



## Northern College

### THE BOARD OF GOVERNORS

Minutes of the meeting of the Board of Governors held on **23 May 2023**.

**Present:** Mark Sanders (Chair), Emma Beal (Principal), Tim Thornton, Ann Corrigan, Neil James, Sue Horner, Seb Schmoller, 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:** Tina Wise (Department for Education).

**Apologies:** Emma Norton, Liz Stanley, Bob Craig and Neil Copley.

### DECLARATIONS OF INTEREST

B23/63 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

B23/64 The minutes of the meetings held on 22 February and 9 March 2023 were approved as an accurate record.

B23/65 The Board reviewed the action tracker and agreed that appropriate progress had been made in all areas.

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

B23/66 The Board received a report setting out key developments in the context in which the College was operating, including:

- the Education Committee (Commons Select Committee) report *the Future of Post 16 Qualifications* and the potential impact/opportunities for the College;
- ONS reclassification impacts, particularly the potential change to financial year-end;
- sector staff pay;
- accountability statements;

- the planned review of future funding and impact of residential education by the College's combined authority funders;
- new funding opportunities;
- FEC intervention;
- Ofsted outcome.

B23/67 A further verbal update was provided, it was reported that:

- the College's accountability statement had now been drafted and reviewed by the FEC, and would be submitted by the 31 May deadline, and reviewed/approved by the Board at its meeting in June 2023 prior to final submission by 31 July 2023;
- the College still awaited the scope of the review of future funding and impact of residential education by the College's combined authority funders;
- West Yorkshire Mayoral Combined Authority (WYMCA) did not now intend to take a paper to its board regarding the College on 22 June 2023 as previously reported, but have instead requested details of the College's potential offer in support of Adults with Learning Difficulties / Disabilities in relation to their innovation fund, it was noted that this information had been provided but no response had yet been received;
- the South Yorkshire Mayoral Combined Authority (SYMCA) test and learn funding opportunity had been delayed and was now expected in July 2023.

B23/68 The Board particularly explored:

- the nature of the conversations with the MCAs in relation to the College's future sustainability;
- what actions could be taken by governors in the coming weeks to support future sustainability - it was agreed that any intervention to engage the two mayors directly with the College would be beneficial;
- staff changes at the MCAs and the impact of this on the College;
- the College's PR and lobbying strategy, welcoming the recent engagement of a PR specialist at no additional cost to the College;
- the outcome of the recent Ofsted report which it agreed was very positive and would strengthen strategic discussions going forward.

**Resolved: i That the context update, Ofsted outcome and FEC letter be noted.**

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

B23/69 The Board considered the **KPI dashboard 2022/23 to 12 May 2023** particularly:

- enrolment data, noting the term 3 profile which was higher than terms 1 and 2, and that equivalent financial data would be included in future reports;
- conversion rates - noting that the position had improved since the last report - the Board explored the reasons for this noting it was partly as a result of increased engagement with community groups, plus improvements in the application and keep warm processes, noting however that it was difficult to analyse what had impacted most;
- student progress including attendance which had improved since to 89%, best case achievement at 94%, retention at 95% and satisfaction at 99%;

- staff turnover and absence, noting that whilst both had increased since the last report several vacancies had been successfully recruited to.

