



Northern College

BOARD OF GOVERNORS

Minutes of the meeting held on Wednesday 17 July 2024 at 1pm
by Teams

Governors:

Mark Sanders (Chair)	Governor	PRESENT
Emma Beal	Principal (Governor ex officio)	PRESENT
Neil Copley	Governor	PRESENT
Ann Corrigan	Governor	PRESENT
Bob Craig	Governor	PRESENT
Colin Forrest	Governor	APOLOGIES
Sue Horner	Governor	PRESENT
Neil James	Staff Governor (Residential & Administrative)	PRESENT
Ray Low	Governor	APOLOGIES
Seb Schmoller (Vice Chair)	Governor	PRESENT
Matt Stephens	Governor	PRESENT
Tim Thornton	Governor	PRESENT

Observer:

Mike Firth	Department for Education	PRESENT
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In attendance:

Kate Boulter	Clerk to Governors	PRESENT
Diane Lawson	Vice Principal - Student Experience	PRESENT
Elin Longley	Head of Human Resources	PRESENT
Sue Saunders	Deputy Principal / Chief Finance officer	PRESENT

MEETING ADMINISTRATION

B24/115 Apologies

Apologies from Colin Forrest and Ray Low were received and **ACCEPTED**.

B24/116 Declarations of Interest

Tim Thornton declared an interest arising from his roles as Deputy Vice Chancellor at the University of Huddersfield and HE Advisory Member of the West Yorkshire Employment & Skills Committee in relation to the College's higher education provision. The Board **AGREED** that no decisions to be taken at the meeting would be affected and it was not necessary for him to withdraw.

No other interests were declared in relation to the items on the agenda.

B24/117 Minutes of the Last Meeting

The minutes of the meeting held on 28 June 2024 were **AGREED** as an accurate record.

B24/118 **Matters Arising**

The Board reviewed the action tracker and **AGREED** that all items were complete, or were not yet due and would roll forward.

GOVERNANCE MATTERS

B24/119 **Code of Governance**

The Board considered a report on its requirement to adopt a code of governance and report its compliance with the chosen code in the Financial Statements Annual Report. Having considered the differences between and benefits of three codes (AoC Code of Good Governance 2023, the Charity Governance Code and UK Corporate Governance Code) the Board **AGREED** (i) to adopt the Association of Colleges governance code from 1 August 2024 onwards; and

(ii) that the Remuneration & Governance Committee would monitor compilation of 'sources of assurance' which would be used to demonstrate the College's compliance with the principles of the AoC Code.

B24/120 **External Review of Governance**

The Board considered a report on 'next steps' following the External Governance Review which was conducted in the spring and the findings presented to the Board in April 2024. The Board (i) **AGREED** to consider the summary of the External Governance Review and associated action plan at its meeting on 2 October 2024; and

(ii) **NOTED** that a notice would be published on the College website stating that the review was completed by the DfE deadline of 31 July 2024, in order to publicly demonstrate that the College has complied with this DfE requirement.

B24/121 **Governance Framework / Committees / Membership**

At its meeting in April 2024, the Board had agreed that proposals regarding committee membership under the new governance framework would be presented to this meeting for agreement. The Board having considered the membership proposals **AGREED** (i) the Governance Framework for 2024/25 including committee membership;

(ii) that a new Estates Task & Finish Group would be created with membership to include Matt Stephens, Ray Low and Bob Craig, and that the terms of reference for the Group would be presented to the next meeting of the Finance & Resources Group for consideration and recommendation to the Board;

(iii) that Prof Tim Thornton be reappointed as a governor in the category of 'interest and experience' for an exceptional term of one year from 1 August 2024 to 31 July 2025.

CONTEXT AND PERFORMANCE 2023/24

B24/122 **Performance to Date 2023/24 (documents 3i)**

The Board considered Performance to Date 2023/24 by reference to reports on:

- KPI Dashboard (including recruitment)

- Management Accounts
- QIP Summary

The Board considered the **KPI Dashboard** and particularly:

- was pleased to note that June recruitment had exceeded target resulting in actual funding of £1.4million compared to the Reforecast 2 target of £1.2million;
- noted that achievement was in line with targets;
- welcomed the improved conversion rate of 61% compared to 45% this time last year;
- observed that some of the new kinds of provision did not convert in the same way and recommended keeping track of traditional conversion rates for comparison;
- was assured that positive destination data for this year was still being collected and the reported figure of 80% was expected to improve and be in line with last year;
- noted that the KPIs for staff absence and turnover were in line with target.

The Board considered the **Management Accounts** (10 months to 31 May 2024) and the following points were particularly noted and discussed:

- the original budget had been provided in the report alongside the reforecasts following a recommendation from the FEC Stocktake meeting in June;
- the forecast for total income for the year was currently £143K above Reforecast 2;
- total pay costs were forecast to be £44K higher than Reforecast 2 due to use of agency staff to deliver additional provision, however this was £125K lower than the original budget due to vacancy savings;
- some DfE capital funding was likely to go to August rather than July so would be included in 2024/25 figures; as a result of this the closing balance would be £360K higher than budget;
- the forecast was for £1million cash balance (excluding clawback provision and capital grants) at the end of July due to reduced clawback provision and timing of capital grant spend, which was an improvement on the original budget. There had been strong enrolments for June and July so this could improve further by year end;
- the EBITDA forecast for year end was a deficit of £254K (-6.1% of total income) which was £114K worse than the original budget position and £51K better than Reforecast 2;
- the majority of KPIs showed an improvement compared to Reforecast 2;
- the negative EBITDA continued to moderate the financial health score to 'requires improvement';
- a small positive EBITDA was in the draft budget for 2024/25 which would change the overall score to 'good';
- the cashflow scenarios, which were based on a period when inflation was higher and stopped at July 2025, had been changed in the 2024/25 budget;
- over the past three years the financial position had improved from a £1.2million deficit to a £600K deficit to a £280K deficit, and the Board formally recorded its appreciation of the hard work of all staff who had contributed to this;
- whilst acknowledging the positive achievements of the past three years, the Board recognised there was no room for complacency. Reserves had fallen significantly,

the College was entering a new and uncertain funding methodology, and efforts to improve recruitment would remain a key focus.

The Board considered the **Quality Improvement Plan (QIP) Summary** which showed the position at July 2024 and actions agreed, and **NOTED** that areas of improvement that had been postponed would be picked up at the first Curriculum Quality & Student Experience Committee of 2024/25.

STRATEGY AND PLANNING

B24/123 **Budget 2024/25 & College Financial Forecast (including Residential Nightly Rate & Curriculum Plan) (document 4i)**

The Board considered the **draft Budget for 2024/25 and the draft Financial Plan for 2025/26**, the supporting commentary detailing the changes in 2024/25 and the assumptions made for financial years 2025/26 and 2026/27, the minutes of a meeting with ESFA auditors to discuss the nightly rate held on 3 July 2024, and the Curriculum Plan. The following points were highlighted:

- the closing cash balance at 31 July 2024 was expected to be £3,436K, or just under £1million excluding capital grants and clawbacks;
- the cash balance, excluding capital grants and clawback provision, was expected to be maintained at just over £1million;
- there had been a significant improvement in the EBITDA and operating position in the three years' recovery period since the pandemic;
- lower than planned community learning and HE provision had around £400K negative impact on the 2023/24 budget;
- both pay and non-pay costs had reduced;
- the EBITDA was £114K worse than the original budget which was offset by increased interest on cash reserves, therefore not impacting on overall cash reserves;
- a maximum of £80K per year was planned to be spent from reserves on capital and a very small increase in cash position would be generated;
- the College had no current borrowing and did not plan any borrowing;
- the College remained in FEC Financial Intervention and Supervised Status and continued to meet with the FE Commissioner twice yearly for stock take meetings, and to review the financial position at monthly case conference with the DfE/FPMO and Deputy FE Commissioner;
- no HE income had been included in the 2024/25 budget report in the pack, however since the agenda had been circulated a viable option had been identified and was being considered for 2024/25;
- the Curriculum Plan contained realistic targets to avoid any need for in-year reduction;
- the catering contract from January 2025 was out for tender and this was planned to achieve £50K full year savings;
- an inflation rate of 2% had been used;
- a 2.25% overall pay increase had been included for the next two years which was in line with the sector, however other colleges which had benefitted from increased

16-19 funding rates made higher pay awards last year and this was a key risk to the College's ability to recruit and retain staff;

- the change in how residential funding would be calculated and the removal of the 3.7X uplift to a nightly residential rate presented the most significant change for 2024/25 and beyond;
- the College had held extensive discussions with the DfE, SYMCA and WYMCA to develop a new model to calculate a nightly residential rate and this had been scrutinised by the audit and FPMO teams in the DfE;
- the 2024/25 budget was based on a residential nightly rate of £292.85 based on 4,022 residential nights. This resulted in a £172K reduction in income compared to the old funding methodology, however students eligible for a meal allowance could generate an additional £40K income to offset this;
- the DfE and WYMCA had indicated they would apply the agreed nightly rate;
- SYMCA are using a different methodology for 2024/25;
- both SYMCA and WYMCA had stated the College would not be financially disadvantaged in 2024/25 as a result of the funding change;
- the 2024/25 budget included provision for restructuring costs and a confidential item later on the agenda contained proposals for the Board's consideration.

The Board discussed the documents presented and commented particularly that:

- at the last meeting it had been reported that £350K savings needed to be achieved and the Board sought assurance that this had been fully explored and allowed for in the 2024/25 budget presented for approval. The Board was assured that each line of the budget had been scrutinised and the budget presented contained no speculative assumptions;
- the Board thanked the CFO for the very detailed report and presentation which provided a thorough analysis for the College's financial position and future plans;
- the Board was satisfied with the self-assessment of the College's financial health;
- the Board considered that the College remained a going concern based on the financial plan, however there was still some material uncertainty around the 2025/26 residential funding methodology.

