

Minutes of the meeting of the Policy and Finance Committee held on **27 September 2018**.

Present: Clive Macdonald – (Chair), John Edwards, Anne Shiels, 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: Prof Tim Thornton.

P18/114 This meeting was a continuation of the meeting which took place on 20 September 2018.

P18/115 **DECLARATIONS OF INTEREST**

With respect to their role as trustees John Edwards and 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.

P18/116 It was agreed that it was not necessary for anyone to withdraw from the meeting.

P18/117 **MINUTES OF THE LAST MEETING AND MATTERS ARISING**

The minutes of the meeting held on 21 June 2018 were approved as an accurate record (a signed copy is filed in the minute book).

P18/118 **MEMBERSHIP OF THE COMMITTEE**

The committee noted that Neil James had been appointed as a member of the committee by the Board of Governors at their meeting on 12 July 2018.

P18/119 The committee noted that Sarah Tyler had stepped down from the committee to enable her to be appointed as a member of the Audit Committee.

P18/120 It was noted that a recommendation that Yultan Mellor be appointed as a member of the committee would be presented to the Board of Governors for approval at their meeting on 27 September 2018. The committee agreed that as part of item 11 it should consider amending the terms of reference of the committee to make the Principal a required member.

P18/121 **DRAFT MANAGEMENT ACCOUNTS 2017/18**
(A copy of document 4i is filed in the minute book.)

The committee considered draft management accounts for the year ending 31 July 2018 and noted that:

- As the report was that which was originally issued for the meeting to be held on 20 September 2018 it was a slightly different version to the updated report which would be considered by the Board of Governors at its meeting on 27 September 2018;
- The in-year surplus had increased from the £141K reported to approximately £147K;
- The reports remained draft and further changes could still be required, particularly in relation to the ESFA reconciliation;
- There was approximately £17K of outstanding income to be accrued for in relation to the Sheffield Local Authority;
- The College had provided a contingent liability which it had estimated at approximately £81K in relation to potential clawback from the ESFA, this was due to under spend of its Adult Learning Loans Allocation and Bursary funding;
- There was the potential for the College to receive an overpayment relating to over delivery and the treatment of this in the accounts would depend on the timing of its receipt as in previous years;

- The College's defined benefit obligations in relation to the local government pension scheme had once again changed substantially, seeing a reduction of £1M, with a corresponding improvement shown in the balance sheet.

P18/122

The committee:

- Explored whether there was any indication of the likelihood of a potential overpayment and noted that there wasn't at this stage;
- Noted that the detail presented in the report was consistent with that provided throughout the year;
- Confirmed that the surplus achieved would be allocated to the College's reserves which could be invested as agreed by the Board of Governors in line with the Reserves Policy and that there was no requirement for ring fencing;
- Explored the position regarding pension obligations and noted that the College was a highly responsible organisation in terms of the management and governance of its pension obligations in comparison with the sector.

P18/123

The committee reflected on what the accounts indicated about the year and noted that:

- The overpayment position was one which had occurred over a number of years, but nevertheless could not be relied upon, it was agreed that raised some challenges;
- The surplus was, as in previous years, significant and the issue of being able to accurately predict it in order to enable in year spend remained frustrating;
- There had been some turbulence during the year, the outturn was below target in relation to project income, but this was as a result of the College focussing on achieving the ESFA growth income;
- The size of the College meant that it was challenging for it to achieve both growth income targets and project income targets simultaneously, and it was essential that the governors both understood that position and developed an appropriate strategy to manage it effectively;
- The College's ESFA income performance was very strong where it had been predicted to fall;
- There were potentially some capital investment challenges to address in the future;
- The College continued to have opportunities and choices due to its strong financial position.

P18/123

The committee welcomed the draft results, particularly compared to the position at the start of the year and noted that reporting throughout the year had been accurate and transparent, ensuring that there were no shocks at year end.

Resolved: i That the draft management accounts to 31 July 2018 be noted.

