



## Northern College

### THE BOARD OF GOVERNORS

Minutes of the meeting of the Board of Governors held on **20 July 2023**.

**Present:** Mark Sanders (Chair), Emma Beal (Principal), Ann Corrigan, Seb Schmoller, Liz Stanley, Neil James, Sue Horner, Bob Craig and Colin Forrest.

**In attendance:** 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:** Paul Johnson (Department for Education).

**Apologies:** Neil Copley and Tim Thornton.

### DECLARATIONS OF INTEREST

- B23/138 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.

### MINUTES AND MATTERS ARISING

- B23/139 The minutes of the meeting held on 14 June 2023 were approved as an accurate record.
- B23/140 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.

### POLICY AND CONTEXT UPDATE (Document 2i)

- B23/141 The Board received an update setting out key developments in the context in which the College was operating, including:
- the Association of Colleges (AoC) Opportunity England report;
  - the Labour Party Opportunities Mission;
  - the Pathways to Work Commission;
  - West and South Yorkshire Mayoral Combined Authorities impact review;
  - Community Learning in West Yorkshire;
  - Further Education Commissioner (FEC) intervention letter June 2023;
  - recent announcement of additional funding for colleges.

- B23/142 The Board particularly explored:
- the implications of the recent announcement of additional funding for colleges in response to the recent pay agreement, noting that the College had not qualified as the funds would be distributed through 16-19 funding. The Board agreed this was very disappointing and supported the proposals to raise the College's concerns, and agreed that this posed a real risk to the College in relation to the impact on staff which should be reflected in the risk register;
  - the West and South Yorkshire Mayoral Combined Authorities impact review agreeing that the scope of the review remained unclear in relation to its implications for a future funding methodology for residential provision, but supported the College in fully engaging with the review. The Board agreed that continued uncertainty regarding the future funding methodology for residential provision could again impact on the audit of the College's financial statements for 2022/23 and this was a serious concern, and encouraged the work being undertaken to ensure that funders and stakeholders were alert to the potential implications for the College;
  - FEC intervention letter - the Board welcomed the positive tone which reflected the progress made by the College and their support in seeking to resolve the uncertainty regarding future funding for residential provision;
  - the Pathways to Work commission welcoming the potential opportunities this presented;
  - the West Yorkshire review of community learning, noting the implications of changes for the College.

B23/143 The Board agreed that whilst there remained continuing and new challenges, there were a range of positive developments which presented opportunities for the College.

**Resolved: i That the staffing risk arising from additional funding in 16 -19 sector be reflected in the risk register.**

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

B23/144 The Board reviewed and evaluated the College's progress and performance since the last meeting. To inform this several sources of data were considered.

- B23/145 The Board considered the **KPI dashboard 2022/23 to 6 July 2023** and the **student recruitment report for 2022/23 to 30 June 2023** particularly noting that:
- reporting was against the targets in reforecast three;
  - there had been a good uptake on student recruitment in June, however AEB remained lower than hoped for at this stage;
  - community learning was behind target, but this was in line with the regional position overall;
  - conversion remained similar to the previous month;
  - retention remained strong;
  - best case achievement was slightly down from last month, but remained strong at 92%;
  - there had been a strong increase in income since the last report;

- current ratio was strong at 2.28, the performance was positively impacted by the capital grant, but the underlying position was shown in the management accounts;
- cash days remained strong at 290 days;
- staff turnover was reasonably high, but the College continued to effectively recruit to vacant and new posts;
- to date student recruitment in July was performing relatively strongly.

B23/146 The Board particularly explored:

- functional skills initial assessment changes and the potential positive impact on success rates;
- the likely reasons behind the lower than expected community learning enrolments in the region, agreeing there were no particular issues but it was probably a reflection of the overall economy and was likely to be a national issue;
- the improving student recruitment position and the likely financial impact at year end.

B23/147 The Board agreed that the overall position continued to improve.

**Resolved: i That the improving position be welcomed, but close and careful regular monitoring be maintained.**

#### **DRAFT STRATEGIC PLAN (Document 3i)**

B23/148 To enable governors to set the strategy for the College for the next three years an updated draft strategic plan for 2023 - 2026 was considered, it was noted that:

- the draft presented had been updated following discussion of the first draft at the Board meeting in June 2023, and further informed by 1:1 discussions with a number of governors and consultation with the College's leadership team;
- it was just a mock-up at this stage and would be further designed, with a shorter summary document produced for use with stakeholders;
- a supporting estates strategy would be developed following the final completion of the FOCUS estates strategy review;
- it was envisaged that a methodology to enable the Board to monitor progress against the strategy at each of its core Board meetings would be presented for consideration at the meeting in September 2023.

