

THE NORTHERN COLLEGE
THE POLICY AND FINANCE COMMITTEE

Minutes of the meeting of the Policy and Finance Committee held on **17 May 2018**.

Present: Clive Macdonald (Chair), John Edwards, Sarah Tyler, Anne Shiels and Jill Westerman (Principal) (up to and including Min P18/49).

In attendance: The Head of Finance, the Head of Estates and Facilities, the Human Resources Manager (up to and including Min P18/40) and the Clerk to the Governors.

Apologies: Prof Tim Thornton and Kate Fleming.

P18/28 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 and sickness absence reporting.

P18/29 **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;
- it was noted that discussion at the meeting related to arrangements post closure of the trust and committee members were acting only in the interests of the college.

P18/30 It was agreed therefore that it was not necessary for anyone to withdraw from the meeting.

P18/31 **MINUTES OF THE LAST MEETING AND MATTERS ARISING**

The minutes of the meeting held on 8 February 2018 were approved as an accurate record (a signed copy is filed in the minute book).

P18/32 P18/5 Condition survey - it was noted that a verbal update would be provided at this meeting, with the full report presented at the meeting in June 2018.

P18/33 **POLICIES FOR APPROVAL**

(A copy of document 10i is filed in the minute book.)

The committee considered the following policies:

Policies	Amendments	Comments
Access to HE Diploma Fees and Allowance Rates 2018/19	These policies had been updated to reflect changes for 2018/19 and updated terminology.	The committee agreed that changes were reasonable and consistent with policy advice and were assured that there were no key risks associated with the changes. The policy was approved.
Fees 2018/19		The committee agreed that changes were reasonable and consistent with policy advice and were assured that there were no key risks associated with the changes. The policy was approved.
Admissions		The committee agreed that changes were reasonable and consistent with policy advice and were assured that there were no key risks associated with the changes.

		The policy was approved.
Student Short Course Support Funds 2018/19		The committee agreed that changes were reasonable and consistent with policy advice and were assured that there were no key risks associated with the changes. The policy was approved.
Access to HE Diploma Student Support Funds 2018/19		The committee agreed that changes were reasonable and consistent with policy advice and were assured that there were no key risks associated with the changes. The policy was approved.
Equality and Diversity	Minor changes had been made to this policy as part of the regular programme of review. Notification that the college now monitors religion, belief and sexual orientation had been added.	The committee explored the purpose of monitoring religion, belief and sexual orientation and how the data was used, noting that collection formed part of the college's equality duty. The committee asked the college to consider whether the three year review period remained appropriate. The policy was recommended to the board of governors for approval.
Gender Reassignment	The policy had been amended to include appropriate terminology and a glossary.	The committee explored the use of the term 'no less favourably' in para 8.2 and agreed that it was appropriate. The policy was recommended to the board of governors for approval.
Relocation	The policy had been reviewed as part of the regular cycle, no changes were proposed.	The committee noted that the rates included in the policy had not been reviewed for a significant period and asked the college to benchmark against those elsewhere in the FE sector.

P18/34 It was noted that the whistleblowing policy would be considered by the audit committee at its meeting in June 2018.

P18/35 The committee explored the broad approach to the purpose and use of policies in the college and in particular whether they should be focussed purely around compliance and legislative issues or whether they could be used to set a tone for driving forward change and development. The committee asked the leadership team to consider the approach in more detail and feedback at a future meeting.

P18/36 The committee explored options for updating governors in relation to employment law and developing areas such as transgender.

