



**WEST NOTTINGHAMSHIRE COLLEGE
CORPORATION BOARD**

Minutes of the Finance & Estates Committee meeting held in the Boardroom at the Derby Road site on Thursday 29 September 2011 at 4.00 pm

BOARD MEMBERS PRESENT: Kate Allsop (from 4.25 pm)
Howard Baggaley (until 4.55 pm)
Asha Khemka
Brian Stopford (Acting Chair)
Chris Winterton

ALSO IN ATTENDANCE: Maxine Bagshaw, Clerk to the Corporation
Andrew Martin, Director of Finance and Deputy Principal
Tom Stevens, Executive Director: Capital Projects and Estates
David Overton (from 4.00 – 4.30 pm)

		ACTION by whom	DATE by when
11.01	<u>DECLARATION OF INTEREST IN ANY ITEM ON THE AGENDA</u> The Chair reminded those present to declare, at the start of the meeting, any interest held in any matter to be considered. The standing declarations of interest were noted. Howard Baggaley confirmed an interest in confidential property contractor discussions to take place at the end of the meeting. It was agreed that he would withdraw from the meeting prior to these items.		
11.02	<u>WELCOME, INTRODUCTIONS & APOLOGIES FOR ABSENCE</u> Apologies were received from Terry Dean and Phillip Lancashire. The meeting was confirmed to be quorate with four members of the Committee present at the start of the meeting.		
11.03	<u>MINUTES OF THE MEETING HELD ON 13 SEPTEMBER 2011</u> AGREED: that the minutes of the meeting held on 13 September 2011 be confirmed as a correct record and be signed by the Chair.	Chair	29 Sep 2011
11.04	<u>ACTIONS OUTSTANDING & MATTERS ARISING FROM MEETING HELD ON 5 MAY 2011</u> The Action Progress schedule was noted and the banking tender timetable was discussed. Members were advised that, because the college has a better than forecast 2010/11 outturn position, the need to borrow has been postponed. It was agreed that the Banking Facility position would be presented in detail to the Board at the December meeting	Director of Finance	Dec 2011
11.05	<u>PHASE 1 DEVELOPMENT – COMPLETION REPORT</u> The Executive Director Capital Projects & Estates introduced this item and drew the following to members` attention:		

Signed : _____ Chair

Date:

ACTION by whom	DATE by when
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- CREATE opened for business on Friday 2 September 2011 with the Principal's briefing sessions to college staff and in time for the start of term on Monday 5 September 2011.
- Construction and fit out of facilities continued throughout August and generally as planned.
- Additional insulation to the roof was completed during this period.
- Not foreseen at the time was the difficulty that would ensue with the delivery and installation of the external red and grey cladding.
- Installation of the red and grey panels suffered with delivery delays, poor quality of panel and poor fitting. Further assurance of quality and deliverability of cladding panels will be required for the new build.
- Bowmer & Kirkland asked to confirm that the panels will be fitted properly and/or replaced before the official opening on 14 November 2011.
- Technical fit out by TMC taken longer than anticipated. All connectivity in rooms and between rooms complete and subject to installation of legacy equipment by college staff and testing on 21/22 September.
- Completion of work and payment of invoices subject to snagging, commissioning and acceptance by the College.
- Within the overall budget of £4,802,157 approved by Corporation Board for Phase One of the development programme a total of £4,599,796. An under spend of £202,361.
- CREATE budgetary expenditure of £4,110,372 against a budget of £4,102,157. An overspend of £8,215. This includes professional fees, contingency, furnishings and VAT.
- VAT is accounted throughout at 20%. It is anticipated that around £10,000 VAT can be re-claimed via Deloitte's for installation of DDA lifts.

Members discussed the cladding difficulties in detail and were advised that a meeting with Bowmer and Kirkland and cladding manufacturers has been agreed for 6 October 2011 to finalise. Whilst there may have been sub-contractor quality difficulties, it was accepted that this was a main contractor issue to resolve and was something that had to be addressed given the planned use of extensive cladding for other elements of the project. The college's intention is to seek to have the grey tiles re-installed and the red tiles replaced.