- B23/70 The Board considered the **student recruitment report for 2022/23 to 12 May 2023**, particularly exploring:
- performance against target, noting that a number of courses continued to recruit well, that successful term 3 recruitment to new areas of curriculum would be critical, but that overall the target remained very challenging and the College would continue to recruit and deliver right up to 31 July 2023;
  - recruitment to community learning provision noting that this remained disappointing and would continue to be very closely monitored.
- B23/71 The Board agreed that despite some positive improvements the student recruitment position remained very challenging and should continue to be factored into future strategic considerations.
- B23/72 The Board considered the **management accounts to 30 April 2023**, particularly exploring:
- the forecast outturn which was £91k better than reforecast 2 at £674k deficit, mainly as a result of the release of provisions from 2021/22;
  - the variances on income and expenditure, noting reductions on project income, pay savings relating to vacancies, increased income from interest on reserves;
  - utility costs, noting the 49% increase in gas costs as anticipated;
  - staff pay award, noting that whilst the additional non-consolidated payment had been rejected by the trade unions it remained in the current forecast;
  - the cash position, noting that the closing as at end July 2023 would be £210k higher than reforecast 2 (£688k higher than original budget), which included £227k capital grants, some additional capital expenditure, and a provision of £476k clawback in creditors relating to under delivery of AEB/CL/ALLB;
  - financial health indicators;
  - capital expenditure, noting that the additional capital condition grant had not yet been reflected in the accounts, but as it could not be used on operating costs would not impact the College's overall cash position.
- B23/73 The Board agreed that:
- whilst a slightly improved position had been reported it remained challenging;
  - student recruitment continued to be the key risk;
  - the current and forecast performance should continue to be carefully considered in relation to strategic actions and decisions going forward.
- B23/74 The Board sought and received assurance that despite the rejection of the pay offer by the trade unions the actions agreed to maintain the College's compliance with the National Living Wage had been implemented in a timely manner.

**Resolved: i That the performance reported be noted and considered in relation to strategic actions and further advice required.**

**STRATEGIC PLANNING (Document 3i)**

- B23/75 The Board considered the growth and diversification document produced for the meeting with the MCAs on 13 April 2023, noting that:
- the document had been produced specifically for the meeting and was primarily aimed at setting out the College's potential future offer to the MCAs, outlining a number of transition asks, and flushing out partnership appetite;
  - it was not intended to be used on an on-going basis but would be incorporated as appropriate into a new strategic plan for the College;
  - whilst no positive response had been received for the transition asks a number of the development areas and new provision were gaining traction with funders, including LDD for both 16-19 and adult students;
  - the curriculum changes agreed to date were shaping up, led by the new Director of Quality and Curriculum Development.
- B23/76 The Board welcomed the ambition included in the proposals and explored the feasibility of the developments outlined, particularly the proposed blended learning offer and international aspects, noting that these would be carefully analysed and may not end up being included in the final strategic plan.
- B23/77 The Board agreed that:
- the statement regarding 'reasonable contribution to skills' as defined by Ofsted should be set into a context which ensured it was appropriate in a stand-alone format in any similar subsequent strategic documents;
  - similarly the workforce challenges should be set into a national context, recognising implications in both teaching and support areas, and the individualisation and personalisation of the offer at the College, which defined its unique role in the marketplace, should be further clarified/emphasised;
  - significant further work was required to translate this into a strategic plan and evaluate financial sustainability, and this work would take place prior to the next meeting of the Board in June 2023 and would be critical in informing strategic decisions regarding future sustainability.
- B23/78 A separate confidential minute was recorded.
- B23/79 The Board agreed that:
- a new strategic plan should be drafted at pace and be presented for consideration by the Board at its meeting in June 2023;
  - the focus should be on developing priorities and objectives rather than reviewing the mission and values;
  - the planned timescale of the strategy to 2030 should be reconsidered to ensure it aligned to the short- and medium-term challenges faced by the College.
- Resolved:**
- i That the Board note the Growth and Diversification document as presented to the Combined Authorities on 13 April 2023.**
  - ii That the proposed approach to the development of a new strategic plan for the College be endorsed.**

**iii That a draft strategic plan taking into consideration feedback and comments raised at the meeting be presented to the Board for consideration at its meeting on 14 June 2023.**

**COLLEGE ESTATE (Document 3ii)**

B23/80 The Board received a presentation from Focus Consultants outlining the key proposals arising from its review of the College estate and strategy, ahead of the issuing of the draft final report at the end of May 2023. It was noted that:

- the proposed approach allowed the core of the estate to be retained for educational use but provided opportunities to diversify income, bring new uses, consolidate operations for Northern College and provide flexibility to allow the College to grow in the future if additional space was required to meet a diversified demand;
- the approach did not deliver any immediate 'wins' to support the financial position of the College in the short term;
- whilst an estate strategy alone would clearly not address the financial challenges it did present the potential for a medium to long term vision for the site that aligned with the partnership goals and addressed local need;
- any strategy would need to be delivered in partnership as part of an overall strategy to improve the financial position of the College, but also to secure the future of the Wentworth Estate.

