

Minutes of the meeting of the Policy and Finance Committee held on **18 June 2020**.

**Present:** Clive Macdonald (Chair), Yultan Mellor (Principal), John Edwards, Neil James (up to and including P20/76), Lydia Ebdon (up to and including P20/76) and Kate Fleming.

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

**Apologies:** Prof Tim Thornton.

The committee agreed to re-order the agenda to facilitate participation.

**P20/48**      **DECLARATIONS OF INTEREST**

None.

**P20/49**      **MINUTES OF THE LAST MEETING AND MATTERS ARISING**

It was agreed that 'appraised' in P20/37 should read 'informed'.

With the inclusion of the correction above the minutes of the meeting held on 16 May 2020 were approved as an accurate record (a signed copy is filed in the minute book).

**P20/50**      P20/43      It was reported that no further comments regarding the risk log had been received.

**P20/51**      **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;
- the DFE review and funding rules for 2020/21;
- devolution planning;
- AoC briefings;
- Institutes for Adult Learning;
- a filming opportunity from Sequoia films.

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

**P20/52**      **PERFORMANCE REPORT – DASHBOARD AND FINANCIAL REPORT** (Document 3i)

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

- recruitment figures were rated red due to the current campus closure, but that the ESFA had confirmed that funding for colleges for 2019/20 was protected;
- student success was rated green at this point, but the year-end had not yet been reached and the final position would be reported at the final outturn report;
- male enrolments remained below target and this was being considered in relation to both marketing and curriculum design;
- adult skills and 19+ loan income were below target as previously reported;
- teaching and non-teaching staff absences remained above target as previously reported.

**P20/53**      The committee noted the **Financial Report to 30 April 2020**.

**P20/54**      The **dashboard format review** was deferred.

**P20/55**      The committee noted the ESFA Financial Health Letter dated 29 May 2020 which confirmed that:

- following their review of the College's audited financial statements the College's financial health status for 2018/19 had been confirmed as outstanding;
- no significant financial control concerns had been identified.

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

**P20/56** **FINANCIAL PLANNING 2020/21 – 23** (Document 4i)

The committee were provided with an update in relation to the DfE review of residential funding since the last meeting. It was noted that:

- since the last meeting further communication had taken place with both the regional ESFA and DfE;
- an email from the DfE had confirmed their view that the College should be complying with the standard FE funding rules and referred to retrospective clawback for the current and previous year;
- a discussion had taken place with Miriam Cates (MP for Stocksbridge and Penistone) who had been very supportive of the College and its mission and had committed to requesting an urgent meeting with the DfE regarding the immediate funding change and the need for a proportion of national funding post-devolution;
- discussion had taken place with the College's financial statement auditor who had encouraged the College to adopt a strong position with the DfE as they believed they were culpable in the situation, they also suggested the College ask the DfE to clarify whether they believed a serious reportable incident had taken place as they had funded us in the same manner for 19 years. It was noted that the College had not taken this step at this stage.

**P20/57** The committee:

- confirmed that the College had complied with the specific 50% minimum residential rule as it had been stated (72% 2018/19 and 78% 2019/20);
- noted that there were a range of people who had been involved in previous funding oversight of the College who would support its position and agreed that the rules were openly discussed;
- explored the impact of the College's status as a SDI.

**P20/58** The committee reconfirmed its position that the College:

- had completely complied with the rules it had understood to be in place;
- would continue to co-operate with the DfE in the review;
- recognised the new rules for 2020/21 and would comply with them in all respects;
- would implement a transition period of up to two years which may require the use of some of its financial reserves, but would continue to pursue transition funding support from the ESFA;
- would resist all attempts at clawback for 2019/20 or earlier.

**P20/59** The committee encouraged the College to consider early conversations with its solicitors to prepare any legal defence in relation to clawback and continue discussion with its financial statement auditor.

**P20/60** The committee considered an updated draft financial plan for 2020/21 – 23 noting that:

- the plan had been rolled back to prior to the version presented to the committee at its last meeting in order to show all the mitigating actions that had been taken to date to move the College from the initial £1M deficit position;
- since the last meeting a further package of changes had been introduced which included:
  - further maximisation of funding through the ILR;
  - growth for 2022/23;
  - a reduction in project funding and other income and growth in delivery and tuition fees;
  - additional catering savings.
- further work was required and it was proposed that this include changes to the College's current delivery model for its childcare offer, staffing restructure for middle management, curriculum and business services and a review of the approach to cost of living awards for the duration of the financial plan;

- the result of the implementation of all the above actions should result in a balanced budget for 2021/22.

**P20/61**

The committee:

- acknowledged the excellent work done to date and the difficult decisions that were required;
- agreed with the proposal that growth not be included for 2020/21 due to the likely impact of the pandemic;
- welcomed the focus on mainstream delivery growth and increased tuition fees;
- noted that the outcome of the voluntary redundancy exercise had helped to further shape restructuring plans;
- acknowledged that the plan currently showed an increase in fte but that this would be addressed by restructuring activity;
- noted that a significant restructuring exercise was now required to commence;
- agreed that the plan needed to acknowledge the transfer to a devolved adult education budget in 2021;
- welcomed the strong relationships being developed with both West Yorkshire and Sheffield City Region in relation to devolution;
- agreed that in order for the Board to properly scrutinise the viability of the plan it must ensure that it considers the curriculum plan which underpins its delivery;
- agreed that costs relating to the pandemic should be explicit.