B23/149 The Board:

- welcomed the strategy and supported the intention that it would be a live document to be updated as developments continued;
- suggested some minor phrasing and wording amends;
- reflected that partnership would be crucial to its delivery and explored how other parts of the ecosystem would likely support the College's delivery;
- welcomed proposals regarding regular monitoring at the Board and links to key performance indicators and the risk register;
- agreed it represented a good roadmap for the College;
- welcomed the proposal to hold an appropriate launch event.

- Resolved:**
- i That the strategy 2023-2026 be approved, with discretion for the Principal to fine tune the wording as appropriate.**
  - ii That a supporting estates strategy be presented for consideration at the meeting of the Board in September 2023.**
  - iii That a monitoring framework with links to the College's key performance indicators and risk register be presented for consideration at the meeting of the Board in September 2023.**

**CURRICULUM PLAN (Document 3ii) and DRAFT THREE-YEAR FINANCIAL PLAN (Document 3iii)**

- B23/150 The Board considered the curriculum plan and draft three-year financial plan together recognising that they were inextricably linked, and noting that:
- the plans had been developed to achieve a balance between financial sustainability and reasonable, achievable and realistic targets;
  - a range of amends had been made in line with the discussion of the first draft by the Board at its meeting in June 2023, including a reduction in income targets and corresponding savings, and a reduction in capital spend from £200k per year for 2023/24 and 2024/25 to £150k;
  - the overall net impact was an increase in the deficit position of £101k to £268k deficit and a net impact on EBITDA of £111k deficit to £140k deficit.
- B23/151 The Board:
- welcomed the plan and the adjustments made, and agreed that it was thorough, very clear and had been carefully developed;
  - agreed that the more conservative approach should ensure fewer reforecasts would be required in-year;
  - agreed that the narrative should clearly state that the 2023/24 plan projected a substantially smaller deficit than the previous year;
  - clarified the nature of the 10% funding uplift, noting that this was being applied differently by all three of the College's funders;
  - tested some of the assumptions, including the confidence for growth in particular course areas;
  - welcomed the scope for development and growth included in the curriculum plan;
  - explored the range of scenarios modelled and agreed that they were appropriate and reflected the range of risks associated with the plan;
  - noted that both the financial and curriculum plan had been developed on the basis of the continuation of the current residential funding model, and agreed that a reflection of this should be included in the scenario modelling.
- B23/152 The Board agreed that the plan represented a mature approach to the College's turnaround, was based on robust assumptions and concrete opportunities, and whilst a level of risk remained it demonstrated that a sustainable future for the College was deliverable, subject to the resolution of residential funding for 2024/25

and beyond, and the interests of the College, its creditors and stakeholders continued to be aligned in pursuing that sustainable future.

- Resolved:**
- i That with the minor additions to the narrative agreed the financial plan be approved.**
  - ii That the financial plan demonstrated that a sustainable future for the College was deliverable and the interests of the College, its creditors and stakeholders continued to be aligned in pursuing that sustainable future.**

### **RISK MANAGEMENT AND ASSURANCE - KEY STRATEGIC RISKS (Document 3iv)**

- B23/153 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;
  - noted the addition of a risk related to the impact of additional funding in the 16-19 sector agreed earlier in the meeting;
  - reflected on whether the impact of changes to the residential funding model had been appropriately represented;
  - agreed that the appointment of the interim Director of Curriculum and Quality had further built on the capacity of the College and agreed that the positive impact of this should be reflected in the register;
  - agreed that the positive impact of support from NLG and FEC should be appropriately reflected.

- B23/154 The Board agreed that with the inclusion of the changes above 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 register be updated accordingly.**
  - ii That with the inclusion of the amendments/additions agreed the risk register was an accurate reflection of the risks faced by the College and the mitigating actions and controls were appropriate.**

### **FINANCIAL STATEMENTS AUDIT PLAN 2022/23 (Document 4i)**

- B23/155 In order to meet its responsibilities in relation to the audit of the College's financial statements for 2022/23 the Board:
- reviewed the proposed audit plan and schedule from RSM which was presented by the Audit Committee;
  - reviewed the proposed fees for 2022/23, including a detailed breakdown of the increase on the previous year;
  - considered the RSM emerging issues document which set out a number of key related matters including the implications of the reclassification of

colleges to the public sector, amendments to the college accounts direction for 2022/23 and amendments to the Post 16 Audit Code of Practice.

B23/156 The Board:

- concluded that the audit plan and schedule were appropriate, and the key risks had been identified;
- noted the fee and agreed that it expected the cost quoted to have taken account of the likely position of the College in relation to going concern based on RSMs clear understanding of the College's position and the work required in 2021/22;
- agreed that achieving clarity regarding the residential funding model for 2024/25 and beyond would be critical in relation to the going concern assessment;
- noted the emerging issues, implications for the College and actions being taken to ensure compliance with the requirements of Managing Public Money.

- Resolved:**
- i That the plan and schedule for the audit of the College's financial statements for 2022/23 by RSM be approved.**
  - ii That the proposed fee the audit of the College's financial statements for 2022/23 by RSM be approved.**
  - iii That the final fee for the audit of the 2021/22 financial statements be ratified.**
  - iv That RSMs emerging issues document and the actions being taken to ensure the College complies with the requirements arising be noted.**

#### **POLICIES FOR APPROVAL (Document 4ii)**

B23/157 The Board considered and approved a range of policies, noting that a number of the changes had been made to reflect the requirements arising from the reclassification of colleges to the public sector and to ensure compliance with Managing Public Money guidance.

B23/158 The Board noted and supported the proposed further amendments to the procurement policy recommended by the Audit Committee.

- Resolved:**
- i That the Whistleblowing, Anti-bribery, Additional Learning Support, Admissions, Residential Admissions, Student Disciplinary, Capability, Fees, Financial Support, Financial Regulations, Redundancy and Treasury Management policies be approved.**

#### **REPORT FROM LEAD GOVERNOR - SAFEGUARDING**

B23/159 The Board received a verbal report from the Lead Governor - Safeguarding which provided an update regarding safeguarding and prevent arrangements, responsibilities and activity at the College. The Board particularly noted that:

- communications with the designated safeguarding lead remained regular and high quality;

- Safeguarding and Prevent continued to be carefully overseen by the Curriculum, Quality and Student Experience Committee;
- there had been a significant, and positive, increase in Safeguarding referrals since the last report, and that they had been reviewed with the Lead Governor – Safeguarding and were appropriate and actioned effectively in-line with legislation and guidance;
- the College’s recent Ofsted report had provided a strong validation of Safeguarding arrangements;
- a point raised in the report regarding Prevent related to the local risks of one student who lived in Scarborough and was not considered to be a systemic issue;
- the College continued to further develop its strong agenda regarding mental health with co-produced resources;
- appropriate links and partnerships were being maintained and strengthened;
- the College was further strengthening its support for care leavers;
- appropriate updating of Smooth Wall had been undertaken.

B23/160 The Board agreed that the update provided them with strong assurance that the College’s Safeguarding and Prevent arrangements remained appropriate and effective.

**Resolved: i That the College’s Safeguarding and Prevent arrangements remained appropriate and effective.**

#### **VARIATION FROM FINANCIAL REGULATIONS (Document 4iv)**

B23/161 To ensure compliance with requirements as set out in the financial regulations regarding approval of expenditure in excess of £50K the Board considered a request to depart from the provisions of the financial regulations in line with para 2.6. It was noted that exceptional circumstances of this kind would normally be considered by the Policy and Finance Committee and the Board was undertaking this role in lieu of the committee.

B23/162 The Board considered the details of the request and agreed that:

- the circumstances described merited the application of the exceptional circumstances clause as set out in the financial regulations para 2.6 (In exceptional circumstances, the Policy and Finance Committee may authorise a departure from the detailed provisions herein, such departure to be reported to the Board of Governors at the earliest opportunity);
- the College was achieving value for money in this procurement.

**Resolved: i That departure from the provisions of the financial regulations in line with para 2.6. in relation to the replacement of lighting be approved.**

#### **DEBTOR WRITE OFFS ANNUAL REPORT 2022/23 (Document 4v)**

B23/163 To ensure compliance with the financial regulations relating to the writing off of debts the Board considered the Debtor Write Offs Annual Report for 2022/23. It was noted that this function was usually performed by the Policy and Finance Committee and was being undertaken by the Board in lieu of the committee.



**Resolved: i That the College's approach to writing off debts was appropriate, in-line with regulations and met the requirements of the Managing Public Money guidance.**

### GOVERNANCE MATTERS

B23/164 The Board noted:

- the resignation of Emma Norton with effect from 15 June 2023;
- plans for the appointment of new governors;
- the change in date for the Audit Committee which had been delayed until 4 December 2023 to allow for additional time to complete the financial statements audit.

**Resolved: i That governance arrangements reported were appropriate.**

### CONFIDENTIAL MINUTES AND MATTERS ARISING

B23/165 The confidential minutes of the meeting held on 14 June 2023 were approved as an accurate record.

B23/166 The Board reviewed the action tracker and agreed that appropriate progress had been made in all areas.

### CONFIDENTIAL MINUTES FROM COMMITTEES (Document 5iii)

B23/167 The confidential minutes from the following committees were received and noted:

- Remuneration - 8 March 2023.

### CONTINGENCY PLANNING

B23/168 A separate confidential minute was recorded.

### DATES OF THE NEXT MEETINGS

B23/169

- 27 September 2023 - 1.00pm
- 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)