B23/81 The Board:

- explored whether any options were being presented by Barnsley Metropolitan Borough Council (BMBC), noting that areas there were areas to explore in relation to the borough's planned enrichment agenda and agreeing that discussions should be pursued in relation to leases and rent;
- explored the position regarding the Heritage Lottery Fund welcoming their anticipated flexible approach to future development;
- clarified the inclusion in the final report of financial analysis, noting that indications of potential income would be included for Home Farm, along with capital costs regarding adaptations;
- considered next steps, noting that some further space planning work was required along with completing capital costings, but it was anticipated that a final draft would be available for review at the end of May 2023;
- agreed that the full report would be considered at the Board meeting in June 2023.

B23/82 The Board considered and approved the strategic focus of capital expenditure work arising from the College's recent Department for Education (DfE) capital transformation allocation, and were assured that capital expenditure would be aligned to the College's future strategic objectives and would achieve savings and/or support the implementation of the emerging estates strategy.

**Resolved: i That the findings to date from the estates review be noted and incorporated into strategic decision making as appropriate.**

**ii That the final estates review report be considered by the Board of Governors at its meeting in June 2023.**

- iii **That discussions regarding Home Farm leases and rent be pursued with BMBC.**
- iv **That the areas for the utilisation of the Department for Education (DfE) Capital Transformation Allocation be approved.**
- v **That these areas be used to develop expenditure plans for incorporation into the 3-year financial plan, which will be presented to the Board for approval at its meeting in July 2023.**

### **ALLOCATIONS AND CURRICULUM PLAN 2023/24 (Document 3iii)**

- B23/83 The Board considered the College's indicative funding allocations for 2023/24, along with the emerging curriculum plan, and explored:
- the impact of the allocations as known to date in relation to strategic decision making for 2023/24 and beyond;
  - the feasibility/appropriateness of the assumptions for the 2023/24 curriculum and financial plan and whether they were in-line with the Board's strategic ambitions for the College.
- B23/84 The Board:
- noted that all three funders had adopted a different process for allocations;
  - agreed that the timing of the confirmation of allocations was unhelpful in a planning context;
  - agreed that whilst the allocations to date were reasonable, successful delivery would be key to financial sustainability;
  - noted that the SYMCA indicative allocation may be reduced based on 2021/22 performance;
  - noted that the 10% rate increase had been implemented by WYMCA but within the same overall financial envelope;
  - explored the increased audit fees arising from the ONS reclassification, noting that the scale of this was not yet known.
- B23/85 It was reported that the curriculum plan was currently being reviewed for 2023/24 in line with the level of allocations provided and aligned to the College's key priorities for growth and diversification, and would be presented for consideration at the next meeting. The Board considered and endorsed the financial planning assumptions included in the report.

- Resolved:**
- i **That the indicative funding allocations for 2023/24 be noted and taken into consideration in strategic decision making.**
  - ii **That a draft 3-year financial plan be presented for consideration at the meeting of the Board of Governors in June 2023.**

**CONTINGENCY PLANNING (Document 3iv)**

- B23/86 The Board reviewed the current financial sustainability of the College and its likely position in 2023/24 and beyond as understood to date, taking into account:
- the performance data for 2022/23 to date presented at the meeting;
  - the funding allocations for 2023/24 and discussions with the MCAs;
  - the work to date on the strategy, curriculum plan, budget for 2023/24 and 3-year financial plan;
  - the work of the financial statements auditor in relation to the 2021/22 financial statements;
  - the BDO Independent Financial Review – February 2023;
  - scenario modelling, metrics and stress testing;
  - the College risk register;
  - the emerging estates strategy;
  - the RSM/Stone King workshop 5 July 2022 and subsequent advice;

- B23/87 To aid this the Board considered:
- a **risks and opportunities framework** which had been developed to set out the potential financial impact and risk score for all the key risks and opportunities relating to the delivery of the financial plan;
  - a **financial oversight** summary which set out the directors' responsibilities in times of severe financial distress;
  - a **decision flow chart** which had been designed to provide a framework for strategic discussion/decision making;
  - a summary **timeline and key milestones** to September 2023.

B23/88 A separate confidential minute was recorded.