- Resolved**
- i That the equality and diversity, gender reassignment and relocation policies be recommended to the board of governors for approval.**
 - ii That the college consider whether the three year review period for the equality and diversity policy remained appropriate.**
 - iii That the access to HE diploma fees and allowance rates 2018/19, fees 2018/19, admissions, student short course support funds 2018/19 and access to HE diploma student support funds 2018/19 be approved.**
 - iv That the leadership team consider the broad approach to the purpose and use of policies in the college and feedback to the committee at a future meeting.**
 - v That options for updating governors in relation to employment law and developing areas such as transgender be explored.**

P18/37 **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 11.2;
- no-show rates which had further improved but were still below target at 13%, it was noted that the challenging delivery area in relation to class size and no show rates remained the openly recruited short courses and the next period included the highest rate of activity in this area and would therefore be critical in terms of target achievement;
- BME participation rate which was below target at 16%, it was noted that the college had set a very challenging target for 2017/18 at 20%, previously the target had been set at 16%;
- 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, 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 under-recruitment in 2017/18 as previously reported;
- catering and bar, project and external income which were below target;
- payroll as a percentage of income which was slightly above target at 60.1%, 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.

P18/38 It was noted that whilst community learning income looked weak at this stage it was rated green as it was anticipated that the college would hit target in this area.

P18/39 The committee explored the use of the term moderately in relation to some aspects of student satisfaction and asked the college to consider whether a more appropriate term which better reflected the level of satisfaction being expressed could be developed.

P18/40 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;
- there were no significant changes since the last report with a number of long term absences remaining in the support staff area;
- by triangulating the data with that of staff satisfaction and college performance it was

assured that there were no systemic or cultural issues suggested by the position and the absences were being managed effectively via the sickness absence policy;

- there was a strong culture of health and wellbeing support in the college.

P18/41 The committee considered the **management accounts to 31 March 2018** and noted that the key change from the last report was a £40K reduction to the bottom line resulting from the college not recruiting to a second level 3 ITQ course as planned.

P18/42 The committee considered a proposal regarding the setting of a non-ESFA income target, noting that

- the year to date figure was 11.4%;
- over the last three years the college had averaged 13%;
- the budget had been set at 14.7% including HE, project income and fees.

The committee agreed the principle of setting an ambitious but realistic target and approved the proposal that it be set at 15%.

P18/43 It was noted that there was a typo on the capital expenditure summary which should read £4.8M.

Resolved: i That the college consider the use of the term moderately in relation to some aspects of student satisfaction and whether a more appropriate term which better reflected the level of satisfaction being expressed could be developed.

ii That it be recommended to the board of governors that the non-ESFA income target be set at 15%.

P18/44 **DRAFT FORECAST OUTTURN FOR 2017/18 AND TWO YEAR FINANCIAL PLAN 2018 – 2020**
(A copy of document 5i is filed in the minute book.)

The committee considered an updated draft of the forecast outturn for 2017/18 and two year financial plan 2018 – 2020 noting that due to the inclusion of growth funding in the college's allocation a surplus was now being achieved in all three years.

P18/45 The committee explored the achievement of a 2.5% surplus target in 2019/20 and agreed that unsecured income should be increased in order to ensure the surplus target was achieved in 2019/20. The committee agreed that this was realistically based on appropriate planning assumptions, the college's strategic plan and past performance.

P18/46 The committee explored the planning assumptions and:

- considered and agreed that it was reasonable to maintain local authority income at the same level until 2019/20;
- noted the likely potential impact of pay awards for support staff over 2018/19 and 2019/20;
- noted the commitment to review the payment of the 0.7% unconsolidated element of the academic/academic related pay award for 2017/18 and asked for details of the cost to be presented at the next meeting for consideration;
- noted the likely increase in USS employer contribution rates;
- considered whether the payroll as a percentage of income target should be reviewed, the committee agreed that the current 60.5% position reported in the dashboard should more realistically be rated amber, rather than the red indicated.

P18/47 It was agreed that a number of assumptions and issues would be presented to the board of governors for consideration and review at their next meeting, including:

- the setting of a 15% target for non-ESFA income;
- the continued setting of a 2.5% surplus target;
- the target for payroll as a percentage of income;
- the three year forecast.

