



Northern College

THE POLICY AND FINANCE COMMITTEE

Minutes of the meeting of the Policy and Finance Committee held on 3 February 2022.

Present: Clive Macdonald (Chair), Yultan Mellor (Principal), Clare Clifton, Neil James, 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: None.

DECLARATIONS OF INTEREST

P22/1 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

P22/2 The minutes of the meeting held on 11 November 2021 were approved as an accurate record.

SECTOR/COLLEGE UPDATE

P22/3 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:

- notification from the ESFA that the College should plan for the removal of the 4.7 residential uplift from 2022/23;
- question raised in parliament by Dan Jarvis MP regarding residential funding;
- developments taking place regarding an ETF regional centre for teacher training;
- opportunities in the further development of higher education and partnerships with universities;
- development opportunities in partnership with Wentworth Woodhouse and Elsecar Heritage Centre;
- partnership work with Doncaster Chamber of Commerce, particularly in relation to the South Yorkshire Skills Strategy;
- the levelling up agenda and how the College could maximise opportunities.

P22/4 The committee particularly explored:

- the impact of the message from the ESFA regarding the future of the 4.7 residential uplift in 2022/23, noting that the College was pushing for a decision by the end of February 2022 and no details regarding any alternative funding model had been provided. The committee explored the likely impact on funding from the combined authorities, noting that South Yorkshire had provided a commitment to the uplift for a further two years and West Yorkshire had indicated that they would follow DfE

guidance, it was noted that the position would be explore further at the FEC stock take visit on 10 February 2022.

Resolved: i That the report be noted.

PERFORMANCE REPORT (Document 3i)

- P22/5 The committee considered the **KPI dashboard 2021/22 to 25 January**, in particular noting:
- this was a new format and feedback was requested;
 - that some fields were not yet populated and a full data set would be developed over the remainder of 2021/22;
 - a further section regarding efficiency (class size, staff utilisation, sustainability) would be added.
- P22/6 The committee agreed the format was easy to understand and highlighted key areas to explore, and looked forward to seeing a fully populated version.
- P22/7 The committee considered **Management Accounts for 2021/22 to 31 December** and a full **budget re-forecast**, in particular noting that:
- following a full reforecast exercise the outturn for the full year had been reduced to a deficit position of £1,232k, this included a general contingency of £63k, unallocated additional spend of £100k approved by governors and £500k contingency against Community Learning provision;
 - income for the full year was projected to be £1,093k lower than original budget, resulting in a £1.2M deficit;
 - the key factor was the impact of Omicron on term 2 planned numbers which had been significantly reduced from 1,466 enrolments to 666;
 - the College was however anticipating an upturn for term 3 and enrolment numbers had been only slightly reduced from 1,638 enrolments to 1,457.
- P22/8 The committee particularly explored:
- the balance sheet – noting that the current position showed net current assets of £1,956k, and cash reserves/investments of £4,834k forecast to reduce to £2,894k with no borrowings by July 2022;
 - the key financial performance indicators - noting that current ratio, cash days, borrowing and ESFA recurrent grant income were rated green, whilst surplus as a percentage of income, EBITDA and pay as a percentage of income were rated red;
 - the College's financial health rating - noting that whilst the unmoderated rating for the 2021/22 forecast was good, this would be moderated down to requires improvement as a result of a negative EBITDA;
 - cash flow - noting that the current closing cash position at end July 2021 was £4,800k and cash reserves at the end of July 2022 were expected to be £2,894k, with a cash low point of £1,587k in March 2023, but these figures would need revisiting once the College's allocations for 2022/23 were confirmed, along with the position regarding the residential uplift;
 - the likely future approach to community learning funding and the potential financial impact;
 - pay and non-pay savings - noting that some increase in non-pay expenditure was as a result of expenditure on consultancy to cover for vacancies, particularly in ICT and marketing;
 - the position in the sector more broadly;
 - the work done by the College to maximise enrolments.

P22/9 The committee agreed the financial position should be explored carefully and in detail by the Board at its meeting in March 2022.

P22/10 The committee considered a report which set out **student recruitment data for 2021/22** to date in detail, particularly noting that:

- the impact of the Omicron variant had been significant and couldn't have come at a worse time coinciding with a key recruitment point, and the overall impact on the College's position was substantial;
- it would be a significant achievement to hit term three enrolment targets, but the plan was realistic albeit dependent on the operating context;
- the College had undertaken a range of approaches to maximise recruitment opportunities, including flexible start dates, blended and online provision;
- a further update should be considered by the Board at its meeting in March 2022.

P22/11 The committee explored the impact on staff, noting the impressive level of commitment from those at all levels, and agreeing that the position continued to be very challenging.

Resolved: i That the reforecast be explored in detail by the Board at its meeting in March 2022.

SUBCONTRACTING UPDATE

P22/12 The committee considered a verbal update regarding subcontracting opportunities noting that:

- the College continued to pursue opportunities as previously discussed;
- the opportunities provided clear links to the College's 2025 Ambition and future development plans;
- due diligence requirements had been commenced;
- a proposal would be presented to the Board for approval at its meeting in March 2022.

Resolved: i That a proposal for subcontracting be presented to the Board of Governors for approval at its meeting in March 2022.

RISKS OVERSEEN BY THE COMMITTEE (Document 4iii)

P22/13 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.

P22/14 The committee agreed that whilst the situation changed rapidly the narrative regarding contingency could more fully reflect the extensive work being undertaken by the College.

Resolved: i That the risk register be updated accordingly.

AWARDING OF A CONTRACT OVER £50K – INSURANCE

P22/15 The awarding of an insurance contract over £50K was reported. It was noted that whilst the cost had increased the new arrangements provided improved specialist heritage cover and cyber insurance. The committee sought and received assurance that all appropriate procurement procedures had been followed.

Resolved: i That the report be noted.

CONFIDENTIAL MINUTES OF THE LAST MEETING (Document 7i)

P22/16 The confidential minutes of the meeting held on 11 November 2021 were approved as an accurate record.

DATE OF THE NEXT MEETING

P22/17 12 May 2022 - 10.00am
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