

Minutes of the meeting of the Policy and Finance Committee held on **14 May 2020**.

Present: Clive Macdonald (Chair), Yultan Mellor (Principal), John Edwards, Neil James, Lydia Ebdon, Prof Tim Thornton (from min P20/15 onwards) and Kate Fleming.

In attendance: The Assistant Principal – Finance and Business Services (Joy Whistlecraft) and the Clerk to the Governors (Sarah Johnson).

Apologies: None.

P20/28 **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.

P20/29 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. 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.

P20/30 **MINUTES OF THE LAST MEETING AND MATTERS ARISING**

The minutes of the meeting held on 6 February 2020 were approved as an accurate record (a signed copy is filed in the minute book).

P20/31 P20/10 **It was reported that the Capability, Safeguarding Children and Young People and Procurement policies had been approved by the Board of Governors at its meeting in March 2020.**

P20/32 **ENVIRONMENT/SECTOR UPDATE** (Document 2i)

The committee considered a report which provided an update regarding sector developments and changes in the external environment that could impact on College finances, policy development and strategic planning, including:

- the corona virus pandemic;
- funding for 2019/20 – 2020/21;
- the DfE review of residential funding;
- Sheffield City Region devolution planning;
- potential partnership working with the WEA.

P20/33 The committee particularly explored:

- the College's links with Leeds City Region with regards to devolution and encouraged further attempts at approaching key contacts;
- opportunities relating to working with the WEA in relation to accessing funding for learners in devolved areas around the country.

Resolved: i **That the report be noted.**

P20/34 **PERFORMANCE REPORT – DASHBOARD AND FINANCIAL REPORT TO 31 March 2020**
(Document 3i)

The committee considered the Dashboard to 31 March 2020 which reported progress against key performance indicators. It was noted that:

- performance was now being considered in a significantly different context to previously, particularly in relation to the current closure of the College site to students and ESFA funding guarantees for 2019/20;

- there were no substantial differences to the report presented in March 2020, in particular student recruitment figures had not substantially changed;
- student performance indicators remained rated as green as the College was predicting that current students would successfully achieve their qualifications via remote learning;
- despite the ESFA guaranteeing funding for 2019/20 AEB income was still flagged as amber as the College was still required to deliver remote provision during the summer term and performance therefore needed to continue to be monitored;
- 19+ loan income remains rated as red and the position would not now be recovered.

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The committee particularly explored:

- the potential impact of red/amber rated indicators in relation to the College's financial bottom line, noting that it was anticipated that there would be no negative impact;
- whether there was any risk related to recovery of the secured funding at a later date, noting that the position was as secure as it could be and recovery was considered to be unlikely at this stage as the College had forecast 100% delivery in its mid-year return;
- the requirements relating to remote delivery in the summer term and the potential achievement of this by the College, noting that
 - there were no specific volume targets associated with the requirement;
 - the College had purchased on-line teaching resources and was working with staff to develop this area;
 - the provision offered would be non-accredited and would not therefore impact on the College's overall achievement data;
 - key challenges related to staff skills, technology and student recruitment;
 - the work would accelerate and support the preparation of the College for future blended learning;
- the engagement with current students and lessons that could be learnt for the future;
- the College's current decision not to furlough any of its staff based on the assessment that in line with the majority of the sector it was difficult to identify staff roles that could be allocated to unsecured income, the committee noted that the position would continue to be monitored and reviewed.

P20/36

The committee noted the **Financial Report to 31 March 2020**.

Resolved: i **That the reports be noted.**

P20/37

FINANCIAL PLANNING 2020/21 – 22 (Document 4i)

The committee considered the initial draft two-year financial plan for 2020/21 – 22 and were provided with an update in relation to the DfE review of residential funding and a summary of the implications for the College arising from the funding guidance for 2020/21 issued by the ESFA on 6 May 2020. It was noted that:

- this was a first opportunity for the committee to be informed of and consider the financial implications of the change to the funding rules and to start to agree an appropriate way forward;
- an extra-ordinary meeting of the Board of Governors was planned to consider the position and next steps;
- the situation required careful consideration and detailed planning but this needed to be undertaken at pace.