Resolved: i That unsecured income be increased in order to ensure the surplus target

of 2.5% is achieved in 2019/20.

- ii That the cost of the 0.7% unconsolidated element of the academic/academic related pay award for 2017/18 be presented at the next meeting for consideration.

P18/48 **INCOME GENERATION PROGRESS REPORT**

(A copy of document 6i is filed in the minute book.)

The committee considered a progress report against the college's income generation plan noting that:

- achievement against the plan had been significantly affected by the awarding of the growth funding from the ESFA which had meant that resource had had to be diverted from the delivery of the project income strand;
- if the growth funding was included in the income generation achieved the college would significantly over achieve against its income generation plan.

P18/49 The committee:

- explored areas where there was a significant increase in income levels anticipated from 2017/18 to 2018/19 and noted that these were based on sound assumptions;
- noted and welcomed the increase in TU tuition fees, particularly in the context of reduced staffing in the area;
- noted the strong links the college had with the new major Dan Jarvis and particularly his support of the free thinking programme;
- noted the development of an access route to health and care;
- noted that the free thinking programme was developing well and had received significant potential sponsorship interest; the committee agreed that although no sponsorship income was confirmed at this stage this did not raise any significant concerns as the programme was still in the development phase;
- noted that a range of small project grants had been achieved, mainly in the area of mental health;
- requested that in future reports project income be presented strategically with income grouped together in themes;
- agreed that the work being developed was in line with the college's mission and strategy.

Resolved: i That future income generation progress reports present project income grouped together in themes.

P18/50 **GARDENS AND PARKLAND – PROPOSED FUTURE ARRANGEMENTS**

The committee received a verbal report regarding proposed future arrangements for the gardens and parklands. A separate confidential minute was recorded.

P18/51 **PROPERTY MATTERS**

The committee received a verbal initial report regarding the college condition survey noting that:

- the full report would be presented to the committee's next meeting in June 2018;
- the report would set the general direction of maintenance and development requirements over the coming years with an indication of priorities;
- key issues related to drains and downpipes.

Resolved: i That the condition survey report be presented to the committee at its meeting in June 2018 for consideration.

P18/52 **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.

- P18/53** The committee explored:
- the red risk C3 - allegation against a member of the children's centre staff - and requested that the rationale for scoring the probability of the risk occurring as medium be presented to the committee for consideration at the next meeting and be included in the narrative of the register;
 - C4 - failure to manage the impact of Wentworth Castle Trust's decision to cease trading – and agreed that the current scoring was appropriate

P18/54 The committee agreed that all other risks identified and the relevant controls were appropriate and accurately reflected those pertinent to the college.

Resolved: i That the rationale for scoring the probability of C3 as medium be presented to the committee for consideration at its next meeting and be included in the narrative of the register.

P18/55 **CHRISTMAS CLOSURE DATES 2018**

The committee considered proposed closure dates for Christmas 2018 and approved closure on 21 December based on efficiency.

Resolved: i That the college close for the Christmas period 2018 at 5.00pm on Friday 21st December and re-open on Wednesday 2nd January 2019.

P18/56 **ANNUAL DEBTOR WRITE OFFS REPORT**

The committee considered the annual debtor write offs report and noted that the proposals were in line with the college's financial regulations.

P18/57 The committee approved the writing off of debts as proposed, noting that there was clear evidence that robust actions had been taken to recover the debts.

Resolved: i That the writing off of debts as proposed in paper 12i be approved.

P18/58 **ESFA FINANCIAL HEALTH LETTER AND DASHBOARD**

The committee received and noted the ESFA financial health letter and dashboard.

P18/59 **CONFIDENTIAL MATTERS**

A separate confidential minute was recorded.

P18/60 **DATE OF THE NEXT MEETING**

The next meeting of the policy and finance committee will take place on **Thursday 21 June 2018** at **10.00am**.

Signed	
Position	Chair of Policy and Finance Committee
Date	