



## Northern College

### THE POLICY AND FINANCE COMMITTEE

Minutes of the meeting of the Policy and Finance Committee held on 15 September 2022.

**Present:** Mark Sanders (Chair), Yultan Mellor (Principal), Clare Clifton, Neil Copley, 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

P22/68 Each governor present declared any potential interests/conflicts of loyalty related to items to be considered at the meeting.

With respect to his role as Service Director – Finance at Barnsley Council Neil Copley declared a potential conflict of loyalty in items relating to the College's relationship with the Council. It was agreed that with regard to item no 4ii estates strategy briefing Neil would participate in the discussion but not the recommendation.

P22/69 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

P22/70 The minutes of the meeting held on 16 June 2022 were approved as an accurate record.

#### SECTOR/COLLEGE UPDATE

P22/71 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:

- sector letter to Chancellor Kwasi Kwarteng requesting urgent support to tackle surging energy bills, increased funding for 16-19 year olds, support to help recruit and retain teaching staff and VAT exemption;
- consultations on the Funding and Accountability Framework that will sit behind the The Skills for Jobs White Paper published in January 2021
- the potential change of classification of colleges by ONS prompted by the Skills for Jobs white paper;
- feedback from case conference meetings taking place over the summer;
- the development of joint estates work with Barnsley Council to explore any short-, medium- or long-term changes that could support the College's financial sustainability, to value the component parts of the campus and to understand the implications if the College was not using the campus any longer;
- an update regarding the College's combined authority funding bodies;
- details of a short notice funding audit undertaken by South Yorkshire MCA.

P22/72 The committee particularly explored:

- the likely implications of the recent government support for energy bills;

- the likely implications of the funding and accountability framework particularly in relation to community learning and the College's non accredited provision;
- the initial positive outcome of the South Yorkshire MCA audit.

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

### PERFORMANCE REPORT (Document 3i)

- P22/73 The committee considered **Draft Final Outturn Management Accounts for 2021/22** noting that:
- the current outturn for the year was a deficit position of £1,269k, which included provision of £222k for clawback of Community Learning, as well as clawback for AEB/ALLB under delivery;
  - with adjustments for FRS 102 retirement benefit costs the deficit would be £1,824k;
  - this represented an improvement on the position previously reported mainly as a result of lower than provided for community learning clawback;
  - cash reserves/investments at the year-end were £3,121k;
  - the timing of capital spend has been reviewed, including the use of approved additional capital.
- P22/74 The committee particularly explored:
- the significant change in the College's LGPS deficit which had reduced from £5.2M to £390K, resulting in a positive balance sheet;
  - outturn performance against financial performance indicators;
  - investments, noting that all the College's cash reserves were held in short term, easy access accounts.
- P22/75 The committee considered the **KPI dashboard outturn for 2021/22** particularly exploring:
- participation against funding targets;
  - student recruitment conversion rates, noting that a full report for 2021/22 would be presented to the Board in October;
  - attendance which was at 89%;
  - the predicted achievement rate of 94%;
  - class size which had increased slightly to 6.6;
  - staff turnover – which had increased in recent months.
- P22/76 The committee considered a **student recruitment and conversion update for 2022/23** noting that:
- to date the College had offered or enrolled 70% of its long course target for 2022/23, which equated to 90% of funding target;
  - uptake for Maths and English was below target, particularly English;
  - HE recruitment was close to funding target;
  - key courses commenced week beginning 19 September which would provide a firmer picture;
  - the College continued to receive new applications.
- P22/77 The committee agreed that the position was positive and significantly improved on this time last year, but actual starts would be key.

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

### FINANCIAL SUSTAINABILITY METRICS – RISKS AND OPPORTUNITIES (Document 4i)

- P22/78 The committee considered a risks and opportunities matrix which had been developed to present metrics to inform the Board's consideration of future financial sustainability and aide

decision making, and set out the potential financial impact and risk score for all the key risks and opportunities relating to the delivery of the financial plan. It was noted that:

- the risks remained largely the same as those considered by the Board in July 2022, with the addition of two risks relating to potential increased pay costs resulting from a requirement to use agency staff should staff turnover increase and additional costs for legal / property advice;
- in relation to opportunities a reduction in clawback for community learning had already been achieved.