P18/124

RECRUITMENT UPDATE AND FINANCIAL IMPLICATIONS

The committee received a verbal update regarding student recruitment to date in 2018/19, noting that recruitment to the Level 3 Diploma and HE programmes had been below target in 2017/18. It was reported that:

- To date 72 students had enrolled on the Level 3 Diploma which was the highest level for a number of years;
- The College would be making an application to the ESFA for additional Adult Learning Loans Allocation and Bursary funding;
- The teacher education programmes had already recruited to target and were continuing to recruit, and could potentially exceed their target by 8 students. The committee explored the position in more detail noting that the target for 2018/19 was 58 (compared to the 48 recruited in 2017/18) and it was likely that a total of 66 students would start the year;
- There was a substantial increase in the number of students under the age of 24 recruited to the Diploma and this would be a significant change for the College, however so far the students had settled in well, were focussed on their studies and were mixing well;
- The Level 2 Diploma had recruited 17 students against a target of 14, and a further 23 students who had applied to the course but were not yet ready had gone on to access other provision in the College;

- Recruitment to short courses was buoyant in the area of community provision but it was very early in the year for this area of work;
- Recruitment to the foundation short courses was not as positive with a significant number of cancellations of courses in September. It was noted that analysis had shown that this was a recurring position and the College would therefore be reconsidering what its offer would be in this area for September in future years;
- The College would of course be focussing on retaining the students that had enrolled.

P18/125 The committee welcomed the very positive position noting that this was counter to national trends in the sector and exceeded the College's performance in 2017/18. The committee explored the actions that had led to the improvement and the potential lessons that could be learnt and noted that:

- The College had invested more into its infrastructure for engaging students, including the appointment of a student engagement officer, who had been effective in advising and maintaining contact with potential students;
- There had been an increase in the College's social media presence.

P18/126 The committee explored:

- Whether the College had taken more risks with the students it had enrolled, noting that this was not the case, and that in fact the College had taken less risks as there had been a higher number of applicants (121) to select from than in previous years;
- The developments in the teacher education staff team which had occurred over the past year, noting that there was now a full complement of staff which had made a significant difference to the previous year;
- Class sizes which had been a recurring issue for the College and the balancing of the College's short course profile throughout the year;
- Whether there was any support required from the governors to further support the position.

P18/127 The committee welcomed the report and the position outlined and noted that it would further support the College's ability to invest for future growth and development. The committee agreed that the College should undertake further analysis of what had been effective in terms of increasing recruitment and report back any outcomes to the committee as appropriate.

P18/128 It was agreed that the position should be reported to the Board of Governors at its meeting on 27 September 2018.

- Resolved:**
- i **That the College undertake further analysis of what had been effective in terms of increasing student recruitment in 2018/19 and report back any outcomes to the committee as appropriate.**
 - ii **That the position regarding student recruitment to date be reported to the Board of Governors at its meeting on 27 September 2018.**

P18/129 **PROPERTY MATTERS**

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

The committee considered a report which outlined the outcome of the quinquennial survey carried out on the main house, and provided details of the subsequent survey and report prepared on the condition of the vaulted ceiling within the Long Gallery. It was noted that:

- The quinquennial survey report had been received by the College in June 2018;
- The key significant issues identified, as reported verbally at the committee's meeting in June 2018, related to the inadequacy of internal rain water channels (launders) leading to a potential risk of flooding and the potential for a major blockage in the College drainage system;
- A range of urgent remedial work was proposed to alleviate the risk of flooding and ensure sufficient discharge of rainwater at roof level, this included an inspection of the Long Gallery ceiling to assess resultant plaster damage and a programme of works to undertake prior to winter 2018.

