

<b>Meeting/Committee</b>	<b>Finance Committee</b>
<b>Date of meeting</b>	25 <sup>th</sup> November 2020

## 1 Declarations of Interest and Eligibility

The Chair requested Governors declare any interests at the appropriate time during the meeting.

## 2 Welcome, introduction and apologies

### Attendees:

N Ruff (Chair)  
J Pryke  
M Rodzos  
T Jackson  
J Austin

### In attendance:

V Parkes  
K Noble  
T De'Ath

Director of Governance  
Executive Director (ED) of Finance  
Executive Director (ED) of Corporate Services

### Apologies for absence:

None.

## 3 Minutes of the Finance Committee meeting held on the 29<sup>TH</sup> September and 10<sup>th</sup> November 2020

**Resolved:** The minutes of the meetings held 29<sup>th</sup> September 2020 and 10<sup>th</sup> November were agreed as a true and accurate record.

### 4a Matters Arising for meeting held on 29<sup>h</sup> September 2020

None noted other than those on the agenda.

### 4b) No further actions as part of the progress report that are not covered under the Agenda.

## **5 COVID-19 Update**

The ED: Finance updated the committee on the latest information relating to COVID-19 and the impact of it within the colleges. There have been 73 positive test results for students with 260 currently self-isolating. 12 members of staff have tested positive.

The health and safety are monitoring the situation carefully and ensuring that they are tracking and tracing students although it was recognised that this is not an easy task.

There will be some financial impact from the latest four-week lockdown relating to areas such as furloughed staff and gym membership direct debits that have already been collected and will therefore need to be adjusted in December. The cost of cleaning is in line with what has been forecast.

## **6 2019/20 Draft Accounts**

The ED: Finance gave an update regarding the draft accounts which included updated figures just added. It was noted that the income hasn't moved and there has been a gain on the disposal of assets including a sale which hasn't previously been discussed. The current loss is down to the valuation of Dinnington being significantly different from that recorded within the assets and the actual sale price. The ED: Finance is speaking with the audit partner to see whether or not a capital grant can be used against this. Clarification is required from the ESFA. The deficit on the pension scheme has also moved including a salary increase. It was determined after speaking to the audit partner that the pension figure recorded was too high and it needs to be brought down to reflect a more accurate picture. The net liabilities are recorded as high however when the pension deficit is removed then the net liabilities are much healthier. Governors asked when the pension liabilities are payable. The ED: Finance stated that a deficit is paid each year which is recorded within the P&L accounts. The Chair asked whether the ESFA and regulators will recognise and consider the situation including the pension figure. The ED: Finance stated that they measure and monitor current ratio; EBITDA and debt to revenue. They also monitor cash flow which for RNN will improve in the coming weeks following the sale of an asset. Governors queried how the valuation of buildings can be so different to their true selling valuation which the ED: Finance stated is due to how they are valued and by who. For example, if they are valued as an educational establishment they will be lower than if they are valued to be placed on the market for sale. They are usually valued for bank charges.

Governors stated that it was important to recognise that the valuations are historical and some will be over valued and some are undervalued. The ED: Finance stated unless there is a desire to sell then there is no need to do this at the moment. The ED: Finance stated that she has just become aware that the land at Kiveton has never been added into the assets and when sold this will add £4m to the finances and there are no charges against any of this money.

The current recorded situation does not affect any covenants with the bank and the ED: Finance stated she has no concerns. The going concern is affected by the pension deficit however this will be discussed in greater detail at the audit committee on 9<sup>th</sup> December.

The ED: Finance stated that the financial health of the college is improving and the sale of assets is assisting with this.

## **7 2020/21 P3 Management Accounts**

It was noted that these have recently been reviewed during the recent extraordinary meeting and currently there are no further changes to review. It is anticipated that exchange on Dinnington will take place by the end of the week (27/11/2020) culminating in £750k being added into the accounts along with the sale of 185 Carlton Road also completing resulting in £115k.

## **8 2020/21 Forecast**

As above, this has recently been reviewed in detail in readiness for submission to the ESFA and at this point there is nothing additional to review or discuss.