P22/79 The committee explored opportunities in relation to the Multiply funding stream, Stocksbridge Towns Fund, potential savings arising from the energy cap and likelihood of the success of the South Yorkshire MCA business case for 2021/22.

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

## **PROPERTY AND CAPITAL MATTERS (Document 4ii)**

P22/80 The committee considered a draft project brief for the commissioning of professional support to assist the consideration of options/opportunities related to the College estate. It was noted that:

- the commissioning process was being supported by LocatED;
- Barnsley Council had committed to supporting the procurement process and contributing 50% of the costs.

P22/81 The committee agreed that:

- the project would enable the identification of short-medium-long term options which could support future financial sustainability;
- legal advice had been sought to ensure the expenditure was appropriate in relation the College's challenging financial position;
- as the cost had not been included in the budget for 2022/23 it would need to be approved as additional expenditure;
- as the cost for the College was likely to be above the £15K tender threshold a departure from the College's financial regulations would need to be approved should a preferred supplier be identified by Barnsley Council.

P22/82 It was reported that:

- as previously discussed the College had been working with its external auditors RSM to ensure that the value of the College's property was appropriately reflected in its financial statements;
- to this end the College had engaged Sanderson Weatherall to undertake a formal assessment/valuation of the property for accounting purposes, with a view to reflecting the revised position in the 2021/22 financial statements.

P22/83 The committee considered;

- the likely basis for the valuation given the legal complexity of the site;
- the likely benefits in relation to the College balance sheet.

P22/84 The committee considered the Capital Plan for 2022/23, exploring the proposed expenditure and timing, noting that some projects had been scheduled to enable the College to reassess the position post Autumn recruitment. The committee agreed to consider the capital plan at each meeting.

**Resolved: i That the proposed estates strategy project scope be recommended to the Board of Governors for approval.**

- ii That the waiving of the financial regulations to accommodate the commissioning of the estates strategy project be approved should it be required.
- iii That the capital plan be approved, and considered at every meeting of the committee.

## BOARD PREPARATION

- P22/85 The committee considered a draft contingency framework that had been developed to support the Board with decision making at its meeting on 6 October 2022. It was noted that in each of the three scenarios outlined the executive team would be recommending the commissioning of appropriate professional advice.
- P22/86 The committee agreed that the framework was helpful in setting out the various scenarios and the next steps required and agreed that governors should be fully aware of their responsibilities, and ensure that the governance structure didn't hinder any requirement for rapid decision making.

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

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

- P22/87 The committee considered the register of risks it oversees and agreed that the majority of the key risks had been explored in detail throughout the meeting and the risk register would be updated accordingly to take into account discussions.
- P22/88 The committee noted that:
- a full ICT team was now in place;
  - the risk level related to COVID had been reduced, but this could be impacted by any possible implications of an Autumn surge;
  - the risk related to inflation/cost of living had been increased to reflect developing context;
  - the workforce risk had been separated into two specific areas – turnover/retention and the impact of the cost of living.
- P22/89 The committee explored whether an additional risk was required in relation to the direct communication with the College's MCA funders, and agreed that it was anticipated that regular meetings would take place in 2022/23, but the College needed to ensure it continued to build its credibility with key stakeholders appropriately.
- P22/90 The committee agreed that the register appropriately reflected the actual strategic risks faced by the College, mitigating actions were appropriate and the information was clear and concise.

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

## POLICIES FOR APPROVAL (Document 5i)

- P22/91 The committee considered an updated subcontracting policy noting that minor changes had been made to the policy which was new in 2021/22. No amendments were proposed by the committee.
- P22/92 It was reported that the College continued to await clarification from South Yorkshire MCA as to whether funding had been allocated for subcontracting to Chesterfield College in 2022/23.

**Resolved: i That the subcontracting policy be recommended to the Board of Governors for approval.**

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

P22/93 The confidential minutes of the meeting held on 16 June 2022 were approved as an accurate record.

### **STAFFING MATTERS (Document 7ii)**

P22/94 A separate confidential minute was recorded.

### **DATES OF THE NEXT MEETINGS**

P22/95 10 November 2022 - 10.00am  
2 February 2023 - 10.00am  
27 April 2023 - 10.00am  
15 June 2023 - 10.00am