WEST NOTTINGHAMSHIRE COLLEGE FINANCE, RESOURCES AND ESTATES COMMITTEE

Minutes of the meeting held on Wednesday 7th March 2018 at 5.35 pm

MEMBERS PRESENT:	Terry Dean Malcolm Hall MBE, Chair Dame Asha Khemka DBE DL Martin Rigley MBE Alison Breedon
ALSO IN ATTENDANCE:	Maxine Bagshaw, Clerk to the Corporation Andrew Martin, Deputy Principal/Director of Finance Tracy Thompson, Vice Principal Human Resources & Organisational Development Alastair Thomson, Deputy Principal/Finance Director Gavin Peake, Director of IT

		ACTION by whom	DATE by when
1	**DECLARATION OF INTERESTS**		
	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.		
2	**WELCOME INTRODUCTIONS AND APOLOGIES FOR ABSENCE**		
	Apologies for absence were received from Alan Mele and Tom Stevens. Alastair Thomson was welcomed to his first meeting of the Finance, Resources and Estates Committee.		
3	**MINUTES OF THE MEETING HELD ON 7TH NOVEMBER 2017 AND ANY MATTERS ARISING**		
	The minutes were reviewed and it was agreed that they were an accurate record of discussions.		
	There was one typographical error noted on page 1 paragraph 2, the spelling of Alison Breedon should be with an ‘o’ and not an ‘e’.		
	There were no matters arising.		
4	**ACTION PROGRESS REPORT**		
	The Committee considered the update provided and a number of matters were noted:		

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- Item 1 – Vision Business Partner contracts are on the agenda
- Item 2 – Carbon Policy review is not yet due
- Item 3 – Alumni work is progressing and goes live in April 2018. A further update will be provided to the June 2018 meeting.
- Item 4 – Room survey, this is on the agenda.
- Item 5 – 2016/17 year-end accounts still remain to be finalised and it is hoped that they will be presented directly to the Board as soon as the Amber Train investigation has been finalised.
- It was noted that the report requested in relation to year on year trends in relation to pension costs and deficit and the positive impact that VBSS will have, in terms of seeking to mitigate the escalating position, is still outstanding. It was agreed that the new Deputy Principal / Finance Director would pick this up and present a report to the next meeting. AT May 2018
- Item 6 – this item is not yet due.

AGREED: to note the content of the update provided.

5 **<u>ESTATES</u>**

The Deputy Principal Business Development introduced his comprehensive written report and confirmed that it covers a number of different areas.

1) <u>Space utilisation benchmarks</u>

- The 2016/17 FE area review enabled benchmarking between Colleges. The 40% utilisation of WNC compared with an area review average of 31% across Nottinghamshire/Derbyshire and 33% nationally. The most recent data brings the utilisation rate down to about 32%.
- Analysis of space across the FE sector indicates around 50% allocated to teaching/LRC with the remainder allocated to social/admin/storage/toilets/corridors etc. currently 47.06% space is allocated.
- College estate excludes employability centres (Mansfield/Sheffield). Rooms available for timetabling in 17/18 totals 195 compared to 203 in 16/17.
- Room utilisation surveys undertaken week commencing 30th October 2017 and 6th November 2017. Physical survey compared with electronic registers to use as base for planning space in 18/19. The survey shows a reduction in room utilisation to around 32% from 40% at the time of the area review in 2016 prior to opening the university Centre, with Station Park showing 16.1%. Frequency of use of rooms at Station Park is much lower than the remainder of the estate at 36.5% compared with Derby Road at 50.6%.
- The downward demographics for 16-18 classroom based students and reduced apprenticeships are the main reason for

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the decline in numbers and use of rooms.
16-18 year olds reduce from 2958 in 14/15 to 2690 in 17/18. A fall of 9.06% over this period. This means that we have fewer learners on site and therefore too much space.

- Outcomes from the room surveys indicate that the College has too much space and the strategy needs to be developed to further consolidate.

2) <u>Ashfield House and Business Development Unit at Chesterfield Road</u>

- Ashfield House was given a light touch refurbishment in 2015 when administrative staff relocated from Ransom Hall at the end of the lease. Refurbishment costs were paid for by the reduction in Ransom Hall lease costs. In the short to medium term the refurbishment provides fit for purpose office accommodation, however the building is expensive to run and increased maintenance expenditure can be anticipated due to the age of buildings.
- Relocation of some administration from Ashfield House to Derby Road could be achieved but at present insufficient space is available to relocate all administration in their entirety. The administration will require a minimum of 2.4 floors of the 6 story tower block. Reconfiguration of space allocated to curriculum in 18/19 may facilitate 1.5 floors of space at present staffing levels.
- Class size has an impact on room utilisation

The Committee questioned whether moving staff to Station Park could be considered as part of the solution given the very low room utilisation rate. It was explained that the accommodation at Station Park is not suitable as offices and that as a strategy the College would not wish to split up back office services.

