

Minutes of the meeting of the Policy and Finance Committee held on **14 November 2019**.

Present: Clive Macdonald (Chair), Yultan Mellor (Principal), John Edwards, Neil James, Prof Tim Thornton, Lydia Ebdon and Kate Fleming.

In attendance: The Assistant Principal – Finance and Business Services (Joy Whistlecraft), the Head of HR (up to and including min P19/104) and the Clerk to the Governors (Sarah Johnson).

Apologies: None.

P19/92 **DECLARATIONS OF INTEREST**

With respect to their roles as trustees Clive Macdonald and John Edwards declared a potential conflict of loyalty in items related to the Wentworth Castle and Stainborough Park Heritage Trust. It was agreed that no decisions were being considered in relation to the trust and this did not therefore pose any issues regarding conflict of interest.

P19/93 With respect to his role as Deputy Vice-Chancellor Prof Tim Thornton:

- declared an interest in items which related to the College's HE provision delivered via the University of Huddersfield consortium;
- noted that Grant Thornton also provided audit services for the University of Huddersfield.

The committee considered the interests declared and agreed that they did not pose any issues regarding conflict of interest in relation to items to be considered at the meeting.

P19/94 **MINUTES OF THE LAST MEETING AND MATTERS ARISING**

The minutes of the meeting held on 19 September 2019 were approved as an accurate record (a signed copy is filed in the minute book).

P19/65 It was noted that Anne Shiels would not be returning following her sabbatical and had resigned from the Board of Governors due to pressure of work.

P19/95 **PERFORMANCE REPORT – FINAL OUTTURN 2018/19** (Document 2i)

The committee considered the **final outturn performance dashboard for 2018/19** noting that:

- the new dashboard format had been used in order to provide extended data and enable comparison with 2019/20;
- the dashboard was still developing and feedback from the committee on its usability and format was welcomed.

P19/96 The committee considered the data in detail and welcomed the overall performance reported and noted that it was consistent with that reported throughout the year.

P19/97 The committee explored the approach taken to RAG rating in the new format, particularly in relation to the enrolment numbers table which appeared to present a picture of performance which was not in line with the financial position reported. It was noted that a very formulaic approach had been adopted to the RAG rating which had been misleading, particularly in relation to the enrolment numbers table, where complexities around student recruitment and the robustness of the target setting process had not been taken into account. It was agreed that the RAG rating would be reviewed and updated to provide a more realistic overview of performance prior to the report being considered by the Board in December 2019.

P19/98 The committee agreed however that the more detailed data had enabled them to explore challenges in relation to curriculum planning and target setting for student numbers, issues associated with block funding and demonstrating value for money in preparation for devolution. The committee welcomed the introduction of a new more coherent curriculum planning process and tightly managed monitoring at all levels which would help to address these issues going forward.

P19/99 The committee explored the BAME data reported, noting that although the overall level of engagement was positive and to be welcomed, analysis of the areas of the curriculum the students were accessing, and whether engagement was consistent across all areas was required. It was agreed that this also applied to students declaring a LLDD, including exploring how the College was demonstrating impact. It was noted that this would be considered in more detail by the Quality Committee.

P19/100 The committee considered the **Management Accounts to 31 July 2019** and noted that:

- there was a £2K variance compared to the figures reported in September 2019;
- as previously reported the College had estimated a clawback of £32k against the ESFA ALLB funding stream due to the non-delivery of the ITQ L3;
- a contingent liability in relation to the failed MIS procurement would be likely to be accounted for within this year accounts and would therefore reduce the surplus, with the result of any counter claim being recognised in 2019/20;
- however as also previously reported the College had been notified that the ESFA would pay up to 103% of AEB delivery this year and this had not yet been included within the forecast and should result in an increased overall outturn position;
- the reported £13K trade union debt had now been paid.

P19/101 The committee welcomed the overall position reported for 2018/19 and noted that it was in line with the position reported throughout the year.

P19/102 The committee considered the October 2019 **ESFA Financial health letter and dashboard** and noted that the College had been rated as outstanding for both 2018//19 and 2019/20. The committee explored how the College compared favourably to the sector, but agreed that comparison against a sector where there were Colleges in financial difficulties should not encourage complacency and further reinforced the need for the College to develop a strong narrative regarding value for money and impact.

P19/103 The committee considered a review of the impact of the implementation of the new **sickness absence policy** which came in to effect on 1 August 2018, noting that:

- the policy had been revised to make it easier for managers to follow, to provide clarity for staff on how absence would be managed, to amend sickness monitoring arrangements and introduce a more detailed return to work discussion process;
- since the policy was introduced overall the absence figures showed an improvement with a reduction in average days' absence per employee of over 3 days;
- there remained an issue with long term absence amongst teaching staff, but the policy facilitated early engagement with staff and supporting an appropriate return to work;
- no concerns regarding the policy's implementation had been raised by staff or the Unions.

P19/104 The committee:

- noted that absence data was regularly monitored as part of the College performance dashboard and this included a breakdown between long and short term absences;
- welcomed the overall positive picture reported;
- endorsed the proposal that the policy be reviewed again in line with the usual formal review cycle.

