

Minutes of the meeting of the Policy and Finance Committee held on **15 November 2018**.

**Present:** Clive Macdonald (Chair), Prof Tim Thornton (Up to and including P18/172), Neil James and Kate Fleming.

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

**Apologies:** John Edwards and Anne Shiels

**P18/145**     **DECLARATIONS OF INTEREST**

With respect to:

- His role as a trustee Clive Macdonald declared a potential conflict of loyalty in items where they related to the Wentworth Castle and Stainborough Park Heritage Trust, it was agreed that discussion at the meeting related to arrangements post closure of the trust and committee members would be acting only in the interests of the College;
- 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.

**P18/146**     The committee considered the interests declared and agreed that it was not necessary for anyone to withdraw from the meeting.

**P18/147**     **MINUTES OF THE LAST MEETING AND MATTERS ARISING**

The minutes of the meetings held on 20 and 27 September 2018 were approved as an accurate record (a signed copy is filed in the minute book).

**P18/148**             P18/138             It was noted that a self-assessment questionnaire had been developed and would be issued to members for completion with a view to the results being discussed at the next meeting.

**P18/149**     **INTEGRATED PERFORMANCE REPORT**

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

The committee considered the **outturn integrated performance report for 2017/18**, noting that the results reported in both the dashboard and management accounts were in line with those reported throughout the year.

**P18/150**     The committee considered the **integrated performance report for 2018/19 to 30 September 2019**. Progress against agreed key performance indicators was reported in the dashboard, it was noted that:

- A narrative to support the data had been added as previously agreed;
- The report reflected a very early position in the year;
- No issues had been identified in relation to retention or achievement, it was noted that enrolment numbers had been added to the charts;
- Overall HE enrolments were higher than previous years and above target;
- Class size was above target and consistent across all areas, although it was noted that as it was early in the year the figures were currently positively impacted by diploma and HE provision;
- The no-show rate was at 12% against a 10% target, it was noted that this was a long standing challenge and the College was exploring further actions which could be implemented;
- Participation rates were on target and there were no areas for concern;
- Teaching hours were currently below target, but this was likely to be due to low levels of provision being delivered in August and was being investigated further to ensure that the College was running as efficiently as possible;
- There were no areas for concern relating to student satisfaction;

- Staff sickness absence was showing an improved position to date compared to the previous year, but there had been a spike in absence in October which was being investigated by human resources and could impact on data in the next report;
- Sustainability was in-line with targets;
- Income figures were all rated green, with the exception of payroll as a percentage of income which was slightly above the 60% target at 60.4%.

**P18/151** The committee particularly explored class size data and targets and noted that the College was exploring how the data and targets could be further refined, including the use of differential targets which reflected the different requirements of types of provision.

**P18/152** The committee welcomed performance in relation to HE enrolments and noted that this demonstrated that as previously suggested recruitment challenges were as a result of operational difficulties and not a lack of market opportunities, and that this reinforced the College's decision to develop and grow the area further.

**P18/153** The committee explored the payroll as a percentage of income target in detail and agreed that whilst performance was only slightly above target, and the position had been discussed in detail at previous meetings, the target was a critical indicator of the financial health of the College. It was agreed that the committee should not be complacent in this area and it was essential that it thoroughly considered the context surrounding the data, the implications for the College and how performance against the target should be managed in future. The committee noted that:

- There were a number of factors impacting on performance, including the impact of higher than anticipated pension costs;
- Staff costs was an area of vulnerability for the College, particularly in relation to potential significant shifts in pension costs over which the College had no control;
- As previously discussed there was a difference between a short-term increase in the % against target resulting from a particular decision and a steady rise resulting from environment changes;
- The College remained below the sector average of 65%;
- The target was clearly related to the class size and no-show rate targets which were fundamental indicators of overall efficiency;
- Ensuring the right curriculum and mix of provision was critical to success.

**P18/154** It was noted that the colours in the foundation skills chart had been incorrectly reversed and this would be corrected for the next report.