AGREED: to note the content of the report,

11.06 PHASE 2 – DEVELOPMENT UPDATE

The Executive Director: Capital Projects & Estates introduced this item and drew members' attention to the following:

- Planning permission granted for the sports hall and car parks at MDC planning committee on 31 August 2011.
- Planning conditions discussed with MDC planning Officers. No delay on commencement of programme is anticipated.
- Design team met with shortlisted contractors on Friday 23 September - confidential recommendations will be presented to the Committee at the end of the meeting.
- Acoustic recommendations for the sports hall. Budgetary implications to be noted.

Signed : _____ Chair

Date:

- New two year £100m capital programme launched in September 2011. The College is eligible for £100,000 Renewal Grant and application for an Enhanced Renewal Grant of up to £2m (including the £100,000 Renewal Grant. Responses by 28 October and 9 November with a decision before 24 December 2011.
- Planning application for new build and enclosed courtyard submitted to MDC Planning office on 1 September. The process will take around 13 weeks with likelihood of application heard on 19 December 2011.
- Process of selecting a shortlist of contractors to be invited to tender commenced. A confidential report to be considered at the end of the meeting.
- Fire strategy for new build and courtyard generally approved in principal by MDC Building Control and Fire officers.

(Kate Allsop joined the meeting at 4.25 pm).

Members debated the acoustic needs of the sports hall in detail and questioned whether the additional expenditure proposed was essential. The Principal explained that it was if the hall was to be used for 'speech' based activities and not just sport. It was explained that the additional works are to internally reduce reverberations down to an acceptable level and were not connected with any external noise issues.

AGREED: to note the update provided.

(David Overton left the meeting at 4.30 pm).

11.07 FINANCE POSITION – 2010/11 Year end position

The Director of Finance introduced this item and drew members` attention to his detailed report. The following was noted:

- The 2010-11 financial year has now ended with a strong result across all elements of the West Nottinghamshire College Group. The strong result follows some challenging events occurring during the year which also included taking some tough decisions on the structure of the college moving forward. With this backdrop, the result is all the more encouraging for the 2011/12 year which lies ahead. The college is due to be audited week commencing 26 September 2011 and the results reported are subject to that audit.
- Total turnover for the Group is £46.9million some £500k better than had been expected following a strong last month for the Adult Apprenticeship programme which added income of £677k in the month to reach a full year total of £3.48million. Strong performance in the final month was also evident within the Train to Gain programme.
- Operating profits for the Group of £2.639million represents an increase of £1.16million against the end of year forecast and have been enabled by strong profitability in the college and all three subsidiary companies.
- At college level, an operating profit of £1.532million is £940k ahead of forecast helped by the apprenticeship programme (although 16-18 apprenticeships fell some way short of forecast) and under-spending on pay (£365k). Non pay costs also remained within the full year forecast and delivered a small under spend of £178k.
- College pay costs of £24.533million include total staff restructuring costs of £386k against a forecast spend of £390k. This budget was set aside to deliver the recent restructure in July 2011. Across other pay

Signed : _____ Chair

Date:

budget lines, under-spends have been achieved in teaching departments, administration and other support. The main reason for the under-spend is the number of unfilled vacancies held in the college as a deliberate strategy to minimize compulsory redundancies through the restore and to drive forward further efficiency in college operations.

- Non pay costs within college have under-spent for the year by £178k at a total of £19.734million. A key contributor to the under-spend has been within administration with releases from accruals providing a £152k positive one off impact at the year end. Maintenance costs exceeded the forecast £850k spend as had been anticipated but did not breach £1million as had been expected.
- Subsidiary company trading performance was strong across all three entities. The strongest performance was delivered through Skilldrive where BKSB achieved an operating profit of £874k on sales of £2.1million. This performance is the best reported in the history of the company and provides an ideal base from which to deliver further growth into 2011/12.
- Safety Plus reported a reasonable result, delivering an operating profit of £230k on income of £2.0million. This was stronger than had been expected but continues to be reliant of public funding for its business. Vision Apprentices delivered a small £3k profit on turnover of £342k, demonstrating the increase in business size but also underlining the profitability challenge that such a company offers.
- The college balance sheet and solvency are very strong at the year end with cash of £7.1million and net current assets of £1.09million, despite investing £3.9million in fixed asset additions during 2011/12. The impact of the stronger than anticipated solvency position means that borrowing for the next phase of the capital programme can be delayed further, thus saving on costly interest payments.

