

THE NORTHERN COLLEGE
THE POLICY AND FINANCE COMMITTEE

Minutes of the meeting of the Policy and Finance Committee held on **21 September 2017**.

Present: Clive Macdonald (Chair), Sarah Tyler, Kate Fleming, Prof Tim Thornton (up to and including Min P17/137) and Jill Westerman (Principal).

In attendance: The Vice Principal, the Head of Finance, the Head of Estates and Facilities and the Clerk to the Governors.

Apologies: Anne Shiels.

P17/114 **DECLARATIONS OF INTEREST**

With respect to

- Their role as trustees Clive Macdonald and Jill Westerman declared a potential conflict of loyalty in items where they related to the Wentworth Castle and Stainborough Park Heritage Trust;
- His role as Deputy Vice-Chancellor Prof Tim Thornton declared a non-financial interest in items which related to the University of Huddersfield.

P17/115 It was agreed that no decisions to be taken would be affected by these interests and it was not considered necessary for anyone to withdraw from the meeting.

P17/116 **MINUTES OF THE LAST MEETING**

The minutes of the meeting held on 22 June 2017 were approved as an accurate record (a signed copy is filed in the minute book).

P17/117 **MATTERS ARISING**

P17/93	Actions taken to address BME staff recruitment - it was reported that Kate Fleming had been able to link the college to a very useful network in Kirklees and the area would continue to be monitored closely.
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P17/118 **DRAFT FINAL MANAGEMENT ACCOUNTS FOR 2016/17**

(A copy of document 4i is filed in the minute book.)

The committee considered the **management accounts to 31 July 2016** and noted that:

- Items to be finalised before the accounts were closed related to £45k of outstanding income to be accrued for local authority contracts and an expenditure accrual of around £23k for the removal of asbestos;
- The outturn position was likely to be £260/265K;
- The I&E reserve was in-line with target;
- ESFA income was higher due to the additional £250K payment;
- There was nothing new to report with regard to income other than an accrual in relation to the mental health project underspend as previously discussed;
- The pay expenditure variance at £63K was positive given the circumstances during the year;
- Non-pay was higher than target but this was due to the expenditure related to the £250K additional ESFA payment;
- The balance sheet was now positive due to the LGPS pension figure which had reduced by £400K from 2015/16, which whilst good could easily move in the opposite direction again in future years;
- Cash flow was in-line with target;
- The debtors position was positive, with the £33K relating to two recent debts from HE.

P17/119 The committee considered the LGPS pension valuation in more detail and noted that whilst the valuation for 2016/17 had positively impacted on the balance sheet this could easily move in the opposite direction again in future years and therefore required careful monitoring and consideration on an on-going basis. The committee also considered the position regarding the USS pension scheme and in particular the very challenging projections which would be likely to pose significant challenges for the future and also required careful on-going monitoring and consideration, particularly in relation to implications for employer contributions.

P17/120 The committee considered spending against the £250K additional ESFA payment and noted that it had been anticipated that it would be challenging to spend the total amount by year end. The committee explored whether there was any likelihood of an additional payment for 2016/17 and noted that no information had been received to date, that there was under delivery in the sector, that the college would be in a good position to receive a payment if money was available but that the college would not be notified until after the final reconciliation in December 2017.

P17/121 The committee explored the position regarding the work to remove asbestos and were assured that the work had been completed but the financial reconciliation still needed finalising as the work had to be done in August when the students were not in college. It was reported that the auditors had confirmed that the expenditure would be in 2016/17.

P17/123 The committee welcomed the position reported, particularly the fact that it was in line with expectations and the position reported throughout the year and agreed that this reflected good business and financial management.

Resolved: i That the management accounts to 31 July 2016 be noted.

P17/124 **DEBTOR WRITE OFFS ANNUAL REPORT**

(A copy of document 5i is filed in the minute book.)

The committee considered the debtor write-offs annual report for 2016/17 which had arisen as a result of the review of the financial regulations and included a list of all outstanding debts written off by the college in 2016/17 on the authority of the Principal. It was noted that:

- Any debts in excess of £10,000 per annum would be referred to the Policy and Finance committee for consideration;
- Some of the older invoices from the 2016/17 list had been discussed by the committee in 2014, where a decision had been taken not to pursue them through the county courts;
- All college debts were chased via three different mediums - telephone, email and post.
- Recovery levels had increased, though there remained a number of low level debtors who failed to respond;
- The cost of taking a debtor to court through Money Claim On-Line would be in the region of at least £400 and due to the nature of these types of debt it was likely that no money would be recovered at all;
- Written off debts were still sometimes recovered due to the debt being recorded on the student records system and subsequently flagged up if the individual sought to enrol on a further course - in this circumstance the student would be required to clear the debt before being allowed to enrol.

P17/125 The committee noted that there were regulations in place regarding the use of academic penalties in relation to non-course fees and, though this approach hadn't been utilised by the college, suggested that the regulations be considered in order to ensure compliance.

P17/126 The committee sought and was given assurance that students were clearly notified of the requirement to return equipment and that effective sign-posting to advisory bodies was undertaken.

P17/127 The committee noted the debts written off and that the approach was being appropriately managed and the collection of debts was persistently pursued.

Resolved: i That regulations regarding the use of academic penalties in relation to non-course fees be considered in order to ensure compliance.

P17/128 RISKS OVERSEEN BY THE COMMITTEE**(A copy of document 6i 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.

