



## Northern College

### THE BOARD OF GOVERNORS

Minutes of the meeting of the Board of Governors held on **15 December 2022**.

**Present:** Mark Sanders (Chair), Yultan Mellor (Principal), Colin Forrest, Liz Stanley, Seb Schmoller, Tim Thornton (from Min B22/180 onwards), Ann Corrigan, Sue Horner, Bob Craig (up to and including B22/191) and Neil Copley (up to and including Min B22/189).

**In attendance:** Richard Lewis, RSM (Min B22/169 to B22/179), the Assistant Principal – Finance and Business Services (Sue Saunders), the Assistant Principal – Student Experience (Diane Lawson), the Assistant Principal – Curriculum, Quality and Market Development (Emma Beal), the Head of Human Resources and the Clerk to the Governors (Elin Longley).

**Observing:** Clive Howarth (Department for Education) (up to and including min B22/179)

**Apologies:** Clare Clifton, Emma Norton, Neil James and Maria Bowie.

### DEVELOPMENT SESSION

B22/168 The Board participated in a development session led by Gemma Baker (AoC National Ofsted Lead) which focused on developments in the Ofsted inspection framework particularly regarding skills, emerging themes from inspections and key considerations for governors.

### DECLARATIONS OF INTEREST

B22/169 Each governor present declared any potential interests/conflicts of loyalty related to items to be considered at the meeting.

- Liz Stanley declared a potential conflict with respect to her role undertaking internal audits unconnected to the College for BMBC audit services on a self-employed basis. 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.
- With respect to his roles as Deputy Vice Chancellor at the University of Huddersfield and HE advisory member of the West Yorkshire Employment and Skills Committee 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.
- Neil Copley declared a potential conflict with respect to his role as Director of Finance at Barnsley Council. It was agreed that with regard to item no 3i estates strategy briefing Neil would participate in the discussion but not the decision.

### MINUTES AND MATTERS ARISING

B22/170 The minutes of the meeting held on 6 October 2022 were approved as an accurate record.

**OUTTURN PERFORMANCE 2021/22 – SELF ASSESSMENT REPORT (Document 3i)**

B22/171 The Board considered the SAR department data which enabled them to review outturn performance for 2021/22.

B22/172 The Board considered the draft **self-assessment report for 2021/22**, noting that:

- the draft had been considered by the Curriculum, Quality and Student Experience Committee (CQSE) at its meeting November 2022 and feedback had been incorporated;
- overall effectiveness had been self-assessed as good;
- the report and grading had been tested independently by an experienced inspector who had supported the College's evaluation;
- grading for behaviour and attitudes had been awarded good as a consequence of challenge from the external reviewer in relation to student attendance in 2021/22;
- an associated quality improvement plan was in development and would be considered by the CQSE committee at its meeting in February 2023.

B22/173 The Board:

- explored the impact of individual poor teaching performances on a small team, teacher performance monitoring, development activities and impact, the College's approach to the new skills expectations, and the data included in the report;
- agreed that a jargon buster would be helpful for both staff and governors;
- agreed that the diversity data required additional categorisation to make it more informative;
- tested the assessments made and grades awarded;
- tested and challenged the priority areas for action, supporting the College's assessment;
- noted that further external review activities would be taking place which may result in further development of the report which would be presented to the Board for consideration as appropriate.

**Resolved: i That the 2021/22 Self- Assessment be approved with the noted amendments.**

**OUTTURN PERFORMANCE 2021/22 – FINANCE AND AUDIT (Document 3ii)**

B22/174 The Board considered the Annual Audit Committee Report to the Board and noted that an updated version would be presented along with the finalised financial statements in early 2023.

B22/175 The Board considered and approved for signing the regularity self-assessment questionnaire.

B22/176 The Board considered the Internal Audit Annual Report noting work undertaken by the internal auditor during 2021/22 had been scaled back with the approval of the Audit Committee and whilst this meant that no opinion was provided this did not undermine the view of the committee as expressed in its annual report to the Board.