## **9 Bank Loans Update**

The ED: Finance stated that Lloyds bank held their annual review meeting on 16<sup>th</sup> November 2020. Overall the bank is content with the current position and the forecast. The Relationship Director acknowledged the amount of work that the board and executive team have undertaken, and achieved, over the past 12 months.

A discussion was held around the terms of the remainder of the £3.8m loan, currently repayable at £75k per quarter with the balance to be repaid in January 2025. The ED: Finance agreed to discuss this further in the New Year, in line with future investment plans. A report will be finalised, but no issues are expected.

## **10 Capital Expenditure 2020/21**

The ED: Finance gave an update on the capital grant and outlined the plans proposed for the monies received. The works have been separated into 4 lots with the first two going out to tender with a closing date of 7<sup>th</sup> December. The value of these items will require board approval and depending on the dates received it may be necessary to ask for approval via written resolution to ensure starts dates are not held back. The final two lots will be put out to tender in the next couple of weeks with a closing date in early January. There are also smaller works being tendered for separately.

The ED: Finance also informed the group that an interim project manager has been appointed to oversee the tender process and to also bid for any future funds which are made available.

## **11 H&S Annual Report**

The ED: Corporate Service gave an overview relating the distributed annual report for the period September 2019 – November 2020. This included data relating to COVID-19 and its impact which has resulted in the Group delivering learning via blended learning since the start of the academic year. The time and focus of the H&S team throughout 2020 has been and continues to be supporting the Group and colleagues in their arrangements for providing a COVID-19 safe environment for teaching and Learning and co-ordinating the Group response to statutory bodies in reporting cases.

The Group's insurance broker Hettle Andrews undertook a document/evidence review and site visit audit on the Group approach and response to COVID-19. This audit was stimulated due to RNN insurance having COVID-19 specific protection cover, specifically for business interruption. The audit reviewed the content of the following documentation, making recommendations for improvement where applicable:

- RNN Group Risk Assessment COVID- 19;
- Process Flowchart 'what to do if there is a suspected or confirmed case in college';
- RNN Group Emergency Response Plan COVID- 19;
- DVC Kitchen Rules;
- Workshop Rules; and
- DVC Sport COVID-19.

The review report contained 23 recommendations which the health and safety team are working through and implementing.

It was noted that the health and safety have worked tirelessly throughout the pandemic to ensure staff felt safe and confident when bringing students back into college. The CEO noted that there has been a positive response to the health and safety from staff who recognise their importance and who are relying on them to keep them safe.

Governors noted the contents of the report and asked whether there was any impact arising on the finances such as whether any incidents would require a financial payment. The ED: Corporate Services stated that any such incidents would be dealt with via the insurance company. It is hoped that the revalue of buildings and any subsequent refresh should help to bring the overall premiums down.

Governors noted the hard work and dedication of the health and safety and in particular how valuable their efforts have been in not only being able to open the college but in also keeping the college open. The ED: Corporate Services stated that he feels that the health and safety team have been incredibly visible and have actively worked with staff to build their trust and confidence.

**Action: Director of Governance to write to the health and safety team to thank them, on behalf of governors, for all of their hard work to date.**

## **12 Treasury Policy Review**

It was agreed this could be carried forward to the new year.

## **13 Risk Register**

The ED: Finance stated that the updated version of the risk register, which contains suggestions made by the Chair of the Audit Committee was being put before that committee on 9<sup>th</sup> December. It was noted and agreed by all that all governors are aware of the major risks and that this will continue to be closely monitored.

## **14 Committee Work Plan**

The ED: Finance and the Director of Governance presented a workplan which has been devised to in order to ensure the workflow of reporting and approval is set out for the year. Governors considered the workplan and noted that it was a useful and thorough document which could be approved for the 2020/21 academic year.

**Approved: The 2020/21 Workplan for the Finance Committee was approved the scheduled of work for the year.**

## **15 Any other items of urgent business**

**None**

## **16 Date of next meeting**

Wednesday 27<sup>th</sup> January 2021

**The meeting closed at 7pm**

Signed \_\_\_\_\_ Chair

Date \_\_\_\_\_