P17/129 The committee considered issues regarding physical security and fire in detail, particularly in relation to the impact on the college of the closure of the Wentworth Castle and Stainborough Park Heritage Trust and the recent arson incident that had been reported. The committee

- Explored fire training and evacuation procedures and business continuity planning, and noted that the college was developing a lock down procedure and implementing additional security measures.
- Explored access issues and risks relating unaccompanied visits and noted that the college was in the process of further tightening this with upgraded access controls.
- Agreed that the risk in the register should be considered to ensure it covered all the aspects of the risk and controls appropriately.

P17/130 The committee noted that sometimes the full range of actions being taken by the college to mitigate risks were not included in the register and asked that narrative elements be reviewed to ensure that this was the case, particularly in relation to the key strategic risks.

P17/131 The committee also:

- Noted F1 - failure to maximise income generation opportunities – required updating to reflect the progress made, which was not as significant as had been hoped for;
- Explored F3 - significant reduction of ESFA Funding and other funding agreements – and agreed that this should be updated to reflect the current uncertainties and provide assurance that the risk should remain green;
- Considered the implications of Brexit for the college.

Resolved: i That the risk register be reviewed to ensure that issues regarding physical security and fire, particularly in relation to the impact on the college of the closure of the Wentworth Castle and Stainborough Park Heritage Trust, were appropriately covered.

ii That narrative elements in the risk register be reviewed to ensure that they accurately reflected the full range of actions being taken by the college to mitigate risks, particularly in relation to the key strategic risks.

P17/132 FINANCIAL ANALYSIS – RESIDENTIAL AND NON-RESIDENTIAL LEARNING**(A copy of document 7i is filed in the minute book.)**

The committee considered a report which presented a whole college analysis of costs per curriculum area for the previous three years and noted that:

- The report had been produced for management for the last four academic years to aid decision making;
- The analysis was undertaken by curriculum area with the college's overheads apportioned out in their entirety;
- The overhead apportionment was calculated by guided learning hour and whether the learning was residential, non-residential or outreach;
- The aim of the analysis was to calculate, financially, whether a programme area covered its direct (marginal) costs and then whether it contributed to the college's running costs;
- The report also included an indication of some of the decisions that had been taken as a result of the analysis;
- All curriculum areas, bar one, had consistently covered their marginal costs;
- There were other areas which contributed to the college's overheads, but did not cover all of their apportionment and that these areas were reviewed annually.

- P17/133** The committee explored the data in detail, particularly noting:
- Challenges regarding teacher education, noting that the data reflected issues the college had had in terms of recruitment and would help to inform what target needed to be set for the area in order for it to meet its overheads, and noting that the college had recently restructured the team to create greater development capacity;
 - That the data would help the college to further understand and develop its model, particularly in relation to the complex FE market;
 - That the analysis would link to the college's strategic vision, particularly in understanding the distance to be travelled in some areas.

- P17/134** The committee welcomed sight of the document and agreed that it had helped to further inform understanding of the provision but agreed that it was more of a management tool. The committee considered whether it would be useful to share with the Board of Governors if for the strategic planning session but agreed that it was more detailed than required.

Resolved: i That the financial analysis – residential and non-residential learning be noted.

P17/135 **MIS SOFTWARE PROPOSALS**

(A copy of document 8i is filed in the minute book.)

The committee considered the outcome of the MIS procurement procedure for ratification, noting that the outcome had been considered and approved by chair's action as agreed by the Board of Governors at its meeting in July 2017. It was noted that:

- A detailed summary of the procurement process outcome had been provided, plus a recommendation for approval based on a detailed scoring criteria;
- Consideration had been given to additional implementation costs and the impact of this on overall value for money.

- P17/136** The committee explored the use of chair's action arrangements. The committee agreed that whilst chair's action was used to a very limited degree, normally only on a planned and pre-approved basis and was carefully monitored and recorded by the clerk it was good practice to ensure that it was kept to a minimum.

Resolved: i That the decision to proceed with the purchase of Advanced Computer Groups Prosolution/Promonitor system be ratified.

P17/137 **PROPERTY STRATEGY REPORT**

(A copy of document 8i is filed in the minute book.)

The committee considered a report which:

- Provided an update on the projects that were ongoing over summer 2017;
- Presented proposals regarding the installation of an external CCTV, some aspects of which had now become higher priority following a suspected arson attack on the college site.

- P17/138** The committee particularly explored:
- The principle of non-intrusion on the daily lives of students balanced against the need to ensure the safety of students, staff and the college's property;
 - Whether there were any risks in undertaking the project in two stages to allow for appropriate engagement with students and staff for the less urgent aspects of the proposal;
 - The scope of the areas which required coverage and whether there were any additional areas of risk;
 - Whether the college had or should consider independent expert advice or the police beyond the college's security provider.

Resolved: i That costings be sought for the installation of remotely monitored CCTV cameras to the east and south sides of the Long Barn and St James Hall to be carried out as an urgent priority.

- ii That consultation with students regarding the location of cameras around residential buildings be undertaken to inform the second stage of the proposal.

P17/139 **CONFIDENTIAL MINUTES OF THE MEETING 22 JUNE 2017**
(A copy of document 9i is filed in the minute book.)

The confidential minutes of the meeting held on 22 June 2017 were approved as an accurate record.

P17/140 A separate confidential minute was recorded.

P17/141 **DATE OF THE NEXT MEETING**

The next meeting of the Policy and Finance Committee will take place on **Thursday 16 November 2017 at 10.00am.**

Signed	
Position	Chair of Policy and Finance Committee
Date	