



Northern College

THE POLICY AND FINANCE COMMITTEE

Minutes of the meeting of the Policy and Finance Committee held on 16 September 2021.

Present: Clive Macdonald (Chair), Yultan Mellor (Principal), John Edwards, Neil James and Ann Corrigan.

In attendance: The Assistant Principal – Finance and Business Services (Sue Saunders), the Head of HR (Elin Longley) and the Clerk to the Governors (Sarah Johnson).

Apologies: Tim Thornton.

DECLARATIONS OF INTEREST

P21/61 None.

P21/62 It was noted that the former Wentworth Castle and Stainborough Park Heritage Trust had been officially wound up as of 8 September 2021.

MINUTES OF THE LAST MEETING AND MATTERS ARISING

P21/63 The minutes of the meeting held on 1 July 2021 were approved as an accurate record.

SECTOR/COLLEGE UPDATE

P21/64 The committee considered a verbal report which provided an update regarding sector developments and changes in the external environment which could impact on College finances, policy development and strategic planning, including:

- ESFA Assurance Review 2016/17 to 2019/20 – noting that the final audit reports had been issued, the potential clawback figure was currently approximately £1.5M, a decision regarding further adjustment related to previous over delivery was still awaited, the College had not accepted liability and was continuing to receive legal advice from Stone King LLP;
- ESFA Covid Business Case 2020/21 – noting that the College would be submitting a case relating to £1.5M of undelivered funding in 2020/21 and on-going discussions with the ESFA regarding the drawing down of the College's community learning grant for 2020/21;
- Residential Study Assessment – noting that discussions were on-going with the combined authorities regarding the criteria for student assessment for residential provision;
- USS Pension Scheme and National Insurance Employer Contributions – noting the potential impact on the College of the recently announced increase in employer national insurance contributions;
- the potential impact on sector funding arising from the Government Spending Review in October 2021;
- potential implications arising from the DfE Funding and Accountability Consultation 2021;
- new DfE reporting and accountability measures for student attendance;
- the work of the AoC White Paper Policy Group;
- the College's preparation for Ofsted.

P21/65 The committee particularly explored:

- the on-going approach to working with the ESFA in relation to funding clawback;
- the likelihood of success in the business case process for 2020/21;
- the issues relating to the College's community learning grant for 2020/21 and the approach to be taken;
- the criteria for residential funding from 2021/22, welcoming the ambition to agree clear, written, unambiguous funding arrangements;
- the potential significant changes to future funding likely to arise from the DfE Funding and Accountability Consultation, and potential changes to governing bodies accountabilities.

Resolved: i That the report be noted.

PERFORMANCE REPORT (Document 3i)

- P21/66 The committee considered the draft final outturn **Management Accounts for 2020/21**, in particular noting:
- the current outturn for the full year was projected as £611k deficit, the main variance was reduced income as a direct result of Covid and provision for clawback of £1.479k AEB/ALLB based on the 90% tolerance level confirmed by the ESFA;
 - income for the full year was projected to be £928k less than the original budget for 2020/21, the majority of which related to AEB/ALLB funding income as a result of lower student numbers due to the pandemic and lockdown;
 - savings of £249k from pay expenditure for the full year, the majority relating to vacancies which had not been filled in year due to lower student numbers, restructuring and reduced external/project activity; - non pay savings of £173k;
 - net current assets of £2,902k; - cash reserves at £4,800k, with no borrowings;
 - performance against key indicators and the ESFA financial health assessment, noting that the ESFA had confirmed in writing the College's financial health for 2019/20 as Outstanding with a maximum score of 300/300;
 - that whilst projected unmoderated financial health remained good for 2020/21 the College's financial health score would automatically be moderated to requires improvement as a result of a 0 score for EBITDA to income.
- P21/67 The committee particularly:
- explored the level of risk in relation to the drawing down of the community learning grant for 2020/21;
 - explored delivery in 2020/21 and the associated risks relating to clawback, noting that the College's delivery was higher than previously predicted and was over 70%;
 - noted the pensions data which had been received following the issuing of the report which resulted in an overall approximately £500K reduction in liability for the College.
- P21/68 The committee considered the ESFA financial health assessment, particularly noting:
- the outstanding health score for 2019/20 and the College's highest ever 300/300 score, particularly in juxtaposition to the stated basis for the FEC SPA process;
 - the efficiency of the College compared to the sector demonstrated by the dashboard;
 - that a further report relating to 2020/21 would be received shortly.
- P21/69 The committee considered a report which set out student recruitment data for 2021/22 to date, particularly noting that:
- longer courses were below target and short courses were recruiting well;
 - adults applying to study residentially were lower than in previous years;
 - further January 2022 starts for long courses were planned.
- P21/70 The committee explored the data in detail, particularly:

- recognising that the willingness of adults to study residentially was likely to have a more significant impact on long, rather than short, courses;
- explored the proposed refocussing of the College's access to HE provision;
- explored the position with regards to trade union provision, noting that this area was significantly at risk due to the inability of the trade unions to contribute financially;
- agreed that the position reported was not surprising given the context, recognised that the College was taking all the right actions in relation to transforming the curriculum, rebranding and promotion and would continue to be creative and flexible.