B23/89 The chair individually enquired of all members that they were clear as to the current position and supported the decisions taken and proposed next steps.

- Resolved:**
- i That the College continued to have a reasonable prospect of avoiding an insolvent winding up.**
  - ii That Careful consideration of timely and accurate term 3 performance, cash flow forecasts, the draft 3-year financial plan and the closure cashflow should be undertaken at the meeting of the Board in June 2023 to inform on-going strategic decision making.**
  - iii That appropriate professional advice be engaged.**
  - iv That the current strategy to continue as a stand-alone organisation should be maintained, but other options should not be ruled out.**
  - v That shared services options should continue to be explored.**

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

B23/90 The Board considered the risk register:

- recognising that the College's key strategic risks had been explored throughout the meeting;
- particularly considering the changes since the last review;
- noted that each committee had reviewed the risks allocated to it for oversight;
- noted that the risk relating to Ofsted Inspection had been removed following the successful Ofsted inspection outcome, and the risks relating to Covid and ICT infrastructure had been removed as these were green on the previous update;
- agreed that the key risks remained student recruitment, along with the future of residential funding beyond 2023/24 and insolvency.

B23/91 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 the removal of the risks indicated by approved.**

#### **ESFA OVERSIGHT LETTER AND DASHBOARD (Document 4ii)**

B23/92 The Board considered and noted the outcome of the ESFA's review of the College's 2021/22 financial statements and financial health assessment, along with the College's performance against target benchmarks and benchmarks achieved in the sector as set out in the ESFA dashboard be noted.

**Resolved: i That the ESFA oversight letter and dashboard be noted.**

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

B23/93 The Board noted that both Cheryl Guest and Guido Ngandu had resolved not to take up their proposed appointments to the Board for personal reasons.

B23/94 The Board considered the potential for undertaking a further external governor recruitment process but agreed that it was not appropriate at this time.

B23/95 The Board noted that this left the Audit Committee requiring additional membership and resolved that a solution from within the current membership be achieved.

**Resolved: i That appropriate membership of the Audit Committee be achieved from within the current membership of the Board of Governors, and proposals for appointments be presented at the meeting of the Board in June 2023.**

#### **MINUTES FROM COMMITTEES (Document 6iii)**

B23/96 The minutes from the following meetings were received and noted:

- Policy and Finance - 2 February 2023 (DRAFT)
- Curriculum, Quality and Student Experience Committee - 20 February 2023 (DRAFT)
- Audit - 8 March 2023 (DRAFT)

B23/97 The chair of the Curriculum, Quality and Student Experience (CQSE) Committee reported that:

- pleasingly the Ofsted outcome had been in-line with the College self-assessment report and the position of the CQSE committee;
- the outcome was a vote of confidence in the work of the College, particularly in relation to the skills statement;
- no areas for improvement were included that the College had not already identified and included in its quality improvement process.

### CONFIDENTIAL MINUTES AND MATTERS ARISING

B23/98 The confidential minutes of the meetings held on 22 February and 9 March 2023 were approved as an accurate record.

B23/99 The Board reviewed the action tracker, noting that the catering contract had now been signed, and agreed that appropriate progress had been made in all areas.

### CONFIDENTIAL MINUTES FROM COMMITTEES (Document 6iii)

B23/100 The confidential notes from the following strategic planning sessions were received and noted:

- Strategic Planning Session - 9 March 2023
- Strategic Planning Session - 22 March 2023

### CONTINGENCY PLANNING (Document 7iii)

B23/101 A separate confidential minute was recorded.

### STAFFING MATTERS

B23/102 It was reported that the further £500 non-consolidated pay award approved by the Board in March 2023 had been proposed to the Unions but had not currently been accepted, and that Unison were now balloting members for strike action.

### DATES OF THE NEXT MEETINGS

B23/103 14 June 2023 – 3.00pm  
 20 July 2023 – 11.00am (development session 10.00 – 11.00am)  
 27 September 2023 - 1.00pm (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)

B23/104 The Board agreed that due to the work required prior to the next meeting and the short turnaround time papers for the meeting on 14 June 2023 would be issued on 12 June 2023. The agenda would be issued on 7 June 2023 as normal.