Resolved: **i That the dashboard RAG rating be reviewed and updated prior to the report being considered by the Board in December 2019.**

P19/105 **PERFORMANCE REPORT 2019/20** (Document 2ii)
The committee considered the College **Performance Dashboard to 30 September 2019** and noted that:

- as previously outlined the new format was still developing and feedback from the committee on its usability and format was welcomed;
- the issues regarding RAG rating for this report were in line with the earlier discussion in relation to the 2018/19 dashboard and would be reviewed as appropriate;

- the key area for consideration at this stage in the year was student recruitment (HE and Access).

- P19/106** The committee explored HE recruitment data noting that:
- recruitment was below target at 58 against a target of 69 and no further enrolments were anticipated for the year;
 - the budget had allowed for 64 enrolments so the financial impact would be approximately £15K;
 - in future targets would be set for the post-census point in order to align them with the financial data.
- P19/107** The committee highlighted their concerns that HE recruitment was below target, particularly as the area had been targeted for growth and recruitment in the sector and in the University of Huddersfield consortium appeared to have been relatively good. The committee encouraged the on-going review of the HE curriculum and further exploration of how the College's other provision could provide greater progression to its HE offer.
- P19/108** The committee explored Access recruitment data, noting that it was above the 60 target at 64. It was noted that all other student recruitment was on-going.
- P19/109** The committee explored the introduction of in-year profiling, agreeing that it would be very useful, and noted that this would be strengthened as the College's MIS systems further developed.
- P19/110** The committee welcomed the new dashboard format and agreed that it was facilitating greater levels of monitoring and challenge and more informed discussion.
- P19/111** The committee considered **Management Accounts to 30 September 2019** and noted that:
- the position reported was very early in the financial year;
 - HE recruitment was below target resulting in a variance in the full year position reported of £15K;
 - underspend on pay was a result of the timing of recruitment to new posts.

Resolved: i That the report be noted.

- P19/112** **INCOME GENERATION**
- The committee considered a verbal update in relation to income generation activity. It was reported that:
- the position of Head of Marketing and Partnership had been appointed to and the new post holder would manage marketing, promotion and partnerships, and have oversight of income generation and external funding opportunities;
 - at this stage it was too early to provide a comprehensive report to the committee, but one would be presented at the meeting in February 2020;
 - an initial evaluation had highlighted that key areas to address in 2019/20 would be:
 - capacity to develop a new strategy;
 - reviewing systems and processes;
 - a review of room allocation, student journey and conversion to enrolments;
 - development of a co-ordinated approach to enquiries;
 - differentiation of full cost and other promotion;
 - development of a marketing strategy;
 - digital developments and interaction with the market;
 - opportunities to explore would include:
 - HE and external bookings;
 - paid for historical tours of the College;
 - forest yoga and meditation;
 - a new approach to curriculum planning to enable flexibility in accommodating different groups of learners;
 - international summer schools;
 - a fundraising strategy and partnership development plan;

- apprenticeship provision;
- national re-training scheme;
- work in partnership with the National Trust, including a further bid to the Arts Council.

P19/113 The committee:

- welcomed the feedback and looked forward to considering a more comprehensive report with progress to date and the strategy going forward at its next meeting;
- agreed that the next report should include a clear outline of potential opportunities, including those with the National Trust, along with prioritisation, a timeline and expected impact and outcomes;
- explored the opportunities with the National Trust in detail agreeing that the College needed to
 - prioritise how the resources the College had to commit to the partnership should most effectively be used;
 - gain clarity regarding the outcomes the College and the National Trust sought to achieve;
 - prioritise a small number of focussed opportunities, being clear and robust about the required outcomes, and ensure successful delivery in order to demonstrate proof of concept;
 - move at a suitable pace, ensuring that the National Trust remained confident in the College's ability to deliver in a timely manner;
- explored the position regarding Heritage Lottery Funding Grant conditions in relation to house tours.

- Resolved:**
- i **That the terms of the Heritage Lottery Fund grant be clarified in relation to access to the house.**
 - ii **That a full report regarding income generation be presented to the committee in February 2020.**

P19/114 **TREASURY MANAGEMENT – LONGER TERM INVESTMENTS** (Document 3ii)

As agreed at the previous meeting the committee considered four proposed options regarding longer term investments, noting that:

- the options presented were the best available within the College's agreed risk appetite;
- the College had approached Nationwide Building Society a number of years ago and at the time they had not been interested in accepting the College's business.

P19/115 The committee agreed that a small increase in income could be achieved by investing with the Nationwide, with no increased risk other than a minor 30-day increase in access.

- Resolved:**
- i **That the maximisation of interest be approved through investment with the Nationwide Building Society as proposed.**

P19/116 **RISKS OVERSEEN BY THE COMMITTEE** (Document 3iii)

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.

P19/117 It was reported that a new potential area of risk had arisen as a result of a review being undertaken by the DfE of how the four residential colleges utilised funding to support residential provision. The committee explored the format and purpose of the review and the potential implications and risks for the College in detail, noting that there was currently no formal common agreed guidance regarding how the funding should be applied in place, but the College was confident that its application was tighter than the rules that were available and its use of the funds had been audited annually as part of the regularity and financial statements audits. The committee agreed the risk should be added to the risk register.