**P18/155** The committee considered **Management Accounts to 30 September 2018** and noted that:

- The position reported was very early in the financial year;
- Performance to date was positive including positive HE recruitment data and a successful ALLF growth bid;
- The College was undertaking a midterm review with its catering provider which would include investigating issues with the accuracy of their non-pay forecasting;
- The balance sheet position had been positively impacted on by changes to the College's pension liability;
- Cash flow continued to be healthy;
- The position regarding debtors was positive, with further income received since the report was issued;
- The capital report included expenditure relating to the purchase of Pro-Monitor as approved at the last meeting.

**P18/156** The committee explored:

- Debtors 90+ days relating to external bookings and were assured that this was an invoicing timing issue rather than a potential payment issue and that the debt had since been paid;
- The potential for an over-delivery payment relating to 2017/18 and the timing of this and the implications of how it would need to be accounted for;
- The position regarding the catering service and whether this posed any challenges to the financial statements and were assured that the impact of over spend was already reflected

in the financial statements and the issue related to the accuracy of their forecasting in the management accounts.

**Resolved: i That the committee consider the payroll as a percentage of income in a broader strategic manner at a future meeting.**

**P18/157 FINANCIAL STATEMENTS 2017/18**

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

The committee considered the Financial Statement Auditors **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;
- This was subject to final resolution of a pension benefits query with relation to the SYPA pensions paid, verification of ESFA income to reconciliation statements from ESFA and confirmation of post balance sheet events;
- All audit findings had been rated as green, and there were no control recommendations identified;
- There had been no adjusted or unadjusted misstatements identified during the course of the audit;
- The control issues raised were the same as those in 2016/17 and had not been a cause for concern for either the auditors or the Audit Committee;
- The Audit Findings Report had been considered by the Audit Committee at its meeting on 12 November 2018 who 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 2017/18;
- If an over delivery payment from the ESFA was received it would be shown as an adjustment in the final statements.

**P18/158** The committee considered the **Draft Financial Statements for 2017/18** 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, resulting in staff costs increasing by £144K and interest costs increasing by £95K. It was noted that a reconciliation statement would be provided for consideration by the Board of Governors in order to aid clarity.

**P18/159** The committee considered the auditor's advice regarding going concern, in particular in relation to the governors' role as directors of the company. The directors considered the position shown by the financial statements and concluded that based on them it be recommended to the Board of Governors that the company could continue to trade.

**P18/160** The committee welcomed the outstanding report and formally thanked staff for their diligent work.

**Resolved: i That the financial statements 2017/18 be recommended to the Board of Governors for signing.**

**P18/161 INCOME GENERATION PROGRESS REPORT**

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

The committee considered a report which presented progress against the College's income generation plan. It was noted that:

- The updated estimate for income for 2018/19 for theme 1 - external bookings - remained in line with the original estimate of £70K, and was based on cautious predications;
- The updated estimate for income for 2018/19 for theme 2 – additional fee income - was £388K against an original estimate of £334K, compared with actual income of £267.8k in 2017/18 and £359k in 2016/17;
- The updated estimate for income for 2018/19 for theme 3 - project income for work aligned with the college mission - was £209.1k against an original estimate of £188.2k, compared with actual income of £46.3k in 2017/18 and £99k in 2016/17.

**P18/162** The committee considered theme 2 – additional fee income in detail and:

- Welcomed the position reported;

- Noted the positive impact of HE recruitment, particularly in light of the further growth planned for this area;
- Explored the position regarding trade union studies and its sustainability and the work the College was doing in this area to maximise this.

**P18/163** The committee considered theme 3 – project income in detail and:

- Noted the reliance on a number of specific projects and the vulnerability for the College of continued dependency on ESFA income;
- Explored how the approach and energy related to income generation in some areas could be extended to other areas of the College;
- Noted that progress against the plan was positive but challenged whether the original plan was suitably ambitious;
- Noted the link between curriculum development and income generation and the work being done in College to address this;
- Considered the challenges posed by the College's small staff base and how this could be supported by investment;
- Agreed that positive progress was being made, but further development and strategic thinking was required;
- Welcomed the positive work being done around the Free Thinking Programme, explored potential funding opportunities and how opportunities could be capitalised upon in order to recover investment costs, including opportunities in relation to the College being a leader in the field.

