



## Northern College

### THE POLICY AND FINANCE COMMITTEE

Minutes of the meeting of the Policy and Finance Committee held on 11 November 2021.

**Present:** Clive Macdonald (Chair), Yultan Mellor (Principal), Clare Clifton, Tim Thornton 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:** John Edwards and Neil James.

#### DECLARATIONS OF INTEREST

P21/86 Each governor present declared any potential interests/conflicts of loyalty related to items to be considered at the meeting. With respect to his roles as Deputy Vice Chancellor at the University of Huddersfield and member of the Leeds City Region Employment and Skills Panel Prof Tim Thornton declared a potential conflict of loyalty in items relating to the College's higher education provision. It was agreed that no decisions to be taken at the meeting would be affected and it was not considered necessary for the member to withdraw

#### MINUTES OF THE LAST MEETING AND MATTERS ARISING

P21/87 The minutes of the meeting held on 16 September 2021 were approved as an accurate record.

P21/71 It was reported that the insurance tender process was on-going and a proposal would be represented to the Board on 16 December 2021 for consideration.

#### SECTOR/COLLEGE UPDATE

P21/88 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:

- Ofsted;
- local and national MPs;
- partnership work with DWP and local jobcentres;
- partnership work with BMBC;
- delivery of devolved funding plans;
- development of a National Trust film about the College for use with National Trust visitors to the site;
- the Skills and Education Bill;
- AoC response to the chancellor's budget.

P21/89 The committee particularly explored the current economic paradox regarding high levels of unemployment and significant challenges with filling job vacancies, and the impact of this on the College particularly in relation to student and staff recruitment.

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

#### PERFORMANCE REPORT (Document 3i)

- P21/90 The committee considered **Management Accounts for 2021/22 to 30 September**, in particular noting:
- current outturn for the full year stood at £107k surplus, including a contingency of £91k;
  - overall income for the full year was projected to be £100k lower than original budget, with the key impact being below target student recruitment;
  - overall the College was forecasting a reduction in pay costs of £147k due to vacancy savings and pension contribution changes;
  - non pay costs were forecast to increase by £74k above the original budget which was offset by savings in pay costs;
  - the current position showed net current assets of £3,029k, this included a provision for clawback of ESFA funding (£1.5m) in year relating to the previous year which has increased current liabilities;
  - cash reserves were £4,988k but forecast to reduce to £3,061k with borrowings;
  - the current closing cash position at end July 2021 was £4,800k, an improvement on the original budget position at this point of £4,458k due to a reduction in the forecast deficit position for 2020/21 as well as the timing of capital payments and redundancy costs;
  - the cash position at the end of September 2021 was £4,988k, due to savings made to date and timings of capital and redundancy payments.
- P21/91 The committee particularly explored:
- vacancy savings and whether they were being deliberately held or were as a result of timing or recruitment challenges;
  - potential changes in the perception of the College as a result of recent challenges;
  - engagement with specialist consultancies e.g. marketing and the impact on pay savings;
  - performance against KPIs and particularly factors which would impact on the year's outturn performance;
  - the risk areas in the budget and the sensitivity testing and contingency, including worst case scenarios regarding student recruitment;
  - the likely impact of the 2020/21 COVID business case outcome;
  - the position across the sector;
  - the requirement for modelling various scenarios once the outcome of the COVID business case was known.
- P21/92 The committee considered the **Performance Monitoring Report** noting that:
- this was the first round of reviews using the revised format;
  - the approach had been substantially developed, with a strong set of supporting reports;
  - the focus had been on efficiency and performance;
  - engagement and accountability in managers was continuing to develop and clear expectations for future input had been established;
- P21/93 The committee explored the report in detail, particularly:
- the potential impact of increases in energy costs;
  - student attendance;
  - class sizes, which were low due to recruitment challenges;
  - student/curriculum data;
  - HR data.

- P21/94 The committee welcomed the very positive developments in performance monitoring and noted that this would feed into the development of a refreshed KPI dashboard for the whole College and governors.
- P21/95 The committee considered a report which set out **student recruitment data for 2021/22** to date, particularly noting that:
- longer courses remained below target;
  - adults applying to study residentially were fewer than in previous years;
  - further January 2022 starts for long courses were being advertised;
  - GCSE English and maths courses had recruited under target in term 1;
  - teacher education student numbers had performed slightly under target, however the balance of full time and part time students had resulted in a slightly higher level of income;
  - short course applications were steady, and courses had continued to run on campus;
  - for term 1 short courses were being authorised to run on low numbers in order to stimulate delivery and further enrolments;
  - no show / cancellations continued to be a difficulty and the College was putting in extra prestart steps to help to reduce this;
  - business and management courses had been slow to recruit, and replotting was taking place to move start dates to term 2;
  - there was a continued focus across the College on marketing activities, including working with an FE specialist online marketing company who were supporting social media and pay per click online advertising.

- P21/96 The committee explored the data in detail:
- noting that the College had rarely encountered student recruitment challenges previously and a key issue appeared to be the break in delivery caused by COVID which had severely damaged the College's 'pipeline' of enrolments;
  - explored the challenge regarding cancelling provision or running with small numbers in order to stimulate progression;
  - explored the financial reporting and how the recruitment position had been factored into this, noting that a full reforecast would be undertaken in January 2022;
  - explored the College's confidence in its term 2 profile and challenged the robustness of the scenario planning presented;
  - explored the scope for term 3 starts and the planning undertaken to facilitate this;
  - compared the College's position to the sector nationally;
  - considered the likely future impacts of COVID and the psychological impact on individuals;
  - the economic and jobs context;
  - explored the marketing and recruitment activities being undertaken, noting the development of the College's new website and review of the admissions process.

