variations proposed in the final column and were happy to approve as presented.

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The Deputy Principal/Director of Finance confirmed that fluctuations of 3%, plus or minus the allocation amount, are disregarded in terms of performance, therefore the College has to hit between 97% and 103% of the allocation for the year.

AGREED:
a) to note the content of the update provided and
b) approve the contract variations as set out in Appendix A presented.

8 **<u>GOVERNORS PLANNING DAY PROGRAMME – 11TH JUNE 2018</u>**

The Principal introduced this item and confirmed that the purpose of the planning day scheduled for 11th June was to look to the future, with the intention of rebuilding the College. She advised that there were no external speakers this year as the focus has to be internally on College activity.

She confirmed that 16-18 student applications and acceptances are very buoyant at the current time. The College is +475 in terms of applications and +1097 in terms of acceptances when compared with the same position in the prior year. It was explained that in some respects the position is positive because the College has changed its admission processes. The challenge now is to convert the applications and acceptances in to enrolments and then retain the maximum number of students who start at the beginning of the new academic year.

The Deputy Principal/Director Finance reminded Governors that there is a challenge in terms of 16-18 recruitment, as they are funded on a lagged basis increasing numbers will be a challenge for 18/19 but will then have a positive impact in 19/20.

AGREED: to approve the programme of activity presented for the Governors Business Planning day scheduled for 11th June 2018.

9 **<u>COMMITTEE CHAIRS SUMMARY REPORT – AUDIT 19TH APRIL 2018</u>**

The Board were happy to note the content of the summary report provided and acknowledged that the full set of minutes were available on the portal.

10 **<u>AOB</u>**

As a matter of additional business the Deputy Principal: Business Development took the opportunity to confirm that the disposal of the Ashfield site seems to be progressing to completion. This is a freehold sale at £575k with completion due tomorrow. It was explained that the purchaser intends to use the building for special educational needs.

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(Nevil Croston declared an interest in relation to the fact that the legal firm at which he is a Partner is undertaking the contractual work on behalf of the College, he confirmed that he personally was not involved in the sale).

AGREED: to note the content of the update provided.

11 **DATES OF FORTHCOMING MEETINGS**

It was confirmed that the planning day is scheduled for 11th June 2018. In relation to the July meeting, which is the last meeting of this academic year, it was explained that there is a need to bring forward to an earlier date. The Clerk advised that this meeting will now take place on 4th July and that an email would be circulated confirming this.

12 **CONFIDENTIAL ITEMS**

It was agreed that confidential items would be recorded separately.

(Staff and students left the meeting at 5.30 pm)

Meeting closed at 7.10 pm.

Signed : ____________________________Chair Date: