



## Northern College

### THE BOARD OF GOVERNORS

Minutes of the meeting of the Board of Governors held on **14 June 2023**.

**Present:** Mark Sanders (Chair), Emma Beal (Principal), Tim Thornton, Ann Corrigan, Seb Schmoller, Liz Stanley, Emma Norton, Bob Craig, Neil Copley and Colin Forrest.

**In attendance:** Sam Dixon (Womble Bond Dickinson), the Deputy Principal/Chief Finance Officer (Sue Saunders), the Assistant Principal - Student Experience (Diane Lawson), the Head of Human Resources (Elin Longley) and the Clerk to the Governors (Sarah Johnson).

**Observing:** Tina Wise (Department for Education).

**Apologies:** Neil James and Sue Horner.

### DECLARATIONS OF INTEREST

B23/104 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 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 Metropolitan Borough Council (BMBC) in relation to item no 4ii estates strategy. It was agreed that no decisions regarding the strategy would be taken at the meeting and it was not considered necessary for the member to withdraw.
- Emma Norton declared her role leading the development of the LSIP for South Yorkshire in relation to item no 3i accountability statement. It was agreed that no decisions to be taken at the meeting would be impacted and it was not considered necessary for the member to withdraw.

### MINUTES AND MATTERS ARISING

B23/105 The minutes of the meeting held on 23 May 2023 were approved as an accurate record.

B23/106 The Board reviewed the action tracker and agreed that appropriate progress had been made in all areas, and noted that a number of actions were on-going or not yet due.

## GOVERNANCE MATTERS

B23/107 The Board considered and approved two membership matters.

B23/108 The Board considered:

- a proposal to extend the current term of office of Liz Stanley and agreed that whilst this would take Liz's appointment beyond the usual two terms of eight years the current financial challenges, Liz's expertise and experience and key role as chair of the Audit Committee warranted the application of the exceptional circumstances option as outlined in the standing orders;
- the appointment of Ann Corrigan to the Audit Committee welcoming Ann's previous experience, including as the chief finance officer for a large trade union, and relevant professional qualifications and expertise.

- Resolved:**
- i That Liz Stanley's current term of office as a governor in the category of interest and experience be extended to 31 December 2023.**
  - ii That Ann Corrigan be appointed as a member of the Audit Committee.**

## PERFORMANCE TO DATE 2022/23 (Document 2i)

B23/109 The Board reviewed and evaluated the College's progress and performance since the last meeting. To inform this several sources of data were considered.

B23/110 The Board considered the **KPI dashboard 2022/23 to 8 June 2023** particularly noting that:

- the financial targets were reported against reforecast two;
- there were no significant changes since the last report;
- enrolments, attendance and income had all increased;
- best case achievement was at 93%;
- the current finance ratio was above target at 1.87 indicating that the College was performing strongly against a balance sheet solvency test;
- cash days were at 312 which was significantly above the 40-day target and indicated the College's strong position against a cash flow solvency test;
- staff absence remained above benchmark as previously reported;
- staff turnover was above target, but the College had been able to successfully appoint to vacancies.

B23/111 The Board explored the slight decrease in HE best case achievement noting that this related to a very small number of students, was in response to a policy change for one specific programme and was not an on-going concern.

B23/112 The Board considered the **student recruitment report for 2022/23 to 31 May 2023**, noting that:

- performance was reported against both reforecast two and reforecast three;
- overall performance remained behind reforecast two.

B23/113 The Board:

- agreed that despite further positive improvements the student recruitment position remained challenging;
- welcomed planned curriculum developments for 2023/24;
- agreed the position should continue to be closely monitored and factored into future strategic considerations.

B23/114 The Board considered and approved **reforecast three**, noting:

- key movements between reforecasts relating to income, pay and non-pay savings, a reduction in contingency due to the late stage of the financial year;
- the sensitivities applied which were in line with those used previously;
- mostly positive KPIs, with the exception of the underlying operating position;
- pay as a percentage of income which was above target and FEC benchmark at 71.2% due to reduced income.

B23/115 The Board explored:

- performance compared with 2021/22 agreeing that the predicted outturn position for 2022/23 was a significant improvement on the previous year;
- the likelihood of the College achieving its income assumptions, the robustness of reforecast three and the level of risk - agreeing that the current positive trend was encouraging, but there remained a level of risk;
- the pace of change possible in relation to curriculum development for 2023/24, agreeing that the College had repeatedly demonstrated its ability to work at pace but there remained a level of risk;
- current liabilities and the ability to pay creditors, noting that the majority related to later than anticipated clawback by South Yorkshire Mayoral Combined Authority (SYMCA).

B23/116 The Board considered the **management accounts to 31 May 2023** particularly exploring the forecast outturn position, EBITDA, key movements since the last report, net current assets and the balance sheet position. The Board particularly reviewed financial health indicators noting that:

- the financial health score remained at 200 points;
- the outturn ratio was expected to be at 2.83;
- year-end cash balances and cash days excluding capital grants at the end of July 2023 which would be £1,758k (147 cash days).

B23/117 To enable the Board to oversee the effective implementation of agreed quality improvement actions and identify any risk areas it reviewed progress against the College's **quality improvement plan**:

- noting that progress had been considered in detail by the Curriculum, Quality and Student Experience (CQSE) committee at its meeting in June 2023, that the QIP was a 'live' document with new improvement areas added as appropriate, that the rag rating for some areas had changed since the last review and that the plan had been updated to reflect the recent Ofsted report;
- particularly exploring the two areas rated amber;
- testing the systems and capacity for the College to identify and address any course issues early, noting that the short-term nature of some provision meant

that mitigating impact was challenging, and welcoming the support offered to a small number of adversely impacted counselling students;

- endorsing the CQSE committee conclusion that progress was sufficient, plans to address the areas rated amber were appropriate, and actions had been suitably updated in light of the recent Ofsted report.

B23/118 The Board agreed that:

- whilst an improved position had been reported it remained challenging;
- student recruitment continued to be the key risk;
- data provided assurance that the quality of provision remained strong, and this had been further endorsed by the Ofsted result;
- the current and forecast performance should continue to be carefully considered in relation to strategic actions and decisions going forward.

- Resolved:**
- i That the predicted improved financial outturn performance for 2022/23 compared to 2021/22 be welcomed.**
  - ii That a significant level of risk remained, and the position should continue to be closely monitored.**
  - iii That reforecast three be approved.**

#### **ACCOUNTABILITY STATEMENT (Document 3i)**

B23/119 The Board considered and approved the College's accountability statement, noting that:

- the draft had been reviewed by the Further Education Commissioner (FEC) and limited feedback had been provided;
- benchmarking against other providers had been undertaken;
- the setting of appropriate targets had been challenging in relation to the role of the MCAs and the College's adult only offer.

B23/120 The Board agreed that the positioning of the College as a residential provider should be further strengthened.

- Resolved:**
- i That subject to the amendment agreed the accountability statement be approved for final submission to the ESFA.**
  - ii That prior to submission of the accountability statement the positioning of the College as a residential provider be further strengthened.**

#### **STRATEGIC PLANNING (Document 4i)**

B23/121 To enable governors to set the strategy for the College for the next three years a draft strategic plan for 2023 - 2026 was considered, it was noted that:

- the version presented was a first draft which has been developed based on previous discussions with the Board and in line with the growth and diversification document shared with the MCAs;

- the draft would be further developed following the meeting with the intention that a final draft would be presented for approval at the Board meeting in July 2023;
- as the College had not been successful in securing transition funding the plan had been carefully reviewed to ensure it was achievable;
- the draft findings of the estates strategy work had been reflected and the plan was therefore based on the assumption that the College would continue to operate from the Wentworth Castle site;
- the intention was that this would be an organic document that would be central to support the management and governance of the College.

B23/123 The Board agreed that:

- the plan needed to better reflect the West Yorkshire perspective;
- the College's HE offer should be explicitly included;
- an appropriate summary document would be required to engage with stakeholders using accessible language and terminology;
- further comments should be provided to the Principal by 30 June 2023.

**Resolved: i That the draft strategic plan be further developed in line with discussions and further comments from governors, and an updated version be presented for approval at the meeting in July 2023.**

**ii That governors provide further comment/input on the draft strategic plan to the Principal by 30 June 2023.**

#### **ESTATE STRATEGY** (Document 4ii)

B23/124 To enable the Board to develop an appropriate estates strategy for the College it considered the draft report arising from the estates strategy review undertaken by FOCUS, noting that:

- the report required a final fact check by both the College and BMBC;
- whilst there were points of accuracy the College needed to update there were no fundamental strategic challenges the College wished to raise;
- as previously reported no financial quick wins had been identified;
- the key proposal was for the College to share the house with appropriate partner(s), though no assessment of the likelihood or financial impact of this had been undertaken;
- the College's capital grant allowed for some scope to make changes/improvements;
- planned development of a high needs offer was reflected in the report;
- proposals relating to disposal of the annexes and development of the site were included;
- in relation to Home Farm the view was that the College should continue to pursue its commercial approach and explore the future options with the National Trust.

B23/125 The Board:

- agreed that there were a number of options to be explored, some of which would require the securing of additional resources;

- agreed that there were options to explore with BMBC regarding reviewing current lease arrangements and the College should formally engage with BMBC to explore these;
- explored the status of the development of a high needs business case, noting that the College awaited input from BMBC;
- agreed that the report had not uncovered any new options not already identified by the College;
- agreed that collective consideration of which options should be pursued would be undertaken once the report was finalised.

**Resolved: i That the recommendations of the draft estates strategy review be noted.**

**ii That once the estates strategy review report is finalised the College and BMBC jointly consider next steps.**

### THREE-YEAR FINANCIAL PLAN (Document 4iii)

B23/126 To enable the Board to approve an appropriate and sustainable three-year financial plan it considered a draft, noting that:

- the plan was a first version designed to seek early input from the Board;
- a revised plan would be developed based on feedback which would be presented to the Board for approval at its meeting in July 2023, ready for submission to the ESFA by the 31 July 2023 deadline;
- EBITDA was a key metric to consider in relation to cash movement;
- the plan proposed a deficit budget for 2023/24 (£167k) / deficit EBITDA (£29K), moving to a positive surplus in years two and three;
- assumptions included confirmed allocations from the MCAs, a curriculum plan which was slightly higher than budget, less reliance on residential income, pay awards of 2.25% in line with other providers, no restructuring costs, 5% inflation;
- the plan only included secured income so there were therefore substantial opportunities to pursue additional income;
- £200k expenditure had been included for capital, in addition to the DfE capital grant;
- no income had been factored in regarding any of the proposals from the estates strategy review;
- no income or expenditure had been factored in relating to 16-24 LLDD provision;
- the scenarios had been rolled forward and would be further developed to reflect key areas of risk.

B23/127 The Board:

- considered the level of risk and ambition in the plan presented;
- explored the impact on cash in a range of scenarios;
- considered the level of capital expenditure in addition to the DfE capital grant;
- considered how scenario testing should best be addressed;
- explored the ability of the College to achieve the rate of recovery planned for in year one;

- explored how the under-lying curriculum plan would support the achievement of the plan.

- B23/128 The Board agreed:
- that whilst the College's level of reserves had diminished a slower rate of recovery in year one would be more prudent if feasible;
  - that the executive team had been more prudent than previously in relation to including only formally secured income;
  - the Board needed to understand in more detail how the curriculum plan created the increased income and reduced risk in 2023/24 and 2024/25;
  - that scenarios should start with current performance as a baseline and then assumptions needed to achieve the plan;
  - that stronger worst-case scenarios should be included.

- B23/129 Overall, the Board agreed that whilst it remained cautious regarding the College's ability to achieve the numbers required, particularly in a position of reducing headroom, it also noted the level of prudence in the plan and the current positive trajectory of recovery.

- Resolved:**
- i That the three-year financial plan be further developed taking into account comments by the Board and a revised draft be presented for consideration at the meeting of the Board in July 2023.**
  - ii That the curriculum plan for 2023/24 be presented for consideration at the meeting in July 2023 to support governors in understanding how it will support the achievement of the three-year financial plan.**

#### **RISK MANAGEMENT AND ASSURANCE - KEY STRATEGIC RISKS** (Document 4iv)

- B23/130 The Board considered the strategic risk register:
- recognising that the College's key strategic risks had been explored throughout the meeting;
  - particularly considering the changes since the last review;
  - noting that each committee had reviewed the risks allocated to it for oversight;
  - agreeing that the key risks remained student recruitment, along with the future of residential funding beyond 2023/24.
- B23/131 The Board considered whether any new risks had been identified during the meeting and concluded that no new risks should be proposed for addition.
- B23/132 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 and taken into consideration as part of strategic and contingency planning.**

**FUTURE SUSTAINABILITY (Document 4v)**

B23/133 A separate confidential minute was recorded.

**CONTINGENCY PLANNING (Document 4vi)**

B23/134 A separate confidential minute was recorded.

**CONFIDENTIAL MINUTES AND MATTERS ARISING**

B23/135 The confidential minutes of the meetings held on 23 May 2023 were approved as an accurate record.

B23/136 The Board reviewed the action tracker and agreed that appropriate progress had been made in all areas.

**DATES OF THE NEXT MEETINGS**

B23/137 20 July 2023 - 11.00am  
27 September 2023 - 11.00am (development session 10.00 - 11.00am)  
25 October 2023 - 1.00pm  
29 November 2023 - 1.00pm  
20 December 2023 - 11.00am (development session 10.00 - 11.00am)  
31 January 2024 - 1.00pm  
28 February 2024 - 1.00pm  
20 March 2024 - 1.00pm  
24 April 2024 - 11.00am (development session 10.00 - 11.00am)  
22 May 2024 - 1.00pm  
28 June 2024 - 1.00pm  
17 July 2024 - 11.00am (development session 10.00 - 11.00am)