The Committee questioned what the car parking issues would be if administrative staff are moved to Derby Road. It was explained that the car parking offer is better at Derby Road than Chesterfield Road and that there are more possibilities at Derby Road for car sharing. In the medium term it was explained that the Colleges options regarding Chesterfield Road (currently the back office part) depends upon what happens in terms of the Vision Studio School lease.

3) <u>Vision Business premises Grafton Place London</u>

- The licence to occupy these premises expires in June 2018. Negotiations are taking place with the landlord in addition to considering relocation to alternative locations. The considered view is that the management programme will start to run down over the forthcoming year unless additional students are recruited. Given the additional cost in relocation, disruption to day to day business and to allow further time to assess the medium to long term viability of the London offices the considered best way forward would be to negotiate an extension

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	of the licence for a further 12 months. It was explained that these premises are an office space and do not relate to delivery. A lease extension of 12 months would be at a cost of £54k plus VAT, this extension is 9% more than the College currently pays. It was explained that what is not currently known at this stage is whether the programme will secure new learners. Given the context the Committee asked that the senior team carefully look at the likely income versus costs and expenditure. They asked for assurance that this is the best option given that, in their view, the cost is high. They questioned what the deadline date is to communicate with the Landlord. It was felt that it is a short window. As an initial view the Committee asked that the senior team investigate whether 6 months rather than a 12 month extension was possible. Albeit that it was acknowledged that suitable alternatives in terms of a fully serviced office in London may not be readily available. AGREED: a) to note the content of the report provided & b) ask the senior team to more fully investigate the pros and cons of a 6 month rather than 12 month extension to the licence for premises at Evergreen House, Grafton Place, London.		
6	**<u>VISION BUSINESS UPDATE</u>** The Deputy Principal, in the absence of Tom Stevens, presented the update report and key matters noted were: • The College currently has live contracts in place with the 35 subcontractors, of these there are 13 with contracts only for the completion of existing apprenticeship learners. • 9 subcontractors remain on the Board report for audit purposes only and no longer have learners continuing learning (these are OVADO, Genius PPT, GLAS Business Solutions, JTJ Workplace Solutions, JB Management, KF Training, RX Advisor, Track Training and TRS Training). All of these contracts have been terminated. • Of the 18 subcontractors originally approved to submit non-levy apprenticeship start activity between May and December 2017, White Hat group and London Hair are the only subcontractors where a proposal has been submitted to the ESFA to continue to work with them in 18/19. This is new start activity. We await approval from the ESFA that the delivery/funding models meet the new January 2018 funding rules. It was noted that the ESFA's confirmed position on this has been awaited for some time now and it was therefore suggested that the Principal and Chief Executive escalate this matter with the ESFA on behalf of the College.	Principal	March 2018

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- A total of 14 subcontractors have contracts in place to deliver funding from the Adult Education Budget. There continues to be a risk of subcontractors underperforming against profiles. This is being managed closely on a monthly basis.
- The subcontract risk remains extremely high as the College does not have the attraction or bargaining power of new start contracting as most subcontractors only have continuation apprenticeship contracts in place. This is a run out programme.
- The College continues to act positively where necessary to protect funding and apprenticeship journeys by terminating contracts and taking learning on through College direct delivery. January and February 2018 has seen termination of contracts with Free to Learn for their apprenticeships and with Pat Clark qualifications. The College will be taking on these learners to the point of completion and will work directly with the employers.
- Contract management continues to remain a challenge but additional risk measures have been implemented to mitigate this where possible via increased learner and employer voice and requesting physical evidence of continued learning.
- Work with compliance, QTLP and subcontractor performance management continues to be undertaken to increase audit and review of all subcontractors with increased learner and employer voice now been undertaken. 15 unannounced audit visits to subcontractor's premises have also been carried out in quarter one and quarter two of 17/18.
- To further mitigate the risks associated with learners past planned end dates an audit of subcontractors paperwork is currently being carried out by the partnership performance team. The College will put a payment stop in place in relation to any partners who are a concern.

The Committee were specifically asked to consider the contract list for the 17/18 academic year and it was explained that the format has been adapted for clarity and there are now three reports that detail the information required:

a) Report 1 – this is subcontractors with carryover activity of £7,025,241. The Committee were asked to note that JTJ Workplace Solutions are shown with a credit rating of D/E on the report. The contract with the College has been terminated with any continuing learners transferring to Gateshead College. In relation to the schedule none have been increased and some have been decreased and/or terminated.
b) Report 2 – this is subcontractors allocated funding for May to December 2017 for non-levy start activity with a value of £2,602,097. This is new start activity for the May to December 2017 period. No further changes upwards are proposed and these are run out learners.

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c) Report 3 – subcontractors allocated funding of £4,722,406 for delivery on the Adult Education Budget. Subcontractors who have a quality assured track record are prioritised for delivery of AEB provision in the D2N2 area. The specific increases in contracts (highlighted in yellow) were brought to the Committees attention and were approved.

AGREED:
a) to note the content of the update provided &
b) approve the contract variations as presented.