**Resolved: i That the committee consider a full financial reforecast at its meeting in February 2022.**

## **SUBCONTRACTING UPDATE**

- P21/97 The committee considered a verbal update regarding subcontracting opportunities noting that:
- SYMCA had verbally approved the proposed approach;
  - no formal agreement with the selected provider/partner had been agreed at this stage, but continued to be pursued and developed.

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

## CATERING UPDATE (Document 4ii)

P21/98 The committee considered a report which set out proposals regarding the provision of the College's catering services.

P21/99 A separate confidential minute was recorded.

## RISKS OVERSEEN BY THE COMMITTEE (Document 4iii)

P21/100 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.

P21/101 The committee particularly explored:

- energy costs and sustainability and agreed this should be considered for addition to the register as appropriate.
- the position regarding the criteria for residence, noting that whilst the approach had been agreed with the MCAs, was administratively burdensome for the College, and could be off putting for short course students, a commitment to review the approach for 2022/23 had been agreed.

**Resolved: i That the risk register be updated accordingly.**

## CAPITAL PROPOSALS (Document 4iv a and b)

P21/102 The committee considered a capital proposal which was not within the 2021/2022 budget to re-site the College reception and student support services. The committee:

- considered a cost benefit analysis in detail;
- explored the proposed use of the current reception space;
- explored timescales and tender proposals;
- considered the financial impact on the College budget;
- agreed to recommend the proposal to the Board of Governors for approval.

P21/103 The committee considered and agreed to recommend to the Board for approval a capital proposal which was not within the 2021/2022 budget to re-fresh College external signage.

**Resolved: i That the proposal for additional capital budget of up to £50,000 to re-site the College reception and student support services be recommended to the Board of Governors for approval.**

**ii That the proposal for additional capital budget of up to £20,000 to re-fresh the College's external signage be recommended to the Board of Governors for approval.**

## POLICIES FOR APPROVAL (Document 5ii)

P21/104 The committee considered the following policies and recommended them to the Board of Governors for approval, with inclusion of amends as detailed below:

- CPD – correction of typo on page 3;
- Volunteers;
- Special Leave – with the addition of 'normally' in the description of dependents in relation to compassionate leave;
- Grievance;

- Maternity and Adoption – with correction of the heading of the statutory adoption table.

**Resolved: i That the CPD, volunteers, special leave, grievance and maternity and adoption policies be recommended to the Board of Governors for approval.**

## FINANCIAL STATEMENTS 2020/21 (Document 5ii)

- P21/105 The committee considered the draft financial statement auditors' audit findings for 2020/21 noting that:
- overall the audit work had gone smoothly;
  - however, the audit and report were not yet finalised primarily due to the testing of ESFA revenue (AEB and Community Learning), Confirmation of 2020/21 funding clawback, Confirmation of potential provision re ESFA funding audit clawback, and the Going concern review being as yet incomplete;
  - the going concern statement would need updating once the clawback position was finalised but overall the auditor was of the opinion that the College's going concern position was satisfactory;
  - the auditor was comfortable with the value included for LGPS;
  - no issues had been identified regarding USS and the assumptions appeared reasonable.
- P21/106 The committee considered the draft financial statements for 2020/21, noting that an updated version would be presented to the Board of Governors for consideration at its meeting on 16 December 2021 following conclusion of the ESFA audit clawback position, outcome of the COVID business case for 2020/21 and completion of the going-concern evaluation.
- P21/107 The committee considered an update and proposal regarding claw back arising from the four-year ESFA funding assurance audit. The committee explored the implications and likely financial impact of the options available, noting that:
- taking into account unfunded over delivery and hardship payments previously identified as ineligible the overall value of the claw back figure had been reduced to £756,152.29;
  - given the College's level of cash reserves it would be affordable to repay this amount in full in year, without impacting on going concern;
  - this would be dependent on the College securing a satisfactory outcome from the 2019/20 COVID business case process;
  - the College had anticipated having had a response regarding the COVID business case by 15 November, but this had been delayed by the ESFA;
  - at its meeting on 30 September 2021 the Board had delegated authority to approve repayment should it be appropriate.
- P21/108 The committee agreed that it was not in a position to make any recommendations until the outcome of the 2020/21 COVID business case was known.
- P21/109 The committee considered and approved a proposed asset write off.

**Resolved: i That the position regarding the audit of the 2020/21 financial statements be noted.**

**That the write-off and provision of £33.5k for the onerous liability relating to Pro-monitor and Pro-Portal software be approved.**

## TERMS OF REFERENCE AND KPIS (Document 6i)

P21/110 The committee:

- considered its own performance in relation to its key performance indicators, and noted that all the indicators had been met;
- considered and agreed proposed indicators for 2021/22;
- considered its terms of reference and agreed that it be proposed to the Board that sustainability and climate change be added to its areas of responsibility.

**Resolved: i That it be proposed to the Board that sustainability and climate change be added to the responsibilities of the Policy and Finance Committee.**

## CONFIDENTIAL MINUTES OF THE LAST MEETING (Document 7i)

P21/111 The confidential minutes of the meeting held on 16 September 2021 were approved as an accurate record.

## DATE OF THE NEXT MEETING

P21/112 Thursday 3 February 2022 - 10.00am  
Thursday 12 May 2022 - 10.00am  
Thursday 16 June 2022 - 10.00am