The Board considered the proposals for how the **Residential Nightly Rate** was calculated and commented particularly that:

- there was a lack of policy detail around the change in methodology for calculating the nightly rate and a lack of clarity around future funding levels which presented a risk to the College's ability to plan based on stable income predictions;
- the DfE's position was that the methodology change was not a funding cut, however SYMCA had indicated it was seeking a cost reduction;
- the Board was required to agree a rate which would form the basis of the 2024/25 budget for DfE and WYMCA funding;
- the Board noted that the proposed calculation had been discussed extensively with the DfE, SYMCA and WYMCA and scrutinised by the audit and FPMO teams in the DfE. The DfE and WYMCA had indicated they would apply the agreed nightly rate, and SYMCA wished to use a slightly different methodology;

- SYMCA would provide £300K of transitional protection which was guaranteed for 2024/25 only so the forecast for 2025/26 and beyond included no protection;
- the Board was satisfied with the proposal for calculating the nightly rate as set out in the report and that it would be reviewed regularly for any changes in costs;

The Board **APPROVED** (i) the nightly rate of £292.85 based on the methodology presented and a slightly reduced number of nights of 4,022, noting that the rate would be reviewed at regular points throughout the year and revised to take into account changes in recruitment and costs;

(ii) the budget for FY24 and forecast for FY25 along with the assumptions, for submission with the College Financial Forecasting Return (CFFR) to the DfE by 31 July 2024.

COMPLIANCE AND STATUTORY

B24/124 **Financial Statements Audit Plan 2023/24**

The Board reviewed RSM's proposed audit plan and schedule for the audit of the year ended 31 July 2024 and reviewed the proposed fees for 2023/24, both of which had been presented to the Audit Committee. The Board

- concluded that the audit plan and schedule were appropriate, and the key risks had been identified;
- noted the fee contained a small increase.

The Board **APPROVED** (i) RSM's plan and schedule for the audit of the College's financial statements for 2023/24;

(ii) the proposed fee for the audit of the College's 2024/24 financial statements

B24/125 **Debtor Write Offs Annual Report**

The Board considered the Debtor Write Offs Annual Report for 2023/24 and observed the following:

- strengthened debt collection had reduced the annual write-off considerably since 2019/20 when total write-offs were £27K;
- the write-off for 2023/24 (£4,330) was at a similar level to 2022/23 (£3,350);
- the figure for 2023/24 included a single debt of £3,384 which required Board approval;
- the remaining write-off amounts for 2023/24 were within the level delegated to the Principal/CEO

The Board (i) **AGREED** that the College's approach to writing off debts was appropriate and

(ii) **APPROVED** the write-off of the remaining £3,384 for 2023/24.

B24/126 **Policies for Approval (documents 5iii)**

The Board reviewed five policies and considered particularly the following matters:

- **Learner Support Policy** - this was a new policy based on the previous Financial Support Policy which had been renamed and updated to include residential support. Sitting alongside the Policy would be a Learner Support Procedure which was a working document detailing how costs were arrived at and evidenced. As

the Procedure was a detailed operational document, it was proposed that the Board approve the Policy, and authorise the ELT to approve, monitor and review the Learner Support Procedure.

- **Risk Management Policy** - this had been considered by the Audit Committee and was recommended for approval. The Board observed that the Risk Appetite Matrix indicated zero risk tolerance in relation to Regulatory (Compliance) and Financial issues, which the Board supported to demonstrate the College's very strong oversight in these areas.
- **Fees Policy** - this policy, which contained minor changes, would usually be reviewed by the Finance & Resources Committee for approval but under the 2023/24 Governance Framework the Board was carrying out those duties. The Board explored whether there could be any issues with calculating the night rate for full cost provision, and was satisfied that there was no full cost provision on a residential basis, and that there was a distinction between the full residential experience and an overnight stay.
- **Safeguarding Adults** and **Safeguarding Children and Young People** - these would usually be reviewed by the Curriculum Quality & Student Experience Committee but were coming directly to the Board for review due to the requirement to agree the changes before the next CQSE which was on 3 December 2024. The College was required to comply with Keeping Children Safe in Education (KCSIE), which was updated annually by the government. The 2024 version of KCSIE was out for consultation with very few changes proposed. If there were any further changes when the final version of KCSIE was published over the summer, the policies would be updated to reflect the statutory guidance,

The Board **APPROVED** the five policies listed above.

(Staff Members (SS and DL) and Staff Governor (NJ) left before consideration of the following items)

CONFIDENTIAL

B24/127 **Confidential Minutes of the Board Meeting Held on 28 June 2024 (document 6i)**
This confidential item was minuted separately (Minute CB24/12).

B24/128 **Confidential Minutes from Committees:
Remuneration Committee - 9 July 2024 (document 6ii)**
This confidential item was minuted separately (Minute CB24/13).

B24/129 **SYMCA Savings Plan (document 6iii)**
This confidential item was minuted separately (Minute CB24/14).

DATES OF THE NEXT MEETINGS

B24/130 The Board **NOTED** the meetings schedule for 2024/25 and **AGREED** that Board and Company meetings would be held in person at the College, and committee meetings would be held online, with the exception of the first meeting of the Remuneration & Governance Committee (18 September 2024) which would be held in person at the College.

The meeting closed at 3.10pm