**P20/62**

The committee explored the proposed changes to the College's delivery model for its childcare offer in detail, noting that:

- childcare support would remain available for those who were eligible;
- the model of delivery would be significantly different;
- the new model would allow the College to comply with the new funding rules for 2020/21.

**P20/63**

The committee explored the proposed future approach to local authority contracts, noting that:

- the provision currently offered under the Leeds local authority contract could be funded through the College's mainstream funding;
- this had been discussed with Leeds authority and the College had already indicated that it would not tender for a contract for 2020/21;
- the College was exploring the implications in relation to devolution in West Yorkshire;
- the College was exploring its approach to outreach work.

**P20/64**

The committee considered a slight proposed amendment to the College's financial objectives that the target surplus of 2.5% of turnover be amended to a management accounting surplus. The committee agreed that this was a sensible amendment and would aide clarity for readers of the financial statements.

- Resolved:**
- i **That the financial plan (including the forecast as of 18/6/2020 and further restructure costs/savings) be recommended to the Board of Governors for approval.**
  - ii **That the actions required by management to achieve the plan, including restructure, be supported.**

**P20/65**

**POLICIES** (Document 5i)

The committee considered the following policies:

**P20/66**

**Financial Support**

It was reported that:

- the policy had been completely re-drafted to replace an out of date policy;
- to ensure clarity a detailed summary of the proposed changes for 2020/21 compared to 2019/20 had been included in the cover paper;
- many of the changes were to bring the College into line with the new funding rules for 2020/21;

- there was flexibility in the policy for the Executive Leadership Team to override some rules in exceptional circumstances.

**P20/67**

The committee explored:

- the potential impact on students and how any negative effects could be mitigated;
- the possibility of introducing a hardship fund using charitable donations;
- whether the scholarship fund criteria could be amended to increase its flexibility.

**P20/68**

**Fees**

It was reported that:

- the policy had been completely re-drafted to ensure it was robust, up to date and adhered to ESFA and other funding body guidance;
- the required pound plus policy was appended as required by funding rules.

**P20/69**

**Drug and Alcohol**

It was reported that the policy had been reviewed as part of the regular cycle and no changes were proposed.

**P20/70**

The committee considered a proposed revised **policy framework** for the College, noting that:

- the current policy framework had been reviewed in order to ensure that there was a coherent, robust and consistent set of policies, with a clear rationale and approval process;
- there would be a transition period to move the College from its current set of policies to the new framework;
- the College would like to have the new suite of student policies refreshed/developed and in place for the start of the 2020/21 academic year;
- in order to achieve this, it would be proposed to the Board that the policies are approved by chairs' action (Quality Committee chair) to enable them to be effective from the start of term, with appropriate committee scrutiny taking place in the Autumn term and any changes subsequently implemented.

**P20/71**

The committee explored whether it was anticipated that the new student policies would include any substantial changes. It was confirmed that a number of them were new policies which would bring together statements and guidance currently included in other documentation, others were completely new and would clarify current practice, and the admissions policy was being considered by the Quality Committee at its meeting on 18 June 2020. The committee agreed that on the basis that there were no substantial changes it was happy to support the approval process proposed. The committee asked that the Quality Committee consider the review cycle for the Additional Support policy and whether it should be an annual review to bring it into line with other similar policies.

- Resolved:**
- i **That the Fees, Financial Support and Drug and Alcohol policies be recommended to the Board of Governors for approval.**
  - ii **That the policy framework be recommended to the Board of Governors for approval.**
  - iii **That the proposed approval process for the student policies be supported.**
  - iv **That the Quality Committee be asked to consider the review cycle for the Additional Support policy and whether it should be an annual review to bring it into line with other similar policies.**

**P20/72**

**RISKS LOG** (Document 4ii)

The committee considered the actions allocated to it for oversight in the interim risk log which highlighted key risks related to the pandemic situation.

**P20/73** The committee considered 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.

**P20/74** It was agreed that the risks were 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 the risk log be noted.**

**P20/75** **NATIONAL TRUST PARTNERSHIP STRATEGY UPDATE**

This item was deferred.

**P20/76** **ESTATES STRATEGY UPDATE**

This item was deferred.

**P20/77** **CONFIDENTIAL MINUTES**

The confidential minutes of the meeting held on 16 May 2020 were approved.

**P20/78** **CONFIDENTIAL STAFFING MATTERS** (Document 7i)

A separate confidential minute was recorded.

**P20/79** **DATE OF THE NEXT MEETING**

The next meeting of the Policy and Finance Committee will take place on **17 September 2020** at **10.00am**.

<b>Signed</b>	
<b>Position</b>	Chair of Policy and Finance Committee
<b>Date</b>	