B22/177 The Board considered the key findings of the financial statements' auditors RSM in relation to the College's financial statements ending 31 July 2022, it was noted that:

- the audit work was substantially complete;
- the auditors anticipated issuing an unqualified audit opinion and an unmodified regularity conclusion;

- work on recognising the estate on the balance sheet had been incorporated and this would be presented to the Board at the appropriate time;
- a further adjustment regarding land and buildings would however be required;
- there were no errors to draw to the attention of the Board;
- two small control points had been identified and accepted by management, but did not affect the auditors conclusions;
- there was no evidence of bias;
- work in relation to going concern was incomplete and updated information was required from management in order for a conclusion to be reached in this area;
- this would mean that the audit could not be completed and the financial statements were therefore not able to be completed and signed by the Board at this stage.

B22/178 The Board particularly explored:

- related party transactions, agreeing that the partnership work with BMBC needed to be appropriately reflected;
- the additional work/information required to reach a going concern conclusion, noting that the Board would need to reach its own going concern position and the potential implications for the auditors opinion.

B22/179 The Board considered draft financial statements for 2021/22, noting that:

- several areas would require further updating/completion prior to their final submission to the Board for approval;
- an extension to the ESFA filing deadline of 31 December 2022 would be required.

- Resolved:**
- i That the College formally request an extension from the ESFA for the submission of its financial statements for year ending 31 July 2022 to 31 January 2023.**
  - ii That an extra-ordinary meeting of the Board be arranged for early 2023 to consider an updated position.**
  - iii That the letter of representation be approved.**
  - iv That the Regularity Self- Assessment be approved.**
  - v That the Internal Audit Annual Report is noted.**

### **OUTTURN PERFORMANCE 2021/22 – ANNUAL REPORTS (Document 3iii)**

B22/180 The Board considered the **Health and Safety** annual report for 2021/22, noting that:

- the purpose of the report was to provide assurance to the Board regarding the College's performance in relation to Health and Safety compliance, policy and procedures;
- the report covered the period 1 August 2021 to 31 July 2022;
- the appointment of a dedicated health and safety manager had provided a clear focus on audits, both internal and external, and as a result health and Safety standards had been further enhanced;
- health and safety management systems had been updated;
- improvements in health and Safety were evidenced by an increase in risk assessments and training across the campus.

B22/181 The Board considered the report in detail, including the data provided regarding audits, compliance and accidents, and agreed that the College was meeting its commitment to

providing all staff and students with a safe and healthy environment in which to work and study.

- B22/182 The Board considered the **Safeguarding and Prevent** annual report for 2021/22, noting that the aim of the report was to enable the Board to monitor compliance with the requirements of section 157 and 175 of the Education Act: 2002 and ensure that the College had appropriate Safeguarding and Prevent arrangements.
- B22/183 The Board considered the report in detail and agreed that the College:
- provided a safe environment and had a robust and regularly assessed and monitored safeguarding policy;
  - had an appropriate senior member of staff appointed as designated safeguarding lead;
  - had arrangements in place to effectively monitor and implement regulatory changes and developments in safeguarding;
  - had effective safeguarding arrangements in place;
  - had appropriate and robust Prevent arrangements and action plan;
  - provides relevant training for staff and students
  - had an appropriate action plan in place to further develop both Safeguarding and Prevent arrangements and practices.
- B22/184 The Board agreed that the lead governor safeguarding arrangements were appropriate and facilitated good oversight.
- B22/185 The Board agreed that all governors should complete refresher training for both Safeguarding and Prevent in early 2023.
- B22/186 The Board considered the **Equality, Diversity and Inclusion** annual report for 2021/22, noting that the aim of the report was to provide assurance that the College complied with its Public Sector Equality Duty (2011), Equality Act 2010, and Ofsted responsibilities, and that the College effectively identified any issues and areas for improvement/further development and addressed them accordingly.
- B22/187 The Board agreed that:
- appropriate progress had been made against the College's equality, diversity and inclusion objectives;
  - the further actions agreed were appropriate.