P19/118 The committee:

- considered the forthcoming review of the College's approach to risk management and agreed that the cover paper for future meetings should include reference to this;
- considered the narrative included in the first line defence/mitigation column for each risk and agreed that in a number of places the narrative did not accurately reflect the actual controls in place and this should be strengthened ahead of the planned review in July 2020.

P19/119 It was agreed that the current risks remained appropriate and the controls in place provided assurance. It was noted that a number of the key risks had been explored throughout the meeting.

- Resolved:**
- i **That a new risk relating to the ESFA review of the utilisation of funding to support residential provision be added to the risk register.**
 - ii **That reference to the planned review of risk management in July 2020 be added to the cover paper for future meetings.**
 - iii **That the narrative in the first line defence/mitigation column be strengthened ahead of the planned review in July 2020.**

P19/120 **STUDENT UNION ACCOUNTS 2018/19** (Document 4i)

The committee considered and approved the **Student Union Accounts for 2018/19** which had been recommended to them by the Audit Committee.

- Resolved:** i **That the Student Union Accounts 2018/19 be approved.**

P19/121 **FINANCIAL STATEMENTS AUDIT 2018/19** (Document 4iii)

The committee considered the Financial Statement Auditor's **Audit Findings Report** and noted that:

- the audit was substantially complete and there were no matters of which the auditors were aware that would require modification of their audit opinion or regularity report conclusion;
- the anticipated audit report opinion would be unmodified;
- the auditors were awaiting verification of ESFA income to reconciliation statements from the ESFA and receipt of a solicitors confirmation letter relating to a legal claim;
- the accounts would be re-opened once the above two items had been received;
- the Audit Findings Report had been considered by the Audit Committee at its meeting on 11 November 2019 which had concluded that from their point of view there are no issues that should prevent the Board of Governors from approving signing of the financial statements for 2018/19.

P19/122 The committee considered the **draft financial statements for 2018/19** and noted that:

- as in previous years the figures in the financial statements differed to those in the management accounts due to the pension adjustments and a reconciliation statement would be provided for consideration by the Board of Governors in order to aide clarity;
- the impact of the pensions costs had been considered in detail by the committee at its last meeting and as previously agreed the issues were as a result of accounting adjustments and did not reflect the College's operating financial position or impact on its ability to trade in relation to going concern.

P19/123 The committee also considered:

- potential senior and gender pay gap issues noting that senior pay ratios were monitored and reported by the Remuneration Committee, though not a statutory requirement the College planned to undertake gender pay gap reporting during 2019/20 and a job evaluation process had been undertaken, and no issues had been identified;
- sought clarification regarding the reason for a governor resignation during the year, noting that this was due to pressure of work;
- a news story regarding Grant Thornton, it was agreed that the information would be forwarded to the chair of Audit Committee for consideration.

P19/124 The committee agreed that the financial statements should be recommended to the Board of Governors for approval and signing.

- Resolved:**
- i That the financial statements 2018/19 be recommended to the Board of Governors for approval and signing.**
 - ii That details of the news story regarding Grant Thornton be forwarded to the chair of Audit Committee for consideration.**

P19/125 **FINANCIAL REGULATIONS** (Document 4iii)

The committee considered minor amendments to the College Financial Regulations which had arisen as a result of the College adopting the Colleges' Senior Staff Remuneration Code and recommended them to the Board of Governors for approval. It was noted that a full review of the regulations was scheduled for 2019/20.

- Resolved:**
- i That the proposed amendments to the Financial Regulations be recommended to the Board of Governors for approval.**

P19/126 **TERMS OF REFERENCE AND KEY PERFORMANCE INDICATORS** (Document 5i)

The committee reviewed its performance against its terms of reference and agreed **performance indicators for 2018/19**, noting that all PIs had been met with the exception of one meeting being inquorate.

P19/127 The committee considered and approved proposed revisions to its terms of reference with the exception of the proposal to remove the responsibility to approve all policies that were not allocated elsewhere. The committee noted that a review of the College's policy framework was currently being undertaken and agreed to retain this responsibility until it had reviewed the proposed revised policies framework and approval processes had been agreed.

- Resolved:**
- i That revised terms of reference for the Policy and Finance Committee be recommended to the Board of Governors for approval.**

P19/128 **CONFIDENTIAL MINUTES OF THE LAST MEETING** (Document 7i)

It was noted that Lydia Ebdon was reported as being in attendance as an observer but was actually present as an independent member of the committee.

P19/129 With the inclusion of the above amendment the confidential minutes of the meeting held on 16 May 2019 were approved as an accurate record (a signed copy is filed in the minute book).

P19/130 **CONFIDENTIAL – MIS PROCUREMENT UPDATE**

A separate confidential minute was recorded.

P19/131 **DATE OF THE NEXT MEETING**

The next meeting of the Policy and Finance Committee will take place on **Thursday 6 February 2020 at 10.00am** – Queen Anne 3.

Signed	
Position	Chair of Policy and Finance Committee
Date	