Members discussed the staff cost savings made. It was confirmed that vacancies not filled related to non teaching positions generally and that there had, in achieving these savings, been no compromise to the quality of provision.

All members of the Committee agreed that the results seen were exceptional, particularly in the current challenging environment.

AGREED: to note the content of the report.

11.08 INSURANCE AND RISK 2011/12

The Director of Finance introduced this item and drew members` attention to the summary of cover detailed. It was confirmed that the college continues its existing arrangements with Zurich as they remain competitive in the market. This year is the second of a three year contract. The following was specifically noted:

- The greatest increase relates to building cover.
- The cover is for the whole group and therefore includes subsidiaries.
- Claims history will have a small impact but not significant. Most claims relate to employers liability eg slips, trips, etc. The college was able to claim for the repair costs following the No 19 burst pipe but was not able to claim for the ceiling tile issue.
- Price of terrorism cover is very expensive but a significant risk not to have it in place.

Signed : _____Chair

Date:

ACTION by whom	DATE by when
Director of Finance	Oct 2012

- The college undertakes a risk assessment of insurance provision required on an annual basis.

AGREED: to note the insurance and risk arrangements for 2011/12.

11.09 FINANCIAL REGULATIONS - ANNUAL REVIEW

The Director of Finance introduced this report and drew members` attention to the summary schedule of changes proposed. Members noted the change from 'Institution' to 'College', the reference to the Bribery Act requirements and the changes to the EU procurement thresholds. Members felt that the changes were reasonable and were happy to adopt them. For the future, members indicated that they would find it useful to have 'track changes' marked on the document so that they could assess the changes in the round.

AGREED: to recommend the approval of the amendments proposed to the Financial Regulations.

11.10 ANNUAL REVIEW OF STANDING ORDERS

The Clerk to the Corporation introduced this item and drew members` attention to the administrative changes highlighted in red. Members were happy to support the amendments proposed.

AGREED: to recommend the approval of the amendments proposed to the Standing Orders.

11.11 COMMITTEE SELF ASSESSMENT 2010/11

The Clerk to the Corporation introduced this item and invited members to reflect upon performance against the terms of reference approved by the Board. Members all agreed that the work of the Committee was challenging and detailed but that this was an inevitable consequence of the college`s ambitious plans. Members agreed that the amalgamation of two committees into one had brought about efficiencies and avoided duplication. It was felt that attendance generally for the Committee meetings is good

AGREED: to note the self assessment discussions

(Howard Baggaley left the meeting at 4.55 pm)

11.12 CONFIDENTIAL ITEMS

- (i) CONTRACTOR SELECTION FOR NEW BUILD

AGREED: that the content of discussions would be recorded separately

- (ii) CONTRACTOR APPOINTMENT FOR SPORTS HALL & CAR PARKS

AGREED: that the content of discussions would be recorded separately

Signed : _____Chair

Date:

The Executive Director: Capital Projects & Estates proposed a contractor tender list. It was acknowledged that the same list had been put forward for the contract to build CREATE facilities. Members continued to be happy with the contractor list proposed. In terms of the procurement approach, members were happy to identify its own preferred short list of invites to tender as the contract falls below the current OJEU threshold.

11.13 AOB

There were no items of additional business.

11.14 DATE OF NEXT MEETING

The Clerk to the Corporation confirmed that the next scheduled meeting was Thursday 17 November 2011

Meeting closed at 5.35 pm.

ACTION by whom	DATE by when

Signed : _____Chair

Date: