

MINUTES OF THE POLICY AND RESOURCES COMMITTEE
HELD ON MONDAY 26 NOVEMBER 2018

PRESENT:

Paul Levet	Chair
Garth Hodgkinson	Member
Michael Lee	Business Support Staff Governor
Graham Towse	Interim Principal and Chief Executive

IN ATTENDANCE:

Jennifer Eastham	Vice Principal: Finance and Corporate Services
Nicola Clayton	Director: Business Development and External Engagement
Sharon Germaine-Cox	Director: Human Resources and Organisational Development
Jean Tracy	Clerk to the Corporation

It was noted that the meeting commenced at 17:00 and was quorate.

The Chair thanked Garth Hodgkinson and the College staff for their work during his absence. In turn, the Chair was welcomed back.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Kathryn Lord, Denise Park, Roger Spensley and Steve Waggott.

2. DECLARATION OF CONFLICTS OF INTEREST

The Chair advised those in attendance that should members of the Policy and Resources Committee become aware of any potential conflicts of interest, they should be disclosed at the earliest opportunity during the meeting.

3. MINUTES OF THE POLICY AND RESOURCES COMMITTEE MEETING HELD ON MONDAY 1 OCTOBER 2018

The Committee **APPROVED** the minutes of the Policy and Resources Committee meeting which was held on Monday 1 October 2018 as a true and accurate record and these were duly signed by the Chair.

4. MATTERS ARISING

There were no matters arising which would not be covered through the agenda.

5. APPRENTICESHIP NON-LEVY UPDATE

The Report provided the Committee with the latest information on actions being taken to secure funding for non-Levy apprentices.

The following minutes (in italics) are commercially sensitive and are thus classified as confidential and note for publication:

6. HIGHER EDUCATION TUITION FEE POLICY INCLUDING BURSARIES AND SCHOLARSHIPS 2020/21

The Committee considered the Report, noting the summary and background information provided and the Office for Students (OfS) requirement for Access Agreements to be in place for all Higher Education institutions who charge above the £6250 minimum fee threshold.

The discussions covered the marketing work undertaken in relation to the College's competitiveness with other providers in terms of fees and bursaries offered. The Committee suggested that the College look further at its nearest HE institution and also Foundation Degree fees charged by other providers.

Action: Vice Principal: Finance and Corporate Services

Having considered the Report, the Committee **APPROVED** the full time, PGCE and part time programmes in 2020/21, the associated bursaries and the investment in student support as detailed in the Report.

7. ANTI-BRIBERY ANNUAL REVIEW 2017/18 AND UPDATE

The Committee considered the Report and noted that only minor amendments to the Policy were being proposed. As required under the Policy, the Committee noted that one instance of whistleblowing had been reported during 2017/18; this had been fully investigated, reported in detail to Audit Committee and would be further reviewed by RSM, the Internal Auditors, in May 2019.

Having considered the Report, the Committee **APPROVED** the Anti-Bribery Policy and noted the update provided.

8. GIFTS AND HOSPITALITY POLICY REVIEW AND REGISTER OF GIFTS 2017/18

The Committee received the Annual Report on the declaration of gifts and hospitality for 2017/18 and a review of the Gifts and Hospitality Policy.

The Report reminded members of the requirements in relation to making a declaration when offers of personal gifts and hospitality were made or received and there was a reporting value of £25 and over. It was noted that staff were informed of the requirement of the declaration of gifts and hospitality at their induction and twice annually through 'all-staff' email communication.

Members were advised that no changes to the Policy had been made and the Policy remained current, pertinent and represented the expectations of behaviours for those connected with the College.

The Policy and Resources Committee **APPROVED** the Gifts and Hospitality Policy and the Annual Report for 2017/18.

9. CAPITAL BUDGET 2018/19 - AMENDMENT

The Report provided the Committee with information on an additional item which had arisen in UCBC. Pipework for the main Heating, Ventilation and Air Conditioning may need to be replaced and whilst the cost could be charged to the capital budget, it would be at the expense of another project.

Having considered the Report, Policy and Resources Committee **APPROVED** the expenditure, noting that the Chair of the Corporation Board would be asked to approve any orders with the Principal and Chief Executive.

10. RECRUITMENT 2018/19 UPDATE

The Report provided an update on the College's current numbers of students against target for both Further and Higher Education and the continuing actions being undertaken to recruit additional numbers. The target for HE would not now be met and hence the College was instigating cost savings, and developing opportunities for additional income generation, etc.

A member of the Committee asked how the College compared with other colleges and was informed that FE recruitment was positive for the College but HE was proving challenging for many Colleges. The Committee was informed that applications to HE were down on the previous year and there was some early indication of a shortfall in recruitment however the shortfall turned out greater than expected. . The HE market was noted to be particularly competitive especially as Universities are now offering unconditional offers for degrees.

The Governors' Dashboard was used to review recruitment information by cohort – FE (16-18 and 19+), HE (full time and part time) and Apprentices (16-18 and 19+).

11. FINAL MANAGEMENT ACCOUNTS 2017/18 INCLUDING FINAL UPDATE AGAINST BUDGET FOR 2017/18

The Vice Principal: Finance and Corporate Services presented the Final Management Accounts for 2017/18 which provided an update on the year end 31 July 2018 financial result of the College.

The Committee noted that the results delivered against all three of the FE Commissioner's Key Performance Indicators: 3-%% surplus, staff costs to income ratio of <65%, loan to income ratio of <40%. The Report also included explanations for the main variances to forecast, balance sheet and cash, the financial health auto-score of "Good" for 2017/18 and positive performance against the agreed Financial Objectives.

The Policy and Resources Committee **APPROVED and RECOMMENDED** the Final Management Accounts for 2017/18 Report to the Board for approval.

12. ANNUAL REPORT AND FINANCIAL STATEMENTS

The Vice Principal: Finance and Corporate Services presented the draft Annual Report and Financial Statements for 2017/18 and advised the Committee that these would remain draft until they were signed by the Corporation Board on 7 December 2018; the accounts had been through external audit with BDO. Following approval by the Corporation Board, the Annual Report and Financial Statements for 2017/18 would be published on the College's website and shared with stakeholders.

The accounts showed the actual surplus and the reported surplus following the release of the loan break fee accrual from 2015/16. A correction to the loan covenants information relating to total net assets including pension liabilities was noted.

Policy and Resources Committee **APPROVED** the draft Annual Report and Financial Statements for 2017/18 for recommendation to the Board, noting that the final audited version would be presented to the Corporation Board for final signature by the Chair of the Corporation Board at its meeting on 7 December 2018.

13. MANAGEMENT ACCOUNTS – PERIOD ENDING 31 OCTOBER 2018

The Vice Principal: Finance and Corporate Services presented the Management Accounts up to the period ending 31 October 2018.

Performance against income targets, including the shortfall in HE income, was included in the Report. The Committee was advised that pay costs were currently behind target and non-pay costs were already showing significant savings. All saving options are being explored.

The Vice Principal: Finance and Corporate Services informed the Committee of the formal consultation process on a number of restructures across the College which had begun that day and which would conclude in the New Year. The Vice Principal: Finance and Corporate Services confirmed that all other relevant parties would be notified.

In response to a question from a member of the Committee, information was provided on the cash position and on the modelling which had been done on income throughout the year.

The Chair of the Committee acknowledged the steps which were being taken to address the situation.

The Policy and Resources Committee **APPROVED** the Management Accounts for the period ending 31 October 2018 for recommendation to the Corporation Board on 7 December 2018.

14. ANNUAL REVIEW OF ACCOUNTING POLICIES

The Committee received a Report on the Annual Review of Accounting Policies and was advised that the Financial Statements had been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2016 to 2017 and in accordance with the Financial Reporting Standard 102 (FRS 102).

It was reported that there had been no new accounting standards or external changes that would require any change to the accounting policies adopted by the College for 2016/17.

Policy and Resources Committee **RECOMMENDED** the Accounting Policies to the Corporation Board for approval.

15. FINANCIAL OBJECTIVES AND RESERVES POLICY

The Vice Principal: Finance and Corporate Services presented a Report titled Financial Objectives and Reserves Policy which provided a review of performance against the Financial Objectives for 2017/18 and to agree the Financial Objectives for 2018/19.

The Committee was advised that in line with the Financial Planning Handbook issued by the Education and Skills Funding Agency (ESFA), all colleges should set clear Financial Objectives that supported the achievement of its Strategic Objectives, and to establish limits within which it should operate. The Vice Principal: Finance and Corporate Services explained that the College had a set of Financial Objectives which linked to its financial ambition statement in the Strategic Plan 2018-19, which had been agreed by Governors.

All six Objectives had been met and the Vice Principal: Finance and Corporate Services further advised the Committee that the current Financial Objectives remained 'fit for purpose' and it was proposed that they remained unchanged for 2018/19.

The Policy and Resources Committee noted the performance against the Financial Objectives for 2017/18 and that no changes were proposed for the Financial Objectives for 2018/19 and

RECOMMENDED these to the Corporation Board for approval at its meeting on 7 December 2018.

16. BIENNIAL REVIEW OF FINANCIAL REGULATIONS

The Vice Principal: Finance and Corporate Services presented an update on the Financial Regulations that had been updated to reflect changes detailed within the Financial Memorandum issued by the Education and Skills Funding Agency in June 2016 which set out the roles and responsibilities of the Accounting Officer and the Governing Body. A review of other sources documents had also taken place, namely the Accounts Direction, the Post 16 Audit Code of Practice, and the terms of reference for the Board and its Committees.

The Committee was advised that the Review of the Financial Regulations had resulted in minor changes and that the College had more detailed Financial Procedures which converted the Financial Regulations into practice.

The Policy and Resources Committee **APPROVED** the Review of the Financial Regulations and recommended these to the Corporation Board for its meeting on 7 December 2018 for approval.

17. RELATED PARTY TRANSACTIONS

The Committee received a report on the disclosure of related party transactions in compliance with Financial Reporting Standard 8 which required any transactions between the College and a Governor or related organisation to be disclosed in the year end Annual Report and Financial Statements.

The Policy and Resources Committee noted the detail contained within the Report and **APPROVED** the disclosures presented within the Related Party Transactions report.

18. GOVERNORS' EXPENSES POLICY AND ANNUAL REPORT 2017/18

The Committee received a summary of the Governors' expenses claimed over the 2017/18 financial period in accordance with Charity Law and the Governors' Expenses Policy for 2018/19.

The Vice Principal: Finance and Corporate Services reported expenses totalling £239 had been claimed during the financial period August 2017 to July 2018.

A review of the Governors' Expenses Policy had been carried out and no changes had been proposed.

The detail of the Report and Policy was considered and it was **AGREED** that these would be submitted to the Corporation Board on 7 December 2018 for approval.

19. STRATEGIC PLAN KEY PERFORMANCE INDICATORS

(i) 2017/18 FINAL POSITION

An update on the College's final position against the Key Performance Indicators (KPIs) for 2017/18 was received by the Committee.

The Committee was advised that of the 38 (including sub targets) KPIs, 10 had been delivered, 17 had been delivered in part, 9 had not been delivered and 2 had been closed. The Committee was advised that the areas performing under target were as previously reported with the exception of Target 6b – year on year reduction in the volume of under-performing FE qualifications measured through Minimum Levels of Performance Report.

A member of the Committee asked whether the current student attendance was of concern. The Vice Principal: Curriculum and Quality was leading on this in order to clearly identify attendance on the main aim of the programme in addition to its component parts. Initial work has shown attendance at 85% and the revised attendance KPI would be reported early in the New Year.

(ii) 2018/19 UPDATE

The Key Performance Indicators (KPIs) for 2018/19 were agreed by the Corporation Board at its meeting on 9 November 2018. The Report presented to the Committee listed the agreed KPIs and included prior year's performance, benchmark data or national averages and targets for 2018/19 for recommendation of approval by Policy and Resources Committee and Standards, Quality and Student Experience Committee as indicated.

20. COMMERCIAL ACTIVITY 2018/19 TERMLY UPDATE

The Committee considered the Report and noted that commercial activity was ahead of profile. Information on the key issues in this area was noted.

In answer to a question from a member of the Committee, the College confirmed that a number of ideas for income generation had been received following the discussions with staff and that the College was now working to ensure that these materialised. A reminder was given on the business planning processes and timescales, the PQR meetings and the recruitment group meetings.

21. HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT UPDATE REPORT 2018/19

The Report provided Policy and Resources Committee with information on the core Human Resources and Organisational data set for the period 1 August 2018 to 31 October 2018.

The Director: Human Resources and Organisational Development informed the Committee that a report on the outcomes of a mini-survey covering the Communication Policy and undertaken jointly with the Trade Union representatives, would be reported at a future Policy and Resources Committee meeting. A full survey would take place at the end of the academic year, again jointly with the Trade Union representatives in order that the College could be confident that the policy was working, that staff perception was improving and to encourage staff engagement.

The College was asked if staff appraisals would be completed as planned. The Director: Human Resources and Organisational Development confirmed to the Committee that this would be the case: more focussed intervention would take place and the new system was also expected to have a positive impact.

22. GOVERNORS' STRATEGIC SEMINAR – SUMMARY OF ACTION POINTS

The Committee was reminded that during the Governors' Strategic Seminar it was agreed to build the new College 3-Year Strategic Plan around five pillars with six cross cutting themes. Information on these was included in the report together with the proposed development plan and the draft strategic statements. The Committee was informed that an initial consultation with the Chair and Vice Chair had taken place and that stakeholder meetings to look at the high level detail were now in place. The detail on which year each 'action' would fall into – Year 1, Year 2 or Year 3 – would be done at the final stage when Dr Fazal Dad, Principal and Chief Executive Designate would be in post.

The Chair commented that a number of Committees were referenced in the planned timescale and whether this would delay the production of the Strategic Plan. The Vice Principal: Finance and Corporate Services would not expect this to be a problem – there was an even split across the Committees and the intention was that the Plan would not be an over burdensome

document. The Interim Principal and Chief Executive also commented that bringing the plan to both Standards, Quality and Student Experience and Policy and Resources Committees would allow for detailed consideration of quality and standards and the financial/resources areas. The involvement of staff, students, stakeholders, etc. would also encourage engagement in and lead to increased ownership of the final Plan.

In answer to a question from the Chair of the Committee, the Interim Principal and Chief Executive stated that the first step would be to involve staff and student consultations in order to increase buy-in and understanding of the visions and the strategic pillars, etc. This approach was welcomed by the Committee.

Discussion took place on the format of the final Strategic Plan which will include the production of an interactive version to be posted on the College website and a diagrammatic format to be used across the College.

Following discussion and scrutiny of the detail in the presentation slides, Policy and Resources Committee **APPROVED** the format of the Strategic Plan and the draft strategic statements.

23. COLLEGE FINANCIAL HEALTH – ESFA RESPONSE TO FINANCIAL PLAN 2018-2020

The Committee was informed that following submission to the ESFA of the College Financial Plan 2018-2020 in July 2018, a letter had been received from the ESFA confirming their agreement with assessment of financial health – ‘Good’ for both 2017/18 and 2018/19.

The ESFA had also supplied a series of dashboards benchmarking colleges on a number of indicators. These reflected the College’s improving financial position.

24. SENIOR POST HOLDER TRAVEL AND HOSPITALITY 2017/18

The Committee noted the summary report on expenditure in respect of travel and hospitality for Senior Post Holders in 2017/18, noting that these had been approved in line with financial procedures and that details of the travel and hospitality would be included in the Financial Statements.

25. CAPITAL PROJECTS UPDATE

The Committee received an update on the completion of the last capital project of the College’s masterplan and noted that no progress had been made since the last report. The update was provided for information and had not been considered by any other Committee.

26. VAT UPDATE

The Committee received, for information, an update on the partial refund of the VAT paid on the Beacon Centre and STEM Centre. It was noted that there had been little movement since the report presented to the Committee at its last meeting.

27. OTHER UPDATES

(i) GOVERNMENT’S AUTUMN BUDGET 2018

The Committee received the Report which provided the AoC’s statement on the overall issues relevant to Colleges.

(ii) AoC COLLEGES AND BREXIT POSITION PAPER

The AoC document *Brexit and colleges – an AoC position paper on the UK’s exit from the European Union and future policy* was presented for information.

28. ANY OTHER BUSINESS

The AoC presentation on *College insolvency and how to avoid it* had previously been sent out to Governors. The AoC was intending to produce guidance for governors on their duties and liabilities under insolvency law and this was expected to be produced in early December. A report would be brought to the Committee at a future meeting.

Action: Vice Principal: Finance and Corporate Services/Clerk to the Corporation

There were no other items of any other business.

29. REVIEW OF MEETING

The Chair thanked all members for their attendance and contribution at the meeting.

30. DATE AND TIME

The date and time of the next meeting was confirmed as Monday 4 March 2018 at 5.00pm.

Signed:

Date: