



Northern College

THE BOARD OF GOVERNORS

Minutes of the meeting of the Board of Governors held on **6 October 2022**.

Present: Mark Sanders (Chair), Yultan Mellor (Principal), Emma Norton, Colin Forrest, Liz Stanley, Neil James, Seb Schmoller, Tim Thornton, Bob Craig and Neil Copley.

In attendance: 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 (Elin Longley) and the Clerk to the Governors (Elin Longley).

Observing: Clive Howarth (Department for Education)

Apologies: Sue Horner, Ann Corrigan, Clare Clifton and Maria Bowie.

Procedural: The Board appointed Elin Longley as Acting Clerk in the absence of the Clerk to the Board. The Board noted that Maria Bowie had been appointed as a Staff Governor and welcomed Clive Howarth to the meeting.

DECLARATIONS OF INTEREST

B22/118 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.
- Mark Sanders declared a potential conflict with respect to his role as Chair of the Northern Academy Trust. 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 AND MATTERS ARISING

B22/119 The minutes of the meeting held on 14 July 2022 were approved as an accurate record.

B22/120 That regarding item B22/102 – the documents had been provided. That in relation to B22/96 a subcontracting update would be provided later in the agenda.

CONTEXT UPDATE (Document 2i)

- B22/121 The Board received an update setting out key developments in the context in which the College was operating, including:
- a submission of a letter to the Chancellor from the AoC asking for support on energy bills;
 - consultation on Funding and Accountability Framework;
 - potential ONS change in status;
 - estates review;
 - MCA audits, contracts and funding including the business case for limiting clawback;
- B22/122 It was reported that some college's were benefitting from the energy bills pledge although this was having no impact for Northern College as the college was currently on a tariff below the new rates.
- B22/123 The Board noted that the Funding and Accountability Framework consultation resulting from the Skills for Jobs White Paper was entering its second phase and there seemed to be a lack of understanding about the Community Learning funding stream and an attempt to narrow the fund which could negatively impact on the college by limiting the marketplace. Although it was understood that the direction of travel may change.
- B22/124 The Board noted a decision was expected on the ONS consultation between the end of October and the beginning of December.
- B22/125 It was noted that regular focused recruitment and financial data had been shared with the Board over the summer months and progress had been made with the review of the estate which included discussions with BMBC.
- B22/126 The Board noted that the WYMCA contract had been signed and the college had returned to being paid on profile from 1 August 2022. The review of Community Learning being conducted showed WYMCA had a good understanding of the provision and WY were working constructively to support the college.
- B22/127 It was noted that SYMCA were still considering the business case and it was expected this would be reviewed at the Education, Skills and Employment (ESE) Board on 26 October 2022 although the college had not included these funds within the financial plan so if clawback was reduced this would provide an improved financial position. There were no significant issues presented by the audit undertaken over the Summer.

The Board particularly explored:

- that workforce recruitment was challenging – noting that this had been the case in particular vocational areas
- that within non-accredited provision there was strong quality assurance and the college had developed appropriate pathways for both accredited and non-accredited provision;
- the relationship with SYMCA and WYMCA;
- the impact of continued change at ministerial level and the benefits of inviting in the Skills Minister to the college to showcase the positive work of the college;
- the need to emphasise the importance of outcomes particularly on employment.

Resolved: i That the report be noted.

PERFORMANCE (Document 2ii)

B22/128 The Board considered the **management accounts** for the 12-month period to 31st July 2022, including the college's final 2021/22 outturn, in particular noting:

- the outturn for the year was a deficit position although this had improved to £1,269k. The previous position had included a provision for up to £500k clawback of Community Learning;
- detailed work to attribute costs for Community Learning had been undertaken splitting costs across funders identifying a reduced potential clawback of £222k;
- inclusion of the FRS102 retirement cost benefit adjustment would result in the reported deficit in the governance statements showing £1,824k, although there would be some slight movement on the final position due to valuation work required in relation to recognising fixed assets on the balance sheet and finalisation of funding claims. The overall variance is expected to be around £10k-£15k;
- the main movements compared to the original budget set, acknowledging income within the year had been impacted by Covid-19 and a much slower than anticipated recovery of student numbers resulting in the full income projection of £1,875k;
- that by attributing Community Learning costs to funders (South Yorkshire, West Yorkshire and non-devolved areas) clawback was slightly higher than it would have been prior to devolution due to the higher numbers of students attending from West Yorkshire and this was raised at case conference with the ESFA;
- AEB had a £1,100k shortfall against the original budget and provision has been made for clawback;
- the college is still awaiting a contract for South Yorkshire for 2022/23 and for the variation for last year for sub-contracting, also noting due to delays at Chesterfield College subcontracted provision ended up lower than budget at £25k;
- the majority of costs were fixed, however savings had been made wherever possible;
- pay costs are £471k lower than original budget due to a number of vacancies, some of which were covered by external contractors or agencies and a reduction in sessional staff;
- non-pay expenditure had been continually scrutinised with additional costs being offset by vacant posts;
- the success of the subsidised bus service for students with the service being well utilised;
- the balance sheet showed net current assets of £1,436k and that the college's external auditors had recommended work be undertaken to recognise the value of college buildings in the accounts on a depreciated replacement cost basis. This accounting adjustment will add a potential circa £5m additional fixed assets to the balance sheet rolled back to 2015 (coinciding with the introduction of FRS102) although the figure has yet to be finalised;

The Board considered the College's cash position in detail, noting:

- B22/129
- the College had cash reserves of £3,121k at 31 July 2022;
 - some capital projects would be rolled forward to 2022/23;
 - the LGPS adjustment for FRS102 had been received for the financial adjustment at the year-end for pension provision, USS had increased from £374k deficit to £746k deficit whilst LGPS had reduced significantly from £5,253k deficit to £370k deficit which was attributed to the increased discount rates used and this significant movement had been seen across the sector, an updated valuation taking into

account current inflation may be required by external audit and a note added in the accounts;

- in terms of the performance ratios current ratio of 1.75 and 269 cash days are good. The financial health score would be good but due to the negative EBITDA this has been moderated to requires improvement;
- the cash projection low point is March 2023 due to the way funding is profiled and would be £1,043k or 78 cash days, an improvement on the original budget approved at the July Board;
- that a number of cash flow scenarios had been modelled in terms of risks around under delivery, increased inflation and increased pension costs with recruitment remaining a key risk;
- the College was able to manage the reduction in income in 2021/22 due to healthy reserves and that the cashflow forecast demonstrates the college is not under 'threat' this year but consideration was given to the medium to long term financial position;
- that the majority of costs for the college were fixed and the increase in residential students would have a minimal impact on cost in terms of catering and cleaning;
- the College had looked at a number of cashflow scenarios, the Curriculum Plan was set at £345k above the budget and the College was currently achieving the financial budget. Should recruitment fall below 50 percent that would result in a negative cash position, however, if the current trajectory continued it would provide a secure cash position;
- the need to monitor the cash low point this year but recognised the need to refresh the financial forecast scenarios and have a line of sight on cash flow over the next 2-3 years with a strong focus on the medium term;
- For 2022/23 the format of the management accounts is being further developed in line with best practice models shared by the FEC;
- considered the addition of fixed assets to the accounts having minimal impact on the college's financial operating position.

- B22/30 The Board considered the college's dashboard outturn 2021/22. The Board noted:
- the increase in students from WYMCA and the college was slightly behind on SYMCA participation;
 - the attendance, achievements and average class sizes which had been small particularly in terms 1 and 2;
 - the staffing data.
- B22/31 The Board considered the Conversion report and noted:
- the changes to the admissions process including entry requirements and assessment processes which have been strengthened;
 - stronger short course pathways;
 - how complex mental health needs of students impact on conversion;
 - low conversion did not reflect dissatisfaction;
 - detailed tracking processes in place to review application stages.
- B22/32 The Board explored the importance of conversion to support the future viability of the college and acknowledged that low conversion rates may be impacted by the type of fragile students that come to Northern College, however, conversion must remain priority.
- B22/33 The Board considered the colleges KPIs for 2022/23 and noted:

- the new KPIs were designed to hold each curriculum area to account by setting course level targets for each Curriculum Manager;
- that class sizes had been set as a stretch target from the current position but there was recognition this would need to be increased further moving forward;
- consideration of average class size based on the type of provision.

- B22/34 The Board considered an update on student recruitment to date for 2022/23, noting that:
- the college had enrolled 392 students on their first course at the college;
 - a new course information booklet had been developed;
 - the college had held a successful open event this week and seen new applications as a consequence;
 - a focus on long course recruitment had been successful;
 - for long courses the college had seen an increase in residential students indicating a demand for the provision and that the new model of students not residing full time on campus was proving successful and that whilst down on student numbers funding was over the target due to the number of residential students;
 - recruitment to the level 3 Management provision was disappointing but that the newly engaged Business Development Manager would be working to fill this new area of provision;
 - Pre-Access was already recruiting strongly;
 - an increase in the level 2 Digital with the potential to grow this provision;
 - a need to review Maths and English recruitment as this was still not recruiting;
 - short course AEB course recruitment was lower than anticipated.

- B22/35 The Board explored the low recruitment to Teacher Education HE provision and the strategy adopted to tackle this. A decision to run a level 3 alternative that could be a progression to a level 4 or HE provision was noted along with the uncertainty around Teacher Education provision for teaching adults. The Board noted the potential to promote the course through Doncaster chamber. The Board noted that student numbers were lower than in the plan and the impact this had on the financial position. The Board considered the potential for future growth.

- B22/36 The Board noted that if the curriculum plan was achieved in full then it would over achieve the budget by £345k and that the current position was that the budget had been met to date, although consideration needed to be given to the insecurity of the future of residential funding.

- Resolved:**
- I To prepare an updated 3 year rolling forecast with scenarios along with the October accounts**
 - ii Approve the KPIs for student data be amended to whole figures.**
 - iii That the reports be noted.**

FUTURE OPTIONS AND CONTINGENCY PLANNING (Document 3i)

- B22/37 The Board considered the college's risks and opportunities identified. The Board noted that some of the risks had been addressed already but others remained outstanding. It was noted that there may be a wider risk in the changes in government leadership and associated risks and the macro economic climate.

B22/38 The Board noted that the college had been working with BMBC to jointly develop a brief for the review of the Estate to identify opportunities for savings or income generation. The Board considered the report and the approval of jointly commissioning this work at a cost of up to £20k plus VAT to the College.

B22/39 The Board considered the financial oversight paper, the contingency framework presented and the external work on stress testing the college's financial position. The Board agreed that the framework was comprehensive and identified key considerations such as cashflow and income against the curriculum plan. The Board agreed that despite slow short course recruitment the current position aligned with column A of the framework.

B22/40 The Board considered:

- whether the framework asked the right questions;
- that central to the decision making should be whether the cashflow showed the college as a going concern;
- actions needed to be reviewed in the context;
- this provided a framework for this meeting but the position would need to be reviewed regularly;
- that the future of residential funding was still uncertain, there was assurance from SYMCA for residential funding for 23/24 but not from WYMCA or the DfE;
- the Board must be kept informed of anything that affects the viability of the college;
- the capacity of the Executive Leadership Team in supporting the necessary work to provide financial oversight.

The observer noted that due to the number of variables that could impact and result in the college's position moving towards column B, it would be helpful to begin to prepare a closure plan to address a concern from the DfE that the college goes into a rapid decline.

B22/41 The Board agreed:

- that in order to robustly carry out their responsibilities as directors of the company members should carefully monitor and evaluate the situation.

Resolved: i Include a specific risk related to government agenda on cost savings plans.

ii Approve the risks and opportunities document

iii Amend the Estates brief to reflect Governor representation and include a reference to the college's carbon footprint and sustainability.

iv Approve the joint commissioning of the Estates Options Review at a cost of up to £20k plus VAT to the College.

v Approve the recommendation to waive the requirement for a full tender process as set out in the college's Financial Regulations.

vi Review the thresholds in the Financial Regulations.

vii Approve the external review to undertake financial stress testing at a cost of up to £15k plus VAT to the college.

viii **Convene a further Board meeting in November to consider student recruitment with detailed financial forecast scenarios.**

ix **Prepare a high level draft closure plan.**

SUSTAINABILITY POLICY (Document 3ii)

B22/42 The Board considered the Sustainability Policy and renaming it to Environmental and Sustainability policy. It was noted the policy could be strengthened to include how the college's curriculum offer can offset the impact on the environment and further consideration should be given to use of use of PV solutions.

Resolved: i That the Policy be approved with the inclusion of the proposed amendments.

RISK REGISTER – KEY STRATEGIC RISKS (Document 4i)

B22/43 The Board considered the risk register recognising that the College's key strategic risks had been explored throughout the meeting.

B22/44 It was noted that:

- meeting recruitment targets were still a key risk;
- the outcome of the residential uplift and the wider review of AEB funding were still outstanding;
- verbal feedback from the SYMCA audit had been positive;
- the reduced pension deficit is positive however there is a potential for contributions to increase on completion of the actuarial valuation of the LGPS;
- staff retention was being monitored closely;
- a new residential funding model was being considered by West Midlands MCA.

B22/45 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 report be noted.

WORKFORCE REPORT (Document 4ii)

B22/46 The Board considered the annual report for the workforce employed at the College between 1 August 2021 and 31 July 2022 which provided an overview of key staffing information, composition of the workforce and where possible benchmarking data. The Board particularly explored:

- staff recruitment during the year and turnover figures;
- sickness absence.

Resolved: i That protected characteristic data be reflected as part of this report.

ii That the report be noted.

POLICIES FOR APPROVAL (Document 4iv)

B22/47 The Board considered and approved revised policies as recommended by the relevant committee(s).

Resolved: i That the subcontracting policy be approved.

FINANCIAL STATEMENTS 2021/22 – CORPORATE GOVERNANCE STATEMENT (Document 4iv)

B22/48 The Board positively noted the updated format of the financial statements and noted:

- the change in statement of regularity and compliance – this used to be jointly signed by the Chair and Accounting Officer;
- there is further work to complete before the college will be in a position to sign off the statements;
- related transactions were in a separate format.

Resolved: i That any feedback on the financial statements be provided to Clerk.

STUDENT COUNCIL 2022/23 (Document 4v)

B22/49 The Board considered the proposal to continue with arrangements to ensure appropriate student representation and to establish a Student Council for 22/23.

Resolved: i That the proposed arrangements be approved.

GOVERNANCE MATTERS (Document 5i)

B22/50 The Board considered a range of governance matters, including:

- the Remuneration Committee Annual Report to the Board;
- order of business for 2021/22;
- committee membership;
- future governance arrangements.

Resolved: i That the Remuneration Committee Annual Report to the Board 2021/22 be received and noted.

ii That the Remuneration Annual Statement for 2021/22 be approved for publication.
That the Order of Business for 2022/23 be approved.

REPORT FROM LEAD GOVERNOR – SAFEGUARDING

B22/51 The Board received a verbal update from the Lead Governor – Safeguarding which provided assurance regarding the College's safeguarding arrangements.

B22/52 In particular the Board noted:

- the college's whole organisational approach to IAG and the embedding of learning walks into the curriculum;
- the development of staff training and skills matrix.

Resolved: i That the update be noted.

MINUTES FROM COMMITTEES (Document 5iii)

- B22/53 The Board received and noted minutes from the following committees:
- Curriculum, Quality and Student Experience Committee – June 2022.

CONFIDENTIAL MINUTES AND MATTERS ARISING

- B22/54 The confidential minutes of the meeting held on 14 July 2022 were approved as an accurate record.

STAFFING MATTERS (Document 6iii)

- B22/55 A separate confidential minute was recorded.

DATES OF THE NEXT MEETINGS

- B22/ 15 December 2022 – 11.00am (development session 10.00 – 11.00am)
9 March 2023 – 11.00am (development session 10.00 – 11.00am)
20 July 2023 – 11.00am (development session 10.00 – 11.00am)