



Northern College

THE BOARD OF GOVERNORS

Minutes of the meeting of the Board of Governors held on **29 November 2023**.

Present: Mark Sanders (Chair), Emma Beal (Principal) (up to and including Min B23/250), Tim Thornton, Seb Schmoller, Liz Stanley, Neil James (up to and including Min B23/250), Sue Horner (from Min B23/226 onwards), Bob Craig, Ann Corrigan and Colin Forrest.

In attendance: The Deputy Principal/Chief Finance Officer (Sue Saunders) (up to and including Min B23/250), the Assistant Principal – Student Experience (Diane Lawson) (up to and including Min B23/250), the Head of Human Resources (Elin Longley) and the Clerk to the Governors (Sarah Johnson).

Observing: Mike Firth (Department for Education).

Apologies: Neil Copley

DECLARATIONS OF INTEREST

- B23/212 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.

MINUTES AND MATTERS ARISING

- B23/213 The minutes of the meeting held on 27 September 2023 were approved as an accurate record.
- B23/214 The Board reviewed the action tracker and agreed that the planned progress had been made.

GOVERNANCE MATTERS (Document 1V)

- B23/215 The Board considered and approved the appointment of Eve Bell as student governor. It was noted that the appropriate formal procedure as agreed by the Board for the appointment of a student governor had been undertaken.
- B23/216 The Board considered the appointment of Matt Stephens as a governor in the category of interest and experience, agreeing that his expertise in relation to

property and regeneration development and his local/regional connections, particularly in his roles as President of Barnsley and Rotherham Chamber of Commerce, member of the Barnsley 2030 group and the Barnsley Inclusive Economy board, would appropriately add to the skills and expertise of the Board and was in line with the College's strategic objectives. The Board also approved the appointment of Matt as a member of the Audit Committee.

- B23/217 The Board considered the appointment of Ray Low as a governor in the category of interest and experience, agreeing that his experience in business transformation, and expertise in finance, strategy and technology would appropriately add to the skills and expertise of the Board and was in line with the College's strategic objectives. The Board noted that a recommendation regarding appointment of Ray to a committee would be presented in due course.
- B23/218 The Board agreed that whilst the appointment process followed for these new members was appropriate on this occasion, the normal full appointment procedures as agreed by the Board should be maintained as usual for all future appointments.
- B23/219 The Board formally appointed Ann Corrigan as chair of the Audit Committee from 1 January 2024 noting that Ann is a very experienced audit committee member, and brings extensive relevant previous experience, including as the chief finance officer for a large trade union, along with relevant professional qualifications and expertise.
- B23/220 The Board noted the provider engaged and arrangements in place for the external review of governance, which would commence with observation of the Board meeting in December 2023.

- Resolved:**
- i That Eve Bell be appointed as the student governor from 29 November 2023 to 31 May 2024.**
 - ii That Matt Stephens be appointed as a governor in the category of 'interest and experience' for a four-year term of office from 29 November 2023 to 28 November 2027.**
 - iii That Matt Stephens be appointed as a member of the Audit Committee.**
 - iv That Ray Low be appointed as a governor in the category of 'interest and experience' for a four-year term of office from 29 November 2023 to 28 November 2027.**
 - v That Ann Corrigan be appointed as chair of the Audit Committee from the 1 January 2024.**
- That the arrangements relating to the external review of governance be noted.**

POLICY AND CONTEXT UPDATE (Document 2i)

- B23/221 The Board received an update setting out key developments in the context in which the College was operating, including:

- formal notification of the change to the DfE funding model for residential, particularly noting the correspondence and discussions with the Minister and the College's MP;
- developments regarding the confirmation of a regional funding model for residential;
- the acceptance and payment of the staff pay award;
- Local Skills Improvement Fund (LSIF) grants;
- The awarding of a Rural Business grant.

B23/222 The Board welcomed the positive developments relating to the LSIF grant, the securing of the Rural Business grant and the implementation of the agreed pay award to staff.

B23/223 The Board explored the details relating to the new DfE funding model for residential, noting:

- that the College was working with the DfE to ascertain the details of the new formula and understand the impact for the College;
- the involvement of the Minister and the College's MP;
- that whilst the letter from Minister Halfon was positive in its support for residential adult education, the College still had work to do in ensuring policy makers understood the full breadth of impact of residential;
- the requirements for the Board in the letter from the DfE regarding the reasonable/justifiable residential access funding rates based on relevant and appropriate costs within the College's accounts/budget and that the Board must approve the agreed rates each year, noting that this requirement would be built into the Board's cycle of governance business.

