



Northern College

THE POLICY AND FINANCE COMMITTEE

Minutes of the meeting of the Policy and Finance Committee held on 12 May 2022.

Present: Clive Macdonald (Chair), Mark Sanders, Yultan Mellor (Principal), Clare Clifton (from Min P22/27 onwards), Neil James (up to and including P22/36), Tim Thornton (from Min P22/2 onwards) 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: Neil Copley.

DECLARATIONS OF INTEREST

P22/18 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

P22/19 The minutes of the meeting held on 3 February 2022 were approved as an accurate record.

SECTOR/COLLEGE UPDATE

P22/20 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:

- the future of the residential uplift;
- preparation for the FEC strategic visit planned for the 16 May 2022, noting that the focus would be on post Easter recruitment and the impact on the College's financial position;
- the upcoming visit from Minister Burghart and Miriam Cates MP;
- feedback from the LocatED site visit on 3 May 2022;
- funding allocations for 2022/23;
- the West Yorkshire Combined Authority advisory audit of residential assessments.

P22/21 The committee particularly explored:

- the written confirmation of the continuation of the residential uplift for 2022/23 from the ESFA, noting that this was despite the Minister's commitment to two years;
- feedback from the LocatED visit noting that they had recognised the complexity of the estate and that responsibility for the heritage of the site should not fall solely to the College, and would feedback to the FEC ahead of their strategic visit on 16 May;
- funding allocations, noting that:
 - the College had received an indicative allocation from West Yorkshire and the ESFA, which was in line with 2021/22 allocations;

- WYCA had provided a 3-year allocation but had indicated that they would review their allocation after the R10 return at the end of May 2022, and potentially reduce this based on current year performance;
- the College had not yet received an allocation from SYMCA, however for planning purposes was assuming that the same allocation less the 15% growth element as notified verbally.

P22/22

The committee:

- explored the initial outcome from the West Yorkshire Combined Authority advisory audit of residential assessments, noting that it was believed that the College was the first provider to be audited and the scope of the audit had been expanded to include community learning;
- explored the College's use of community learning funding noting that the College had requested guidance from WYCA and from the ESFA in relation to attributing community learning costs as this was an area where there was no guidance, the College had developed a model for 2020/21 which was used as part of the business case and this had been audited by Grant Thornton;
- noted that this issue impacted across the sector nationally.

Resolved: i That the report be noted.

PERFORMANCE REPORT (Document 3i)

P22/23

The committee considered the **KPI dashboard 2021/22 to 3 May 2022**, with a particular focus on year end outturn and impact for the future, noting that:

- there had been an upturn in participation numbers;
- conversion remained fairly low but was improving;
- attendance remained relatively static;
- staff absence remained below benchmark, noting however that the latest available benchmarking data was two years old.

P22/24

The committee particularly explored conversion data:

- noting the issues and challenges;
- considering the impact of the bus and marketing consultancy support, noting that an increase in applications and enrolments had been achieved, but not yet at the rate required;
- agreeing conversion was one of the key challenges for the College in the coming months;
- requested a more detailed analysis of conversion from applications to offers for September 2022 starts to be provided for the next meeting.

P22/25

The committee considered **Management Accounts for 2021/22 to 31 March** and a report which set out **student recruitment data for 2021/22** to date in detail, in particular noting that:

- the current outturn for the year had been reduced to a deficit position of £1,434k, which included a general non pay contingency of £50k, as well as £500k contingency against community learning provision;
- the biggest impact had been in relation to AEB income and long course starts;
- the College was reducing costs where possible in both pay and non-pay;
- utility costs had increased significantly (gas 320%);
- subcontracting income had reduced due to later than anticipated formal approval from the funder;
- community learning enrolment numbers were more than double that of the previous year to date (618 at end of March 2022 compared to 208 at the same point in 2021);

- key sensitivities related to AEB income;
- previously approved additional expenditure had been delayed.

P22/26 The committee explored:

- the balance sheet and cash position in detail;
- the recruitment picture across providers in the region and nationally for adults;
- the level of confidence in achieving recruitment targets;
- the worst-case scenarios, noting that the position presented was as realistic as possible.

P22/27 The committee agreed that:

- this was a very challenging position for the College;
- the key focus had to be on achieving strong September recruitment, particularly to long courses;
- the College needed to continue to advocate for an appropriate outcome regarding use of community learning funding;
- the option for a business case for 2021/22 in relation to COVID impact should be explored.

Resolved: i That a more detailed analysis of conversion from applications to offers for September 2022 long course starts be provided at the next meeting.

DRAFT FINANCIAL PLAN 2022/23 – 2024/25

P22/28 The committee considered a draft three-year financial plan, particularly noting that:

- due to the College's recruitment in 2021/22 continuing to be impacted by Covid the planned growth for years 2 and 3 in the College's financial plan set as part of its independent proposal in July 2021 was no longer realistic and had therefore been revisited;
- a new curriculum plan had been carefully developed for 2022/23 which was more detailed than ever before and included lower class sizes and residential learners based on 2021/22 performance;
- new provision in Stocksbridge had been planned but was not yet included in the curriculum plan;
- area budgets had been scrutinised in detail;
- 2023/24 and 2024/25 assumed a 10% growth from baseline each year;
- funding allocations for 2022/23 and beyond were based on the information available to date;
- pay costs reflected the increase in National Insurance contributions, changes in pension contributions and no pay award;
- non pay increases included significant increase in utility charges, increased expenditure in insurance, audit and marketing;
- further targeted savings and contingency had been included for each year resulting in a deficit position for 2022/23 of £310K, returning to a surplus in years two and three.

P22/29 The committee explored in detail:

- the College's ability to achieve the savings outlined and how they would be realised;
- the reliability of the curriculum plan and the level of confidence in the College's ability to achieve recruitment targets, noting that:
 - recruitment to September long courses was taking place much earlier than previously and initial signs were positive;

- there were a substantial number of progressions from level two which had not been available in 2021/22;
- there would be a key focus on keeping warm activities and conversion;
- the curriculum plan had been very carefully developed and courses were being packaged to support recruitment;
- work with employers was developing;
- the new provision in Stocksbridge was a positive development;
- the scale of the curriculum plan in comparison to 2018/19 and earlier, noting that it was very comparable in terms of enrolment targets;
- the level of confidence in the ability to achieve commercial income targets, noting that progress was positive to date, and it was hoped that progress could be made with planning challenges;
- the cash position and level of reserves and how this would be impacted by a range of scenarios;
- the impact on going concern into the future.

P22/30

The committee:

- supported the direction of the curriculum plan;
- encouraged the College to ensure its brand and image kept pace with the changes made to the curriculum;
- agreed that the Board should consider the draft plan in detail at its meeting on 23 May 2022, taking into consideration the outcome of the FEC strategic visit on 16 May;
- supported the two-year recovery strategy presented;
- agreed that the College needed to address this short-term crisis, whilst continuing to seek a longer term solution to financial sustainability.

Resolved: i That a further discussion regarding the College's brand and image be scheduled for an appropriate time.

SUBCONTRACTING UPDATE

P22/31

The committee considered a verbal update regarding subcontracting opportunities noting that:

- the College had now received formal approval from South Yorkshire Mayoral Combined Authority for the Chesterfield College provision;
- the level of contract was lower than anticipated due to the later than anticipated start;
- the provision had been built into the financial plan
- the provider was high quality, and the subcontract posed a low risk to public funds;
- the provision was in line with the College's mission;
- arrangements were in line with the subcontracting policy approved by governors for 2021/22.

Resolved: i That the report be noted.

CATERING SERVICES

P22/32

A separate confidential minute was recorded.

RISKS OVERSEEN BY THE COMMITTEE (Document 4iii)

P22/33

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.

P22/34 The committee considered the workforce retention and sustainability risks, noting that a draft sustainability strategy would be presented to the committee for consideration in June 2022.

Resolved: i That the risk register be updated accordingly.

POLICIES FOR APPROVAL

P22/35 The committee considered and approved the following policies:

- financial support;
- fees.

Resolved: i That the financial support and fees policies be approved.

CHRISTMAS CLOSURE 2022

P22/36 The committee agreed that the College would close for Christmas at 5pm on Friday 23 December 2022 and re-open on Tuesday 3 January 2023.

STAFFING MATTERS

P22/37 A separate confidential minute was recorded.

DATES OF THE NEXT MEETINGS

P22/38 16 June 2022 - 10.00am
15 September 2022 - 10.00am
10 November 2022 - 10.00am
2 February 2023 - 10.00am
27 April 2023 - 10.00am
15 June 2023 - 10.00am