

THE NORTHERN COLLEGE
THE POLICY AND FINANCE COMMITTEE

Minutes of the meeting of the Policy and Finance Committee held on **8 February 2018**.

Present: Clive Macdonald (Chair), Kate Fleming, John Edwards and Jill Westerman (Principal).

In attendance: The Head of Finance, the Head of Estates and Facilities, The Human Resources Manager (from Min P18/1 to Min P18/10) and the Clerk to the Governors.

Apologies: Prof Tim Thornton, Sarah Tyler and Anne Shiels.

P18/1 It was agreed that the agenda would be re-ordered in order to facilitate the attendance of the Human Resources Manager for the policies for approval item.

P18/2 **DECLARATIONS OF INTEREST**

With respect to:

- Their role as trustees Clive Macdonald, John Edwards and Jill Westerman declared a potential conflict of loyalty in items where they related to the Wentworth Castle and Stainborough Park Heritage Trust;

P18/3 It was agreed that there were no decisions to be taken that would be affected by these interests and it was not considered necessary for anyone to withdraw from the meeting.

P18/4 **MINUTES OF THE LAST MEETING AND MATTERS ARISING**

The minutes of the meeting held on 16 November 2017 were approved as an accurate record (a signed copy is filed in the minute book).

P18/5 A verbal update was provided regarding the proposed property condition survey. It was reported that the survey had been scheduled. It was agreed that an interim report would be presented for consideration at the next meeting.

Resolved: i **That an interim report from the property condition survey be presented for consideration at the next meeting.**

P18/6 **POLICIES FOR APPROVAL**

(A copy of document 9i is filed in the minute book.)

The committee considered and approved the following policies:

Bring Your Own Device	This was a new policy developed in response to a recommendation from the recent information security audit. The policy had been considered by the committee at its meeting in November 2017 and the changes agreed by the committee had now been incorporated.
Sickness Absence	<p>The policy had been significantly re-written and would replace the existing version. It now included a new absence trigger process and greater flexibility to deal with long term absences. It was noted that since the policy had been drafted the 'Fit for Work Service' had been abolished; reference to it had therefore been removed.</p> <p>The committee noted that the process of approval with the recognised trade unions had resulted in differing views from the two unions represented. The college had therefore adopted its preferred version, an approach which had been approved by the unions and no ongoing implementation issues were anticipated.</p> <p>The committee requested that a monitoring review of the policy be conducted in 12 months' time to ensure it was operating effectively.</p>

Staff Code of Conduct	The policy had been updated to provide further clarity for staff in a number of areas and was based on ACAS guidance. The committee welcomed inclusion of guidance regarding personal relationships at work.
Stress and Wellbeing	Minor amendments were proposed as part of the policy review cycle.
Probationary Period	Minor amendments were proposed to reflect structural changes.
Pay Protection	Minor amendments were proposed as part of the policy review cycle.
Volunteers	Minor amendments were proposed to better manage the expectations of those wishing to volunteer at the college and the availability of placements.

- Resolved**
- i That the bring your own device, sickness absence, staff code of conduct, stress and wellbeing, probationary period, pay protection and volunteers policies be recommended to the board of governors for approval.**
 - ii That a monitoring review of the sickness absence policy be conducted in 12 months' time to ensure it was operating effectively.**

P18/7

INTEGRATED PERFORMANCE REPORT**(A copy of document 4i is filed in the minute book.)**

The committee considered the **integrated performance report 2017/18** to date and noted that all areas were rated green with the exception of:

- Average class size which was almost at target at 11.64;
- No-show rates which had further improved but were still below target at 14%, it was noted that the challenging area remained the openly recruited short courses and a range of actions continued to be taken to address the position further;
- Male/female participation rates as previously reported;
- BME participation rate which was slightly below target at 18% but expected to meet target at year end;
- Average absence days per employee and percentage time lost which were explored in detail;
- Gas consumption which was slightly above target due to adverse weather conditions and was likely to deteriorate further before it improved, the committee however noted the outstanding performance in energy consumption over recent years and the financial savings this represented for the college;
- HE income which reflected the under-recruitment in 2017/18;
- Payroll as a percentage of target which was very close to target at 59.6%, the committee noted that the target was very prudent compared to the sector but that it should continue to be closely monitored throughout the year.

P18/8

In relation to the sickness absence indicators the committee noted that:

- This was an area that had been monitored by the committee closely over a significant period of time;
- The college's above average position with regards to percentage time lost was partly due to how the figures were reported as previously discussed;
- The college's relatively small workforce resulted in small numbers of absences being statistically significant;

- There was a spike in long term non-teaching absence which was attributable to ten individuals, eight of which were now back in work;
- Stress related illness was at 0.1% and significantly below sector averages.

P18/9 The committee explored whether there was any correlation between absence and the college's aging workforce and noted that the data analysis undertaken did not demonstrate that this was the case.

P18/10 The committee explored the costs associated with sickness absence and related opportunity costs, risks and the approach to providing cover, whether there was any impact on the student experience and the college's succession planning strategy. It was noted that student success and satisfaction data did not indicate that there had been any negative impact on student experience but it was likely that the dip in HE recruitment in 2017/18 was as a result of staff absences.

P18/11 The committee considered the **management accounts to 31 December 2017** and noted that:

- The £238,196 bid for growth income for 2017/18 had been included within the forecast to date;
- The college has received notification of the proposed local government pay award made to the unions for 2018/19, and this had also been included in the forecast as it was significantly higher than the amount budgeted;
- Income from the modern slavery and other income generation projects was included;
- Debtors included £17K relating to diploma learners and a proposal regarding write-offs would be presented for consideration at the next meeting.

P18/12 The committee considered the variance to budget in relation to capital expenditure and was assured that this was a timing issue; the committee noted that typically the college's capital projects were carefully and realistically costed and achieved on-budget.

P18/13 The committee considered the income and expenditure lines and agreed that a good in-year position was demonstrated.

P18/14 The committee considered a proposal regarding the cash days in hand target as discussed at the last meeting. It was agreed that in future the target would be reviewed and calculated annually by translating the annual I&E reserve target into days. It was also agreed that in line with this approach the target for 2017/18 would be amended from 90 to 120 days.

- Resolved:**
- i That a proposal regarding debtor write-offs be considered at the next meeting.**
 - ii That in future the cash days in hand target be reviewed and calculated annually by translating the annual I&E reserve target into days.**
 - iii That in line with the revised approach the cash days in hand target for 2017/18 be amended from 90 to 120 days.**

P18/15 **DRAFT BUDGET 2018/19 AND THREE YEAR FINANCIAL FORECAST**
(A copy of document 5i is filed in the minute book.)

The committee considered a first draft of the three year financial forecast prepared for submission to the ESFA by the 31 July 2018. It was noted that:

- This was a very early draft shared in order to alert the committee to a number of changes which had impacted substantially on the previous projection;
- The forecast was calculated throughout the academic year based on historical data, moving events and incoming information;
- The budget position for 2018/19 was currently forecasted as a deficit of £92K, a decrease of £165K from the surplus of £73K forecasted in July 2017;
- The significant change related to the local government pay award which whilst not yet agreed could potentially result in a 2-8% increase in year one and a 2-6% increase in year two, resulting in additional expenditure of £65K in the 2018/19 budget.

- P18/16** The committee:
- Welcomed the early warning provided and the opportunity to explore appropriate action;
 - Agreed that the board of governors would be likely to take a hard line in terms of approving a deficit budget which would only be done on an exceptional basis in order to cover a planned period of readjustment;
 - Noted that whilst staffing costs were increasing it was challenging to further reduce the college's core costs, therefore placing more pressure on successful recruitment and income generation;
 - Agreed that recent challenges in recruitment were potentially more concerning;
 - Noted that the college had historically been very successful at generating income in-year and the budget should be constructed to reflect that pattern;
 - Noted that success in the modern slavery project would have a significant positive impact on income.

P18/17 It was reported that the current picture regarding recruitment was positive and further expenditure was being invested in marketing for 2018/19.

- P18/18** The committee agreed that:
- Appropriate actions were being taken to address the position;
 - It was expected that further income would be identified in the coming months and in-year, and this assumption was supported by historic data;
 - Any budget finally approved would be likely to include income generation targets and a corresponding acknowledgement of the associated risks.

P18/19 The committee noted that further work would be undertaken on the projections and an updated forecast would be provided for further consideration.

Resolved: i That the draft three year financial forecast be noted.

- P18/20** **ROLSTONE HEATHFIELD FUND ANNUAL REPORT**
(A copy of document 6i is filed in the minute book.)
 The committee received a verbal update regarding the Rolstone Heathfield Fund. It was noted that:
- The fund had just under £10K remaining;
 - It was intended that this would be split over two years to support the delivery of the GLI conference;
 - In the event that the GLI conference did not go ahead it would be used to fund an alternative programme of activity that fitted the terms of the bequest.

Resolved: i That the report be noted.

- P18/21** **TREASURY MANAGEMENT SIX MONTH REVIEW**
(A copy of document 7i is filed in the minute book.)
 The committee considered the treasury management report which outlined the current arrangements and made proposals for the forthcoming six months. It was noted that:
- Cash flow forecasts indicated that at least £2 million could be considered for investment purposes over the forthcoming six months;
 - However interest rates remained extremely low and likely interest from the portfolio would be approximately £14,000;
 - There were a number of investment products on the market which could deliver a slightly higher rate of interest, but these should be considered in relation to the college's agreed treasury management policy, risk appetite, credit rating, access to funds and diversification of investment.

P18/22 The committee agreed that as proposed the college should rationalise its two lowest interest bearing accounts and maintain other investments as currently held, with a view to re-considering the position in six months' time when interest rates may have risen.

Resolved: i That the college rationalise its two lowest interest bearing accounts as proposed and maintain other investments as currently held.

- P18/23** **RISKS OVERSEEN BY THE COMMITTEE**
(A copy of document 8i is filed in the minute book.)
 The committee considered the risks allocated to it for oversight and specifically whether they accurately reflected the risks faced by the college in relation to the remit of the policy and finance committee, whether there were any developing areas which needed consideration, and whether the controls were appropriate and effective.
- P18/24** The committee welcomed the links that had been made to the college's strategic themes and noted that no further changes had been made since the register had been considered by the board of governors in December 2017.
- P18/25** The committee agreed that the risks identified and the relevant controls were appropriate and accurately reflected those pertinent to the college.
- Resolved: i That the risk register be noted.**
- P18/26** **CONFIDENTIAL MINUTES OF THE MEETING 16 NOVEMBER 2017**
(A copy of document 10i is filed in the minute book.)
 The confidential minutes of the meeting held on 16 November 2017 were approved as an accurate record.
- P18/27** **DATE OF THE NEXT MEETING**
 The next meeting of the policy and finance committee will take place on **Thursday 17 May 2018** at **10.00am**.

Signed	
Position	Chair of Policy and Finance Committee
Date	