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

**P18/164**     **TREASURY MANAGEMENT**

**(A copy of document 7i is filed in the minute book.)**

The committee considered the **Treasury Management - Six Month Report** and noted that:

- Cash flow forecasts continued to indicate that at least £2 million could be considered for investment purposes over the forthcoming six months;
- Interest rates were improving but remained low;
- As previously discussed there were a number of other investment products, such as stocks and shares, which may deliver a higher rate of interest but would be in contravention of the current principles of the College's Treasury Management Policy;
- That there would be an opportunity to reconsider the principles when the Treasury Management Policy was reviewed later in the academic year;
- Lloyd's interest rates were slightly better than Santander's and Federated Prime which meant that for the College to keep within its Treasury Management Policy it would be required to move funds into lower interest bearing accounts to reduce the risk of exposure.

**P18/165** The committee considered the position and particularly whether the College should move funds and increase its holding with Federated Investors or consider a fourth provider. The committee explored the option to consider the use of a longer term 120-day account.

**Resolved:**     **i     That at the discretion of the Head of Finance and in line with the Treasury Management Policy regarding the amount of funds to be retained in a short term account the College transfer funds as appropriate to a longer term account, up to 120 days, with a fourth provider.**

**P18/166**     **STUDENT RECRUITMENT 2018/19**

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

The committee considered a report which provided an analysis of the students recruited to HE and Higher Level programmes for 2018/19 in relation to their decision to study at the College, and set out learning points for the future in terms of marketing and engagement activity. The committee particularly noted:

- The importance of personal recommendations and internal promotion;
- The use of the recommend a friend incentive;

- The planned development of case studies in order to help potential students overcome their concerns;
- The mix of new and existing students and how the College would develop its promotion to new students in the future;
- The impact of the student engagement officer, the investment for which had been supported by the committee;
- The developing co-ordination between marketing and curriculum teams;
- The importance of effective IAG, ensuring learners were on the right course and maintaining contact with those who were unsuccessful.

**P18/167** The committee welcomed the future plans to hold more promotional events in the community and in Barnsley.

**P18/168** The committee emphasised the importance of undertaking this kind of analysis, the benefit of relationships with partners able to refer potential students to the College and making sure they were aware of the whole of the College's offer and giving them the tools to effectively engage.

**P18/169** The committee explored the College's on-line marketing activity, noted the challenge in quantifying the impact of social media and encouraged the College to consider this area in more detail.

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

**P18/170** **GARDENS AND PARKLANDS**

The committee received a verbal update regarding progress with legal arrangements relating to the winding up of the Wentworth Castle and Stainborough Park Heritage Trust and the takeover of the park and gardens by the National Trust. It was reported that:

- Work between the parties and their legal advisers was on-going;
- The current aim was to recommend legal documents for signing to the Board of Governors at its meeting in December 2018;
- There were a small number of areas where the College still required resolution, in particular issues regarding the shared use of the car park and the bio-bubble.

**P18/171** The committee noted that the HLF funding was contingent on the agreement to lease and license to occupy and the National Trust remained optimistic about funding subject to this technical stage.

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

**P18/172** **STUDENT UNION ACCOUNTS 2017/18**

**(A copy of document 13i is filed in the minute book.)**

The committee considered the Student Union Accounts for 2017/18. It was noted that the accounts did show a very small deficit. It was reported that this was the first time this had happened in many years and was a result of late billing by the catering service and not mismanagement of funds. It was agreed that the accounts be recommended to the Board of Governors for approval.

**Resolved: i That the Student Union Accounts for 2017/18 be recommended to the Board of Governors for approval.**

**P18/173** **CATERING CONTRACT REVIEW**

This item was deferred as the meeting was now inquorate.

**P18/174** **RISKS OVERSEEN BY THE COMMITTEE**

**(A copy of document 12i is filed in the minute book.)**

This item was deferred as the meeting was now inquorate.

**P18/175** **PROPERTY STRATEGY – INTERIM STRATEGY FOR 2018/19**

This item was deferred as the meeting was now inquorate.

**P18/176**    **DATE OF THE NEXT MEETING**

The next meeting of the Policy and Finance Committee will take place on **Thursday 7 February 2019** at **10.00am**.

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