7 **HR REPORT**

The Vice Principal introduced her report and the position against KPIs was considered. Key points noted were:

- Head count as at 31st December 2017 was 741
- FTE 620 without sessional staff (634 with)
- Turnover rate 14.9% for all reasons of leaving. This is a 6.1% reduction compared to the same point in the previous year. The rate of resignations reduced by 6.6.% compared to the same point the previous year
- Absence rate 3.9%

In relation to the absence rate she expressed the view that it is likely to increase for January and February 2018 because of an increased level of flu and sickness.

The Committee then received a report in relation to gender pay gap reporting and key matters noted were:

- The College is legally obliged to report and publish certain information, this is captured within this report.
- Calculating the data is quite complicated as there are a number of data sets that the College is being asked to report upon.
- The gender pay gap is the difference between the average earnings between men and women. Expressed relative to male earnings.
- A set of data is published which is based on data relating to relevant employees who are engaged on one day each year. This is called the snapshot date.
- To be included as a full pay relevant employee, the employee must be paid their full usual pay during the pay period in which the snapshot date falls. If the employee is paid less than their usual rate because of being on leave (for example maternity leave or unpaid sickness absence for that period), they should not be counted as a full pay relevant employee.
- An employee for gender pay gap reporting is defined as people who have a contract of employment with our organisation. Agency workers are counted as part of the agency or service company that provides them.

For example all VBSS staff (these provide a service to the College) will be included in the VBSS gender pay gap reporting when the company triggers the reporting requirements i.e. employs over 250 staff.

- Employers must both publish their gender pay gap data and a written statement on their public facing website and report their data to the government online – using the gender pay gap reporting service. Only 17% of organisations have already uploaded their data.
- Our data is based upon 535 women being employed on 31st March 2017 and 281 men at the same point in time.
- The mean gender pay gap is 11.8%. The benchmark is 18%
- When we use the metric of mean gender pay we pay men on average 11% more than women because
  a) We employ 31.2% more women than men
  b) In each quartile more women work than men. In the upper quartile which has the highest hourly rate of pay there are more women than men. Therefor gender is not an obstacle at WNC to gain promotion to a senior role.
  c) The quartile with the lowest hourly rate contains the highest proportion of women although the hourly rates are the same whatever the gender of the employee.
- What do our figures show? – while we are confident that men and women are paid equally for doing equivalent jobs across the College the main reason for our organisations gender pay gap is an imbalance of male and female colleagues across the organisation. There are a higher proportion of women relative to men in the lower bands. The lowest paid roles are cleaners, catering and nursery. In the College, as in other organisations these are female dominated roles – in the College three times more women than men are in this group.
- There is more that we can do and this is clearly set out in the report. These are likely to be very similar actions as those identified at other Colleges.

AGREED:
a) to note the content of the report provided &
b) approve the publication of the Colleges Gender Pay Gap Report and written statement.

8 **<u>MANAGEMENT ACCOUNTS TO 31ST JANUARY 2018</u>**

The Deputy Principal introduced the accounts and a number of matters were noted:

- In the period group performance had delivered an overall deficit before interest and depreciation of £418k (prior year £1,514k surplus). After interest and depreciation this becomes a deficit of £1,805k which is £1,400k behind the phased forecast (prior year £229k surplus).

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- College performance continues to be very weak. All three income generating areas of the College, Vision Business, Partnership and curriculum areas delivered adverse variances to budget
- Across the component parts of the group the College is below budget with a loss before interest and depreciation of £1,323k (corresponding month last year was a £288k surplus) against a target surplus of £43k. This is a huge challenge for the College.
- All three income generating areas are contributing to the poor College performance. The expected fall in subcontractor activity has been larger than planned (£298k) due in part to a back loading of the AEB programme, the failure of Vision Business to span the contribution gap through increased apprenticeship delivery (£633k) and curriculum areas not hitting income targets and being unable to reduce cost commensurately (£393k). With the acceptance of the Vision Business programme being substantially smaller than planned and this continuing to be the case in the medium term, a fundamental reduction on the College cost base is required now to correct the position.
- BKSB continues to deliver solid results with an operating surplus of £794k (forecast £776k, corresponding month last year £787k).
- Overall group income of £21.855 million for the year to date is £2.309 million below forecast. Overall pay costs are below forecast by £67k and £19k below last year. In real terms this means that the BKSB contribution is not enough to make up the gap.
- Group reserves have reduced to £7.4661 million (excluding pension liability draft accounts) from £9.272 million at the year end and which is below the bank covenant level of £9 million. Without a significant gain from an asset sale the College will breach the reserves covenant at 31st July 2018.

As an overview he explained that curriculum areas are not all hitting their targets regarding 16-18 year old numbers and HE and that it is critical for the College to improve this position so that it does not breach its bank covenants.

He explained that managing cash through this period will be critically important.

AGREED: to note the content of the Management Accounts presented.

9 **AOB**

There were no items of additional business.

10 **DATE AND TIME OF NEXT MEETING**

It was confirmed that the next scheduled meeting is 8th May 2018.

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10 **CONFIDENTIAL ITEMS**

It was agreed that confidential items would be recorded separately.

(Staff Governors left the meeting at 6.45 pm)

Meeting closed at 6.55 pm.

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