P20/38

It was reported that:

- whilst the DfE had agreed to defer its review of residential funding due to the current situation the ESFA had issued funding rules for 2020/21 which mirrored those referred to by the DfE through its review to date;
- the revised rules had clear implications for the College and its curriculum plan and funding for 2020/21 and beyond;
- the key issues related to the uplift for residential provision and how this should be applied and the basis on which a student would be judged to be eligible to access residential provision.

P20/39

The committee considered:

- the impact of the changes on the financial plan for 2020/21 – 2021/22;
- the actions taken to mitigate the impact to date which had resulted in a reduction to the initial forecast deficit of £1m to £710K;
- the potential further actions which would be considered by management which could include further simplification of the catering offer, staffing efficiencies and restructure, additional and different curriculum delivery and maximising income.

P20/40

The committee queried:

- the 8.5% reduction in income shown in the plan and why there was no corresponding drop in staff costs, which had actually increased – it was reported that this was an initial draft plan which only included the mitigation taken to date and did not yet reflect any actions in relation to further income maximisation and costs savings that would inevitably be required, however, it was noted that the automatic incremental progression built into the pay policy would mean that salaries would rise alongside reducing or flat-lined income;
- the tension between recruiting locally in readiness for devolution and justifying residence on a geographical basis - the committee agreed that geography had never been the justification for the College's residential offer, which was about minimising the complexities of living and learning for those students who required it;
- if and how students could be incentivised to take up the residential offer;
- the College's long standing dependence on one funder, the attempts to address this already taken and how this could be considered further in future;
- its appetite for offering a voluntary redundancy package and making structural changes during lockdown.

P20/41

The committee agreed:

- that the situation posed a significant challenge to the College, which was further complicated by the current pandemic and its on-going implications and the forthcoming move to a devolved AEB budget in September 2021;
- the College needed to re-emphasise the need for and benefits of residential education and why this type of offer remained so important for some students in a modern context;
- the position needed addressing without delay, but the solutions must be taken within the College's long term strategic plan and should include investment in the future as well as areas of cost savings and efficiencies;
- many of the actions which would be required were already included in the College's medium to long terms plans and this situation had only accelerated their implementation, which would be beneficial to the College in the longer term;
- the situation presented an opportunity for the College to re-invent itself in a modern context and would present significant opportunities as well as the obvious challenges;
- a financial plan should be presented to the next meeting which returned the College to a break even or better position by 2022/23, along with a broad overview of the actions which would be required to meet this in the context of the educational character and mission and vision of the College;
- it would be useful for the committee to have a high level understanding of the curriculum plan for the next two to three years in order to inform their consideration of the financial plan;
- the committee supported the issuing of a voluntary redundancy offer and the implementation of actions to address the position, including restructuring where required;
- the Board should be fully appraised of the situation at the planned extra-ordinary meeting.

- Resolved:**
- i **That a financial plan be presented to the next meeting which returned the College to a break even or better position by 2022/23.**
 - ii **That the Board should be fully appraised of the situation at the planned extra-ordinary meeting.**

P20/42 **RISKS LOG** (Document 4ii)

The committee considered the interim risk log which highlighted key risks related to the pandemic situation, noting that it was envisaged that this log would be the focus of the risk work of committees for the remainder of the academic year.

P20/43 The committee agreed to feedback any specific comments not already raised during the meeting to the clerk for consideration by College management.

Resolved: i **That any comments on the risk log not already raised be fed back to the clerk for consideration by College management.**

P20/44 **RAST PAY AWARD AFFORDABILITY**

This item was considered as part of the financial planning discussion.

P20/45 **CHRISTMAS CLOSURE DATES 2020**

Resolved: i **That the College will close for the Christmas break 2020 at 5pm on Thursday 24 December 2020 and re-open on Monday 4 January 2021.**

P20/46 **CONFIDENTIAL STAFFING MATTERS** (Document 7i)

A separate confidential minute was recorded.

P20/47 **DATE OF THE NEXT MEETING**

The next meeting of the Policy and Finance Committee will take place on **Thursday 18 June 2020** at **10.00am**.

Signed	
Position	Chair of Policy and Finance Committee
Date	