

Minutes of the meeting of the Policy and Finance Committee held on **7 February 2019**.

Present: Clive Macdonald (Chair), John Edwards, Yultan Mellor (Principal) and Kate Fleming.

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

Apologies: Neil James, Prof Tim Thornton and Anne Shiels

P19/1 **DECLARATIONS OF INTEREST**

With respect to their roles as trustees Clive Macdonald and John Edwards 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 and this did not therefore pose any issues regarding conflict of interest.

P19/2 **MINUTES OF THE LAST MEETING AND MATTERS ARISING**

The minutes of the meeting held on 15 November 2018 were approved as an accurate record (a signed copy is filed in the minute book).

The committee also received the notes of the inquorate section of the meeting held on 15 November 2018.

P18/175 It was reported that the Board of Governors had received and noted the interim property strategy at its meeting in December 2018 and agreed that any actual proposed expenditure beyond the agreed estates budget would be considered by the Policy and Finance Committee as appropriate.

P19/3 **INTEGRATED PERFORMANCE REPORT**

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

The committee considered the **integrated performance report for 2018/19 to 31 January 2019**. Progress against agreed key performance indicators was reported in the dashboard, it was noted that:

- There were no issues regarding student retention or achievement at this point in the year;
- HE retention remained very positive at 100%;
- Average class size had dipped below the target in all but Access to HE and Higher Level Programmes;
- The no show rate was consistent with the last report and remained below target at 12%, with work continuing within the College to try to address this position;
- There were no concerns regarding participation rates;
- Teaching hours were at an expected level for the end of the first term;
- There were no areas of concern regarding student feedback from the short course questionnaire;
- Staff absence continued to show an improvement when compared with the end of the last academic year, however the total percentage of time lost had crept above the benchmark and related to non-teaching staff absence;
- Whilst gas consumption was down on the same period last year, electricity had shown an increase of 12.6% and would continue to be monitored;
- Both adult education and community learning income were forecast to hit target;
- There were no areas of concern in finance at this point in the year, with the only area rag rated red continuing to be % staff costs versus the College target.

P19/4 The committee:

- Explored the changes to how the HE and Access to HE data was being presented in order to understand clearly how to interpret the data and identify areas for concern;

- Welcomed the positive retention at HE level, but explored the slight drop in retention for Access to HE to 93.4% and particularly whether this was an area for concern, it was noted that illness and failure to pay fees were the key contributors;
- Explored the issue regarding students not paying for higher level courses and whether this was a potential on-going issue, noting that all students had now either paid their fees or withdrawn from their course, and that issues generally related to applications for adult learning loans;
- Explored the potential impact of students not being awarded an adult learning loan, particularly in relation to retention and noted the support provided by the College to students making applications;
- Considered the successful recruitment achieved for 2018/19 for Access to HE and HE programmes and explored whether this had had any impact on retention, noting that due to higher levels of applications the College had been able to take less risk in its recruitment choices and was therefore not seeing any negative impact on retention data at this point;
- Explored the position regarding staff sickness absence, noting that the College was again experiencing a small number of instances of long term sickness but these were being well managed using the revised sickness policy;
- Explored the potential impact on students and financial impact of sickness absence, noting that cover costs would be likely to increase over the next period.

P19/5 The committee considered **Management Accounts to 31 December 2018** and noted that:

- The financial position to date was positive;
- Following its challenge to the ESFA the College had been notified that the 2017/18 £75k qualification error would not be clawed-back, which equated to an additional £75k of income in 2018/19;
- Long term sickness cover and agency interim arrangements would start to impact on staffing costs in the next period;
- The Free Thinking Programme was not expected to reach its original income target;
- External income would be negatively impacted by the cancellation of the GLI conference as a result of a range of external factors, which would have an impact on the non-ESFA income target;
- Non-pay expenditure remained reasonably stable, with the exception of the catering costs which the committee was already aware of;
- The debtor position was very positive, though there would be likely to be an increase in the next report as a result of HE debtors approaching 90 days, though a significant issue was not anticipated.

P19/6 The committee welcomed the financial position reported and supported the College in committing expenditure to cover sickness absence where it was required to avoid negative impact on the student experience.

P19/7 The committee considered progress with the Free Thinking Programme and requested a more detailed update at the next meeting.

Resolved: **i That a report regarding the Free Thinking Programme be presented to the next meeting of the committee.**

P19/8 **BUSINESS PLANNING 2019/20**

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

The committee considered a report which updated governors on the process the College would carry out to produce an ambitious and efficient curriculum plan and budget for 2019/20, and information regarding devolution and how the College was developing its preparedness.

P19/9 The committee noted that:

- Business planning sessions had been held with curriculum teams which had looked at a range of issues including opportunities for innovation, meeting local/national priorities, contributing to income generation, utilising September differently and reducing no-show/cancellation rates;

- The sessions had resulted in some very interesting ideas that will be explored during the process, including a more consistent IAG process, different modes of delivery and residential occupancy and a full cost 'experience' offer;
- A further session was planned to consider how residential and administrative functions could effectively support the plan to ensure that the College provides the best experience for students;
- The Head of Finance would oversee the process of business planning for the College;
- Planning would be carried out at a much more detailed level than previously, allowing the Leadership Team and other managers to understand the true income and costs at a course level, although the intention was not to remove all provision that would not bring in a contribution, but for the Leadership Team to consider the reasons why some provision does not contribute, review the efficiency of courses, and to make strategic decisions, based on the College mission, to decide on the correct mix of provision;
- The intention was to form an ambitious, but deliverable whole College curriculum plan that would begin to address the key objectives that devolution will bring – relevance of the offer to students, employers and the community, responsiveness to the local and national economic needs, and value for money;
- A draft budget would be presented to the committee for consideration in May 2019.

P19/10

The committee considered an update regarding devolution, in particular noting that:

- The business planning process was intended to ensure that the College was fully fit for purpose by the end of the 2020/21 academic year, which would see the end of the protected period, in readiness for the adult education budget being devolved to the combined authority;
- The College was active in a number of partnership groups that have a role in lobbying, networking and highlighting the importance of adult education;
- Devolution would be likely to include both pros and cons for the College, with one of the biggest issues being that of area, and having students that come from across the country and how this may impact on commissioning and income, though the idea of contracting with only large providers of adult education works well for the College.

P19/11

The committee:

- Explored the developing position regarding devolution in South Yorkshire and the potential timescales and how the College could best position itself, particularly in relation to FE and adult education in local authorities;
- Agreed that the critical factors would be to ensure that the College's provision meets local/national priorities, the capacity to deliver was in place and positive outcomes could be evidenced;
- Welcomed the approach being adopted and the summary report and agreed that a further report should be presented to the committee in September/November 2019;
- Encouraged the use of informal networks to influence and shape priorities.

Resolved: **i That a further report regarding devolution be presented to the committee in September/November 2019.**

P19/12

ROLSTONE HEATHFIELD FUND ANNUAL REPORT

The committee received a verbal update regarding the Rolstone Heathfield fund, noting that:

- £10K remained in the fund;
- The College had intended to use the remaining funds to support the GLI conference over two years;
- This would not now be possible however as the conference had been cancelled by the GLI for a variety of unforeseen circumstances;
- The College therefore planned to review how the remaining funds could best be utilised in line with the intention of the original donation, including exploring potential joint work with trade unions and links to the Free Thinking Programme.

P19/13

The committee encouraged the College to consider how the funds could best deliver long term impact and to explore options with Sue Rolstone.

Resolved: i That options for utilising the remaining Rolstone Heathfield funds be discussed with Sue Rolstone.

P19/14 TREASURY MANAGEMENT POLICY

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

The committee considered and approved a revised Treasury Management Policy, noting that the key change was the removal of the limit of a maximum deposit with any one institution of £1 million from the College's bankers.

Resolved: i That the Treasury Management Policy be approved.

P19/15 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:

- The National Trust had now signed its license to occupy;
- 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 March 2019;
- The College had now received a legal version of the partnership agreement which was currently being reviewed by the College solicitors;
- There were a small number of areas where resolution was still required, and new deeds of easement were being developed relating to the bio-bubble and the car park;
- BMBC had raised an issue relating to a small parcel of land which had been gifted to the trust by the College as part of the re-development of the conservatory;
- The National Trust target date for a soft opening had been moved to May 2019.

P19/16 It was reported that a successful partnership meeting had been held in February 2019 which had been useful in setting timescales and operational arrangements.

P19/17 The committee explored the level of expenditure the College had committed to the transfer process, both in relation to staff time and legal costs, noting that this was being tracked by the College. The committee considered options for securing funding to contribute to these costs and the on-going capacity the College had to respond to opportunities for partnership developments as they became operational. It was reported that a joint bid to the Arts Council was being made which would hopefully fund some staffing to co-ordinate activities for the College at the least. The committee agreed that the opportunities were exciting but that the College needed to be in a position to resource them appropriately.

P19/18 The committee sought and received assurance regarding resolution of issues relating to the bio-bubble and car park, noting that the direction of travel had been agreed and the College was awaiting legal documentation.

P19/19 The committee welcomed the progress being made, and supported the College to continue to protect its interests whilst remaining collaborative and supportive.

Resolved: i That a report be provided to the committee regarding expenditure by the College in terms of staff resource/legal costs in relation to the gardens and parklands.

P19/20 CATERING CONTRACT REVIEW

The committee received a verbal update regarding the review being undertaken of the College's catering contract. It was reported that:

- The College had received the initial four-month cost review in December 2018 which showed an overspend of approximately £2K and a reduction in cash sales of £1.3K;
- Discrepancies regarding predicted student numbers and meal preparation were being assessed;

- College staff would be meeting with the consultant undertaking the review on the College's behalf on 7 February 2019;
- A more detailed report would be available for consideration by the committee at its next meeting.

P19/21

The committee:

- Explored whether there was any negative impact on the student experience and were assured that this was not the case and the issues specifically related to financials;
- Noted that the key issue was that the monthly charge was too high and forecasting was inaccurate;
- Noted that the planned introduction of an IPOS system should improve the management information and monitoring available;
- Reviewed whether the catering company were being assessed against key performance indicators and noted that this was the case, but that the indicators required reviewing;
- Noted that the contract included a £12K management fee which provided the College with some financial leverage.

Resolved: i That a full report from the catering contract review be presented for consideration at the meeting in May 2019.

P19/22

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.

P19/23

The committee noted that:

- There were no significant changes since the last report;
- The detailed review of the risks relating to devolution had been covered as part of the business planning item earlier in the meeting;
- In relation to risk C3 - failure to renew the College's central management information system – the process for tendering was imminent;
- E1 - major blockage in the College drainage system – remained on-going but an appropriate contingency plan and controls were in place;
- F1 - failure to draw down Adult Learning Loans Bursary funding stream leading to loss of ESFA funding – was unlikely to be an issue in 2018/19;
- There were no anticipated new risks developing which were not reflected in the register.

P19/24

The committee explored the scoring related to F4 - significant reduction of ESFA Funding and other funding agreements – noting that whilst this was currently rag rated green, devolution meant that the issue was critical.

P19/25

The committee agreed that the narrative description for some of the risks was increasingly out of date and that whilst a full review of the register would result from the next stage of the College's strategic planning, it would be helpful to update the details now to more accurately describe the specific nature of each risk.

Resolved: i That the narrative statements in the risk register be reviewed to ensure that the actual nature of each risk was accurately reflected.

P19/26

COMMITTEE SELF-ASSESSMENT

(A copy of document 11i is filed in the minute book.)

The committee considered the outcome of the recently completed committee self-assessment by committee members and areas where further development was required. It was noted that:

- The questionnaire had been completed by five members of the committee/staff;

- potential areas for development activity included committee membership and the skills and expertise of members, induction and awareness, benchmarking, reviewing the effectiveness of the committee and the value it adds to the governance of the College.

P19/27

Potential actions identified included:

- Undertaking an appropriate awareness raising session for members of College staff to ensure the role of purpose of the Policy and Finance Committee was understood;
- Delivering an overview/refresher session for committee members (and any other interested governors) covering the interface between the finance and other committees (in particular Audit Committee), the accounting policies in use in the College, the financial memorandum and memorandum and articles of government, the College's management accounts, how the finance function operates, the financial regulations and authority delegation, and the responsibilities of the governing body in relation to value for money;
- Reviewing the membership of the committee in terms of qualifications, skills and experience and rotate/appoint new members as appropriate;
- Reviewing the scheduling of meetings and exploring other actions that could be taken to support member attendance;
- Reviewing the current approach to sector benchmarking in relation to financial health and value for money and developing further as appropriate;
- Ensuring all committee members had contact details to enable them to directly access the Head of Finance in appropriate circumstances;
- Developing a more formal induction programme for new committee members to be considered and approved by the committee;
- Including reviewing the effectiveness and value added of committees as an area for the peer review project to be undertaken with Fircroft and City Lit;
- Reviewing the format and content of reports and agreeing appropriate guidelines.

P19/28

The committee:

- Welcomed the outcome of the self-assessment;
- Agreed that priority should be given to those actions which had been identified as key by a number of respondents;
- Agreed that the leadership team should consider the benefits/negatives regarding the value of the committee;
- The assessment should be repeated in 2020, using a more streamlined questionnaire which also covered the non-finance element of the committee's role.

- Resolved:**
- i **That priority be given to those actions which had been identified as key by a number of respondents in the Policy and Finance Committee self-assessment.**
 - ii **That the leadership team consider the benefits/negatives regarding the value of the Policy and Finance Committee.**
 - iii **That the committee self-assessment be repeated in 2020, using a more streamlined questionnaire which also covered the non-finance elements of the Policy and Finance Committee's role.**

P19/29**DATE OF THE NEXT MEETING**

The next meeting of the Policy and Finance Committee will take place on **Thursday 16 May 2019** at **10.00am**.

Signed	
Position	Chair of Policy and Finance Committee
Date	