B23/224 The Board particularly explored the details relating to the regional funding model for residential noting that confirmation of funding for 2024/25 had been received from South Yorkshire Mayoral Combined Authority (SYMCA) and was anticipated shortly from West Yorkshire Combined Authority (WYCA). The Board considered:

- the conditions included in the letter from SYMCA;
- the status and timeline for receipt of a letter from WYCA;
- the impact on the signing of the College's financial statements for 2022/23.

B23/225 The Board particularly welcomed the emerging clarity regarding residential funding going forward both nationally and regionally, and the inclusion of SYMCA and WYCA in case conference meetings.

Resolved: i That no amendment to the College's strategic plan was required as a result of any of the developments reported.

ii That the requirement for the Board to approve the residential access funding rates annually be included in the Board's cycle of governance business.

PERFORMANCE TO DATE 2023/24 (Document 2ii)

B23/226 The Board considered a progress report against the College's **key performance indicators** for 2023/24, particularly noting that:

- the presentation of data relating to enrolments had been updated in response to feedback from the Board;
- AEB enrolments were above target in cash terms;
- community learning recruitment had seen a strong start but further work was required to ensure value for money was achieved;
- the Free Courses for Jobs (FCFJ) targets had been exceeded and the College was exploring additional funding opportunities;
- conversion rates had seen a significant improvement on the previous year;
- attendance was slightly below target at 88%;
- achievement data was very early in the year but currently tracking at 97% best case;
- staff turnover was lower than the previous year;
- mandatory training was below target but had been addressed as part of the recent round of mid-year appraisals;
- class size was at target to date, but that the College was seeking to continue to considerably improve this further to ensure efficiency.

B23/227 The Board particularly explored the actions and lessons learned that had led to the improved conversion rate and how this could be further capitalised upon, noting that the approach be further explored at CQSE in December 2023.

B23/228 The Board considered an update on **student recruitment to date for 2023/24**, noting that:

- the data was presented broken down by devolved areas and funding stream;
- as previously reported HE was significantly below target and the College was working on a strategy to address this position;
- overall the College was £50k above target (excluding HE);
- the data represented a substantial improvement on the previous year at this point;
- there remained substantial work to do to ensure the College achieved its targets in full for 2023/24.

B23/229 The Board considered **management accounts to 30 September 2023**, noting that:

- the forecast outturn was £48k worse than budget at £316k deficit, but that this position has been recouped in October;
- year to date EBITDA was at £122k better than budget with a £360k deficit at 30 September 2023 compared to year to date budget of £482k deficit;
- opening cash balance was £372k higher than original budget due to improved 2022/23 position and timings of capital payments/pension strain costs not yet invoiced plus the pending pay award was not settled;
- full year financial health forecast was for 200 points which was Good but would be moderated to Requires Improvement due to negative EBITDA.

B23/230 The Board explored;

- the variances reported;
- the cash flow forecast, and particularly the cash low point;
- the risks and scenarios presented, noting that these would be revised in the October management accounts to reflect changes in inflation, the position regarding the pay award, recruitment levels;

- community learning income and value for money;
- the likely impact of anticipated reductions in pension contributions.

B23/231 Overall, the Board welcomed the improving position reported, but agreed that a continued focus on effective student recruitment remained critical.

Resolved: i That the improving position reported be welcomed but a continued focus on effective student recruitment remained critical.

GOING CONCERN ASSESSMENT 2022/23

B23/232 The Board considered its going concern assessment in light of the information available and the financial position reported, the Board particularly took into consideration:

- progress against its 2023/24 financial plan and the significantly improved position on 2022/23 and 2021/22, including operating position, EBITDA, net assets and cash flow;
- the risks and scenarios as outlined in the management accounts and financial plan;
- the position regarding future residential funding, both nationally and regionally, particularly that all three funders (SYMCA, WYCA and DfE), had agreed that the residential uplift would continue to be paid at the current rate for the duration of the 2023/24 academic year and had confirmed a revised model for 2024/25 including a commitment that the College will not be financially disadvantaged through changes to the funding regime in both 2023/24 and 2024/25 (albeit that the written confirmation from WYCA was awaited);
- the external assurance regarding the College's financial planning received in the independent financial review conducted during 2022/23;
- the latest student recruitment reports;
- the current rate of inflation which had reduced significantly - CPI for October was 4.6%;
- that the pay award proposed for 2023/24 had been accepted;
- the market rate for utilities which had reduced, with the College securing a 36% reduction in electricity rates from October 2023 and reducing market rates for gas.

B23/233 Based on its assessment the Board agreed that:

- the financial position for 2023/24, whilst still a deficit position, had significantly improved from a deficit of £1,187k in 2022/23 to £663k deficit in 2023/24 (excluding pension adjustments) and the College was demonstrating a good rate of improvement;
- the 3-year budget was set to continue on its recovery plan with a deficit of £268k planned for 2023/24 and breakeven by 2024/25;
- the student recruitment position continued to improve, but remained somewhat challenging;
- whilst there was uncertainty around the funding model from August 2025, the current agreement provided some certainty in terms of funding levels for the next 12-month period;

- whilst it was satisfied that there was sufficient headroom within the cash flow projections to ensure the College had adequate resources to continue in operational existence for a period of at least 12 months, the Board needed to review the revised scenarios in the management accounts and have the WYCA residential funding model for 2024/25 confirmed in writing to enable it to finally confirm its going concern assessment prior to approving the financial statements;
- until the residential funding for 2024/25 and beyond was completely clarified material uncertainty would remain.

B23/234 The Board therefore concluded that in light of the reports considered, and subject to a review of updated scenarios in the October management accounts and confirmation in writing of the residential funding model from WYCA, whilst there was evidence that some material uncertainty existed, there was a reasonable expectation that the Corporation had adequate resources to continue in operational existence for the foreseeable future and for this reason continued to adopt a going concern basis in preparation of its financial statements.

B23/235 The Board considered the timescale for the audit and signing of the financial statements for 2022/23 and agreed that whilst it hoped that the funding letter from WYCA would be received in a timeframe that would enable it to approve and sign the financial statements at its meeting on 20 December 2023, it would be prudent to request an extension from the ESFA for filing now, so that it was in place should it be required.

- Resolved:**
- i That subject to a review of updated scenarios in the October management accounts and confirmation in writing of the residential funding model from WYCA the Corporation continue to adopt a going concern basis with material uncertainty in preparation of its financial statements.**
 - ii That a financial statement filing extension be requested from the ESFA.**

FEC STOCK TAKE OUTCOME

B23/236 The Board reviewed the outcome of the Further Education Commissioner (FEC) stock take visit which had been undertaken on 22 November 2023. The Board noted that:

- the FEC had recognised the progress that the College had made on a number of fronts since the last stocktake, and that there were some important green shoots;
- that they were assured that the board and senior leaders had a clear understanding of the continuing challenges facing the College and remained focussed on securing recovery whilst monitoring key areas of risk;
- no new recommendations had been made as part of the stocktake;
- in the months ahead the FEC would review progress through the regular case meetings with the place-based team and (from December) both MCAs.

B23/237 The Board welcomed the outcome and the focus now being placed on recovery and reviewing progress in conjunction with the combined authorities.

Resolved: i That the positive outcome of the FEC stock take visit in November 2023 be welcomed.

STRATEGY AND PLANNING (Document 3i)

B23/238 The Board reviewed progress to date against the **Strategy Delivery Plan for 2023/24**, and:

- agreed with the evaluation of performance against strategic priority one - be sustainable - as amber, and noted that:
 - There had been strong early progress in this area to establish the key features of the curriculum and target markets;
 - There had been significant change in the curriculum management and delivery expertise and early indications were that this was embedding well.
 - There was a greater clarity on the position and potential of the estate, but further exploration was required in order to move the area forward and the reliance on the continued development of partnerships.
 - There had been a strong focus on energy saving and efficiency which was having a positive impact.
 - It was critical that the College mobilised funds available to it in a timely manner to sustain the impact.
- agreed with the evaluation of performance against strategic priority two - elevate our profile - as green, and noted that:
 - There had been strong focus on shouting loudly about the impact of the College.
 - Further nuance in the messaging to ensure residential was understood by all was now required.
 - Partnerships were developing well and were being used to drive forward the College strategy.
 - It would now be critical for the College to be able to mobilise swiftly to fulfil opportunities.
 - There had been high levels of staff turnover and therefore the use of change management principles would be key to the College's success in the coming period.
 - Fostering an open dialogue across the organisation would ensure effective navigation of this change.
- agreed with the evaluation of performance against strategic priority three - high quality - as amber, and noted that:
 - The College was clear about the need to develop its digital infrastructure in order to compete and had positioned itself positively to develop this area within the life of the strategy.
 - A clear Digital Strategy to accompany the College Strategic Plan was required in order to galvanise progress.
 - The concept of the incorporation of the outdoors was growing internally but as yet remained underdeveloped.