P18/130

It was reported that:

- A high level inspection of the Long Gallery ceiling and a ground level visual inspection of the Italian Staircase had been carried out;
- The inspection of the Long Gallery ceiling recommended that urgent work be undertaken to mitigate against a risk of collapse should a significant rain event occur;
- A programme of over boarding of the affected section of ceiling to provide temporary restraint was therefore undertaken during summer 2018;
- A full survey report was subsequently received and a schedule of works for the permanent repair was estimated at around £31,000 (ex VAT). The schedule of work did not however include costs for remedial repairs to supporting timberwork, conservation works to the perimeter cornice, access equipment or redecoration works;
- The repairs, as currently costed, could be met from existing planned maintenance and reactive maintenance budgets;
- However potential issues relating to ceiling support timbers may become evident once opening up works commenced and should significant refurbishment be undertaken costs should be expected to increase accordingly;
- With regard to the Italian Staircase recommendations were received to undertake further high level inspection, but on the advice of the College's architectural advisor this had been held in abeyance in favour of ongoing in house monitoring, with an intention to undertake the work at a later date.

P18/131

The committee sought and received assurance that the Long Gallery ceiling was now secure and safe for a number of years and did not pose any immediate health and safety risks.

P18/132

The committee also explored whether a broader package of work to include additional refurbishment works in the LLSC should be considered. It was agreed that further pre tendering work should be undertaken, including the proposed broader refurbishment suggestions, to establish accurate cost estimates. It was noted that proposals would only be presented for consideration by the committee if they were above the approval thresholds as set out in the Financial Regulations or were not affordable from the already approved estates maintenance budget.

P18/133

It was reported that as the College's current **property strategy** had come to an end consultation concerning the long term requirements for the estate with regard to curriculum, learner need and the College's strategic aims was planned with a view to the development of a new property strategy for 2019/20. The committee encouraged the College to consider the role of the LLSC and the use of the Long Gallery more strategically as part of this process and take the opportunity to potentially reconceptualise the offer, particularly in relation to the College's digital strategy and curriculum developments, noting that it could form part of an exciting strategic investment offering long term benefits.

- Resolved:**
- That the College carry out further pre tendering work for repairs to the Long Gallery ceiling, associated remedial repairs and a potential broader package of refurbishment works.**
 - That a proposal be presented to the committee for consideration should the estimates be above the approval threshold or not affordable from the already approved estates maintenance budget.**
 - That the consultation on a longer term property strategy include strategic consideration of the role of the LLSC and the use of the Long Gallery.**

P18/130

REVIEW OF IPR FORMAT FOR 2018/19

(A copy of document 9i is filed in the minute book.)

The committee reviewed the format of the integrated performance report, including considering previously suggested amendments. It was noted that:

- The report had been in operation for a number of years and had served the Board of Governors and its committees well to date;
- A number of suggested additions to the report had arisen during the year for consideration:

- strategic plan milestones;
- BME achievements rates at a high level;
- accident data;
- diversity indicators for staff;
- The governors continued to seek to ensure that the production of the report did not require significant additional data capture and analysis that was not useful or required elsewhere;
- The introduction of a new MIS system in the College from 2019/20 would support further development and refinement of the report;
- Some of the data was currently reported on a directorate basis and this was not necessarily the most informative way for governors to consider the data on a routine basis.

P18/131 The committee agreed that for the next report:

- A narrative drawing out the key issues should be included;
- HE data should be appropriately incorporated.

P18/132 The committee agreed that in the medium term the College should:

- Develop a new format in line with implementation of a new student records management information system;
- Seek to include meaningful benchmarking data where it was available.

P18/133 The committee considered how the areas for potential inclusion were currently monitored and were assured that this was appropriate and effective for the time being. It was noted that:

- strategic plan milestones were monitored on a regular basis by the Board of Governors, along with QIP actions;
- BME achievements rates at a high level were monitored by the Quality Committee and Board of Governors via the Equality and Diversity Six Month and Annual Reports;
- Accident data was monitored by the College's Health and Safety Committee with an overview Health and Safety Annual Report considered by the Board of Governors. It was noted that from 2018/19 the Audit Committee would be undertaking a more detailed monitoring role for health and safety;
- Diversity indicators for staff were monitored by the Board of Governors via the Annual Equality Duty Report.

Resolved: **i That the dashboard be updated for 2018/19 to include a narrative drawing out the key issues and appropriate HE data.**

ii That in line with the implementation of a new MIS system in 2019/20 a new format for the dashboard be developed, along with the inclusion of meaningful benchmarking data where it was available.

P18/134 **RISKS OVERSEEN BY THE COMMITTEE**
(A copy of document 10i 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.

P18/135 The committee noted that:

- There were no significant changes since the last report;
- E1 - Major blockage in the College drainage system – had been updated and this did not now cause significant concern;
- Reference to the phone box used as part of the College's business continuity plan had been updated as the phone box had now been removed;
- In response to a request from the Audit Committee the College's internal audit service would be carrying out an audit in the area of health and safety/risk assessments in September 2018.

- P18/136** The committee explored F1 - Failure to draw down Adult Learning Loans Bursary funding stream leading to loss of ESFA funding and F2 - Failure to maximise income generation opportunities in detail, noting that they both continued to be rag rated as red. The committee asked the Leadership Team to consider these risks in detail and particularly whether they were now overstated.
- P18/137** The committee agreed that at its next meeting it would look in detail at how the risk related to devolution was being mitigated.
- Resolved:**
- i That the Leadership Team consider F1 - Failure to draw down Adult Learning Loans Bursary funding stream leading to loss of ESFA funding and F2 - Failure to maximise income generation opportunities in detail and particularly whether they were now overstated.**
 - ii That at its next meeting the committee consider in detail how the risk related to devolution is being mitigated.**
- P18/138** **COMMITTEE TERMS OF REFERENCE AND PIs**
(A copy of document 11i is filed in the minute book.)
The committee considered achievement against its performance indicators for 2017/18 and noted that all targets had been met. The committee considered the appropriateness of the PIs going forward and agreed that they should be supplemented by a more qualitative assessment questionnaire to be completed by committee members in order to inform a more engaged debate regarding the effectiveness of the committee at the next meeting.
- P18/139** The committee reviewed its terms of reference and agreed that the Principal should be added as an ex-officio member.
- Resolved:**
- i That a qualitative assessment questionnaire be completed by committee members in order to inform a more engaged debate regarding the effectiveness of the committee to be held at the next meeting.**
 - ii That with the addition of the Principal as an ex-officio member the terms of reference for the committee be recommended to the Board of Governors for consideration and approval.**
- P18/140** **CONFIDENTIAL MINUTES OF THE MEETING HELD ON 21 JUNE 2018**
The confidential minutes of the meeting held on 21 June 2018 were approved as an accurate record. (A signed copy is filed in the confidential minute book).
- P18/141** **GARDENS AND PARKLANDS – LEGAL ARRANGEMENTS**
(A copy of document 13i is filed in the minute book.)
The committee considered a report which provided an 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:
- The position regarding the National Trust was no longer confidential as a public announcement regarding their intention to take over the site had been made on 21 September 2018;
 - Negotiations regarding legal documentation were on-going and a number of work streams had been agreed to support progress to be made in a timely manner;
 - Clearance for the proposed transfer arrangements had been received from both DCMS and the Charity Commission.
- P18/142** The committee explored in more detail risks relating to the 99-year lease, the bio-bubble, on-going maintenance of buildings and general legal obligations and areas of compromise. In particular, the committee considered risks relating to a third party imposing legal conditions on the College regarding maintenance of its buildings and the potential expenditure implications this could raise. The committee agreed that such conditions were likely to be unreasonable and negotiation should be carefully undertaken to ensure that the College was not placed under any undue burden in this area.

P18/143 The committee expressed some concerns regarding the suitability of the current proposed legal documentation and welcomed the College's commitment to working in partnership with the National Trust and BMBC to further develop them to an appropriate level. The committee reiterated its position that the Board of Governors had a duty to fundamentally act in the best interests of the College at all times and whilst it would seek to meet timescales where possible it would take time over the detailed legal arrangements, establish a good agreement and not jeopardise its own interests.

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

P18/144 **DATE OF THE NEXT MEETING**

The next meeting of the Policy and Finance Committee will take place on **Thursday 15 November 2018** at **10.00am**.

Signed	
Position	Chair of Policy and Finance Committee
Date	