Resolved: i That the report be noted.

FINANCIAL PLANNING (Document 4i)

P21/71 The committee considered a report which set out the position and options/proposal regarding the College's insurance arrangements and:

- supported the proposal that the College secure a short extension to its current cover with ZMI and tender to explore the market and procure alternative cover;
- accepting the risk that the College was potentially under insured for this extension period.

P21/72 The committee considered proposals relating to the future provision of the College's catering service. A separate confidential minute was recorded.

P21/73 The committee received and supported the College's proposed capital expenditure proposals for 2021/22, noting that the overall expenditure figure had previously been approved as part of the College's financial plan. It was agreed that in future reports an estimate on payback be included where appropriate.

P21/74 It was noted that a proposal regarding costs associated with moving the College reception, which would be in addition to the capital budget previously approved, would be presented for consideration at a future meeting.

P21/75 The committee noted that the College had successfully completed a tender process in line with financial regulations for purchase of new IT servers and backup system, and that in total there were three tenders received and evaluated, with the successful tender being awarded to Switchshop at a total value of £77k.

- Resolved:**
- i That the proposal for the College to secure a short extension to its current insurance cover with ZMI and tender to explore the market and procure alternative cover be approved.**
 - ii That an estimate of payback periods be included in future capital reports where appropriate.**
 - iii That the awarding of a contract above £50K to Switchshop be noted.**

SUBCONTRACTING OPPORTUNITIES

P21/76 The committee considered a verbal report which set out potential opportunities in relation to subcontracting in 2021/22, particularly:

- exploring the opportunities available and the appetite to consider them;
- the rationale for subcontracting and particularly how the approach and the specific opportunities aligned with the College's mission and values;
- the potential benefits to learners and the region, and how the College and its staff could be further developed by the options available.

- P21/77 The committee agreed that:
- in principle subcontracting could be a very valid and useful part of the College's portfolio;
 - it would be critical to ensure the right partner(s) were identified and that the College's funders were supportive of the approach, and that the contract and performance/quality were effectively managed;
 - subcontracting would only be appropriate where it enhanced the opportunities for learners and developed the College going forward, and would not be supported for purely financial reasons;
 - that a proposal should be developed for consideration by the Board at its meeting in September 2021.

Resolved: i That a proposal regarding subcontracting be presented to the Board for consideration at its meeting in September 2021.

RISKS OVERSEEN BY THE COMMITTEE (Document 4iii)

P21/78 The committee considered the register of risks it oversees and noted that most of the areas had been explored in detail throughout the meeting and the risk register would be updated accordingly to take into account discussions.

P21/79 The committee particularly explored the link between the College's insurance cover arrangements and the risk of cyber-attacks.

Resolved: i That the risk register be updated accordingly.

POLICIES FOR APPROVAL (Document 5ii)

P21/80 The committee considered the ICT user policy and recommended it to the Board of Governors for approval as a working draft, noting that:

- the policy had been significantly re-written and now incorporated a number of previously separate policies e.g. social media;
- the joint trade union phase of the review had not yet been completed and it was therefore recommended as a working draft;
- as no substantial policy changes had been included it was not anticipated that it would raise any concerns with JUM.

Resolved: i That the ICT policy be recommended to the Board of Governors for approval as a working draft.

DEBTOR WRITE OFFS (Document 5ii)

P21/81 The committee considered and approved the writing off of one debt of £4,388 in relation to an HE Student for fees for 2019/20, noting that the student should have been eligible for a loan however issues had resulted in this not being approved.

P21/82 The committee noted that:

- the total level of debt over 121 days at 31 July 2021 was £15,297.52;
- this was as a result of debt recovery and lower student numbers;
- the bad debt provision for 2020/21 had been reduced from £27,795.22.

Resolved: i That the writing off of one debt to the value of £4,388 be approved.

CONFIDENTIAL MINUTES OF THE LAST MEETING (Document 7i)

P21/83 The confidential minutes of the meeting held on 1 July 2021 were approved as an accurate record.

STAFFING MATTERS

P21/84 A separate confidential minute was recorded.

DATE OF THE NEXT MEETING

P21/85 Thursday 11 November 2021 - 10.00am
Thursday 3 February 2022 - 10.00am
Thursday 12 May 2022 - 10.00am
Thursday 16 June 2022 - 10.00am