B23/239 The Board particularly explored:

- the implementation of the capital programme;
- development of the College's commercial business development strategy;

- why the College had not received a copy of the residential education impact strategy undertaken by WYCA and SYMCA, encouraging the College to robustly pursue this.

B23/240 The Board considered and approved the proposed **Single Recovery Plan**, noting that:

- development of the plan had been driven by the DfE, but was strongly welcomed by the College;
- the plan addressed areas of improvement that governors and senior leaders of the college, the Territorial Team and FEC had identified as being critical to reducing the risk of organisational failure and addressing the issues that had invoked intervention.
- the plan, whilst owned by the College, was supported through a collaboration between the College, the Territorial Team, and the Further Education Commissioner.
- the targets within had been agreed between all parties as a comprehensive set of time-limited actions and measurable outcomes that would tackle the areas for improvement associated with the College's intervention status as detailed in FEC Intervention Report;
- the plan would form a key element of the College's case conference meetings moving forward.

B23/241 The Board:

- welcomed the plan as a strong road map to the end of FEC intervention and the target completion date of financial year 2025;
- welcomed the structure this would provide to case conference meetings;
- agreed to monitor progress against the plan at every meeting of the Board of Governors.

- Resolved:**
- i That progress against the Strategy Delivery Plan for 2023/24 was satisfactory, and areas for further action were appropriate.**
 - ii That the Single Recovery Plan be approved and welcomed.**
 - iii That the Board monitor progress against the Single Recovery Plan at every meeting.**
 - iv That the College robustly pursue receipt of the impact of residential education at the College report conducted by the combined authorities.**

DFE CAPITAL FUNDING (Document 3ii)

B23/242 The Board considered legal advice to ensure that decisions regarding the spending of capital grants were made with appropriate advice and were in the best interests of both the College and its creditors.

- Resolved:**
- i That having considered the legal advice capital funds continue to be held as previously detailed.**

- ii **That the Board confirm approval for Executive Leadership to begin to spend the capital grant in line with the capital programme which had been previously agreed.**
- iii **That a progress update regarding the capital programme be provided as part of regular financial reporting to the Board, and approval for expenditure be sought in line with the College's financial regulations.**

HIGH NEEDS DEVELOPMENT UPDATE (Document 3iii)

B23/243 The Board considered an update on exploration to date regarding the development of a high needs offer for 16-24 years olds at the College, along with background information to aid decision making regarding next steps.

B23/244 The Board particularly explored:

- progress to date with regards to the implementation plan;
- a three-year financial assessment of the proposed programme;
- next steps;
- an update regarding the timeline for approval by BMBC.

B23/245 The Board agreed that:

- the development remained an appropriate one for the College and further work should be undertaken to establish a high needs offer for 16-24 year olds at the College as proposed;
- however the extended timeframe for approval from BMBC now indicated that the risks related to aiming for a September 2024 start were too great, and the College should aim for a September 2025 start to ensure that the offer and implementation timetable were high quality;
- as the programme had not been built into the College's three-year financial plan or 2023/24 budget this approach did not pose any significant financial risks.

Resolved: i That the Board approve the continued development of a high needs offer for 16-24 years olds in preparation for a September 2025 start subject to final approval from Barnsley Metropolitan Borough Council (BMBC).

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

B23/246 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.

B23/247 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 risk register was an accurate reflection of the risks faced by the College and the mitigating actions and controls were appropriate.**

CONTINGENCY PLANNING

B23/248 The Board received a verbal update regarding the work commissioned from BDO and Womble Bond Dickinson, noting that appropriate progress was being made and a full report would be presented for consideration at the meeting on 20 December 2023.

- Resolved: i That appropriate progress was being made with professional advice regarding contingency planning.**

CONFIDENTIAL MINUTES AND MATTERS ARISING

B23/249 The confidential minutes of the meeting held on 27 September 2023 were approved as an accurate record.

B23/250 The Board reviewed the action tracker and agreed that appropriate progress had been made in all areas, and requested that the further development relating to the exploration of education administration options be reflected on the tracker at the next meeting.

STAFFING MATTERS (Document 4iii)

B23/251 A separate confidential minute was recorded.

DATES OF THE NEXT MEETINGS

B23/252 20 December 2023 - 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)