**Resolved: i That all governors complete refresher training for both Safeguarding and Prevent in early 2023.**

#### **POLICY AND CONTEXT UPDATE (Document 4i)**

- B22/188 The Board received an update setting out key developments in the context in which the College was operating, including:
- DfE ministerial arrangements;
  - the Skills for Jobs funding and accountability consultation;
  - accountability agreements requirements and timeframe;
  - ONS reclassification;
  - case conference meetings;
  - West Yorkshire MCA;
  - South Yorkshire MCA;
  - political support.

B22/189 The Board particularly explored:

- the purpose and implications of the introduction of accountability agreements;
- the implications of the ONS change in classification noting that it was too early to judge the full impact;
- the position regarding the submission to Robert Halfon regarding future residential funding, noting that a decision was still awaited;
- the College's ESFA notice to improve letter which had not yet been published;
- relationships and the funding position with the MCAs;
- the College's lobbying and relationship with opposition parties.

**Resolved: i That clarity be requested from the Commissioner team on the impact of ONS change to public sector on closure and Director status.**

**ii That the College ensures it has appropriate links with relevant shadow ministers in the opposition parties.**

### **PERFORMANCE TO DATE 2022/23 (Document 4ii)**

B22/190 The Board considered the **KPI dashboard 2022/23 to 7 December 2022**, particularly exploring:

- student enrolments by MCA;
- conversion data and multiple applications, noting that good quality IAG was critical in addressing this area;
- student attendance data, particularly the drop in December, noting that most of this was due to illness;
- completion of mandatory training and appraisals which were expected to increase significantly by the next report.

B22/191 The Board considered the **student recruitment report for 2022/23** to date, particularly exploring:

- the significantly lower than target student recruitment profile to date and the likely year end position;
- the robustness of the forecasting for the remainder of the year;
- the level of risk this posed to the College both financially and strategically;
- the actions in place to recover in-year and the opportunities for additional provision and income;
- the challenging position in relation to the delivery of short courses;
- the requirement for a detailed reforecast in February 2023 which would provide a much clearer picture;
- the significant challenge posed by the lack of future funding information, particularly in relation to reshaping the curriculum offer and models of delivery.

B22/192 The Board particularly explored the short course model with regards to financial implications, challenges and future viability.

B22/193 The Board considered the **management accounts to 30 September 2022**, noting that:

- the College had adopted the FEC model accounts format;
- the forecast outturn was £24K behind budget at £404K deficit;
- EBITDA was at £274k deficit compared to a YTD budget of £453k deficit and a forecast for the year deficit of £212k (4.5% of total income) which was £33k worse than budget, with the majority of the change being due to additional consultancy fees agreed with the Board;

- the opening cash balance was £160k higher than the original budget, and the year-end balance would reduce by £1,861k to £1,260k due to the deficit budget and clawback relating to 2021/22 to SYMCA and the ESFA;
- the closing cash balance at end July 2023 would be £170k higher than budget;
- the full year forecast was for 200 points which would result in a financial health rating of good, however this would be moderated to requires improvement due to the negative EBITDA.

B22/194 The Board particularly explored:

- key risks, particularly those relating to residential funding;
- performance against KPIs;
- cashflow, risks and sensitivities; and
- noted the arrangements for close and regularly monitoring.

B22/195 The Board considered and noted the report arising from the recent round of Performance Monitoring Reviews with College managers.

B22/196 The Board agreed that:

- the position regarding student recruitment and financial performance remained very challenging
- early reforecasting in 2023 would be critical to review performance and agree strategic decisions
- future reporting should be measured against the reforecast values.

**Resolved: i That future financial reporting be measured against the reforecast values.**

### STRATEGY AND PLANNING – KEY PRIORITIES 2022/23 (Document 5i)

B22/197 The Board considered an update regarding strategic planning and key priorities, noting that:

- the College's 2025 Ambition was agreed in March 2020 and is supported by detailed team level intent and implementation plans;
- in-year key priorities are also agreed which identify a small number of critical priorities and SMART targets to be delivered.

B22/198 It was reported that:

- key priorities for 2022/23 had been reviewed and it was agreed that those developed in 2021/22 still applied with updated SMART targets;
- teams had reviewed and updated their intent and implementation plans for 2022/23;
- regular performance monitoring and review meetings with CLT will oversee achievement of targets.

B22/199 The Board considered and supported the proposed priorities for 2022/23.

**Resolved: i That the proposed key priorities for 2022/23 be approved.**

### STRATEGY AND PLANNING – CONTINGENCY PLANNING (Document 5ii)

B22/200 The Board considered and tested a **risks and opportunities matrix** which had been developed to present metrics to inform the Board's consideration of future financial sustainability, 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.

- B22/201 The Board considered an update regarding the joint commissioning of an **independent estates review** with Barnsley Council, noting that it was anticipated that a provider would be appointed on 9 January 2023.
- B22/202 The Board considered an update regarding the **independent financial review** being undertaken by BDO, noting:
- the involvement of the DfE Finance and Provider Market Oversight (FPMO) team and the impact on the scope of the work;
  - the assurance this would provide to the Board regarding the robustness of the College's financial planning, and an independent assessment of future options.
- B22/203 The Board considered a report which set out factors which would support it to maintain careful **oversight of the College's financial position**. The Board considered whether there was anything new that now indicated that the College was in danger of an insolvent winding up, taking into account a wide range of sources of assurance, and agreed that:
- there was no indication that the College was running out of cash;
  - the Board was assured that it had a reasonable prospect of avoiding an insolvent winding up;
  - a re-assessment of the situation would be undertaken whenever any additional information was received.

**Resolved: i That a re-assessment of the College's position be undertaken whenever any additional information was received.**

#### **AUDIT MATTERS – INTERNAL AUDIT PROJECTS (Document 6i)**

- B22/204 The Board considered the proposed internal audit plan for 2022/23 which was recommended by the Audit Committee, noting that:
- the proposal was risk-based;
  - it had been agreed that for 2022/23 that the College would commission specialist providers on an assignment-by-assignment basis in order to ensure the most appropriate specialist input in relation to key risk areas;
  - the two areas identified were financial planning/assumptions and funding assurance;
  - with the Board's approval BDO had already been engaged to carry out a review of cashflow, financial assumptions and stress testing, and to consider potential future options, and that the work would take place in November/December 2022;
  - the College proposed engaging an independent specialist to undertake a funding audit to ensure that funding was being correctly claimed, and this would be scheduled for April 2023.
- B22/205 The Board agreed that focusing in on key risk areas with specialist input was appropriate in the current context.

**Resolved: i That the internal audit plan for 2022/23 be approved.**

#### **RISK MANAGEMENT AND ASSURANCE – RISK REGISTER (Document 6ii)**

- B22/206 The Board considered the risk register:
- recognising that the College's key strategic risks had been explored throughout the meeting;
  - noting that each committee had reviewed the risks allocated to it for oversight, with the Audit Committee scheduled to review the overall framework at its meeting in February 2023;
  - particularly considering the changes since the last review.

B22/207 The Board agreed that the register was an accurate reflection of the risks faced by the College and the mitigating actions and controls were appropriate.

**Resolved: i That the risk register be noted.**

#### **GOVERNANCE MATTERS (Document 7i)**

B22/208 The Board considered its committee terms of reference; no changes were proposed.

B22/209 It was noted that the appointment process for new governors had been delayed and proposals would therefore be considered at a future meeting.

**Resolved: i That the committee terms of reference be approved, with no changes.**

#### **CONFIDENTIAL MINUTES AND MATTERS ARISING**

B22/210 The confidential minutes of the meeting held on 6 October 2022 were approved as an accurate record.

#### **CONTINGENCY PLANNING (Document 8i)**

B22/211 A separate confidential minute was recorded.

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

B22/212 9 March 2023 – 11.00am (development session 10.00 – 11.00am)  
20 July 2023 – 11.00am (development session 10.00 – 11.00am)