

<b>R U N S H A W</b> <b>C O L L E G E</b> <hr/>	<b>RUNSHAW COLLEGE CORPORATION</b> <b>MINUTES OF THE FINANCE COMMITTEE MEETING</b> <b>HELD ON MONDAY 16<sup>TH</sup> MARCH 2020</b>
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**PRESENT:**

Jacqui Chatwood (Chair), Simon Partington, Marc Balshaw, Simon Carrier, Ken Lee, Gary Hall, Peter Zak

**IN ATTENDANCE:**

Janet Ivill (Director of Finance), David Sharrock (Director of Estates & Facilities), Fatema Hussein (Head of Governance)

Meeting Commenced: 6.00pm

Meeting Closed: 7.30pm

Attendance: 80%

**1. APOLOGIES**

Apologies were received and accepted from Warren Middleton.

Peter Zak was welcomed back and introduced to the Committee.

**2. DECLARATIONS OF INTEREST**

Governors were invited to declare any direct, indirect, pecuniary, personal or prejudicial interest relating to any item on the agenda for the meeting

No interests were declared. Peter Zak declared his daughter was a current Runshaw student.

**3. MINUTES OF THE MEETING HELD ON 18<sup>TH</sup> NOVEMBER 2019**

**3.1 Approval**

Agreed: that the minutes are approved as a correct record and authorised for publication

**3.2 Matters Arising from the Minutes (Action Progress Log attached)**

The action progress log was reviewed and it was noted that most actions from the last meeting had been implemented or were included on the agenda for discussion.

The Committee agreed that Gary Hall should address any remaining queries regarding catering income directly with the Director of Finance.

**4. PROPOSED CURRICULUM PORTFOLIO CHANGES 2020-2021**

Gary Hall in attendance at 6.10pm

The Principal presented the report and provided details of new and proposed discontinued courses.

### **Governor Questions**

**Q.** Would there be any impact on staffing as a result of discontinuing some courses?

**A.** No reductions in staffing were anticipated at this moment in time

**Q.** In light of the current coronavirus situation nationally, would there be a review of whether new courses would be offered?

**A.** The plan was to still offer them. However, this would depend on whether College was able to operate as it would normally. It was acknowledged that the ability to recruit Apprentices could be affected by the Coronavirus

## **5. REVIEW OF CURRICULUM COURSE CONTRIBUTION - REPORT**

The Director of Finance presented the report and explained that:

- College had the flexibility to alter fees and delivery hours on adult courses but not 16-18 provision
- There were no courses operating with a deficit at the moment
- Contribution on some courses was less than 30% but there was a considered rationale as to why they were still being offered
- Adult counselling was one example where the College was not allowed to have more than 16 students in a class

### **Governor Questions**

**Q.** Was there any data available to establish if there was a link that students were choosing popular courses in combination with a smaller one that could help better inform decision making around course provision in the future?

**A.** Students tended to do a combination of subjects which could include some of the smaller courses. Some low contribution courses were also run to meet a community need

**Q.** At what point did College decide to discontinue a course if alternative provision was available?

**Q.** The Hair and Beauty provision was withdrawn as there had been alternative provision in the surrounding areas. College liaised with Lancashire Adult learning to ensure there was no duplication on adult courses

**Q.** Was College confident that teaching hours and consumables were not skewing the data?

**A.** Consumables were allocated at 2% of income. Other costs such as for technicians were also included and those courses would need to generate a higher income to cover the additional costs.

A Governor suggested that it may be useful for the report to be shared with the Board.

The Committee agreed that an overview by School should be provided to the Board and that further consideration was given to this. The Chair requested that the assumptions made in calculating course contributions were included in future reports

### **ACTION:**

Director of Finance to consider the format of the report to be presented to the Board

## 6. UPDATE ON CURRENT PENSION PROVISION

The Director of Finance presented the report and the following points were noted:

- The pension position as at the end of last week was positive with the scheme 101% funded
- Scenario modelling had shown that the impact of the McCloud judgement would be circa £58,000 (if applied to next year's costs)
- The impact of the McCloud judgement would add £58,000 to next year's costs
- Discussions had been held with Santander about removing net asset covenants from loan compliance certificates
- Increases to employer contributions for the Teachers' Pension Scheme were being fully funded by the ESFA until March 2021

The Committee advised that College needed to be mindful of the actuarial estimates presented and in light of recent global financial events, a revaluation may be undertaken sooner than expected.

### **ACTION:**

Director of Finance to increase pension risk on the risk register

## 7. MONTHLY MANAGEMENT ACCOUNTS TO 29 FEBRUARY 2020

The Director of Finance presented the report for the month ending 29 February 2020 and the following points were noted:

- Most of the 16-18 income was secure for the rest of the academic year
- Recent events may have an impact on Apprenticeship income as the ability to recruit Apprentices could be impaired
- £500,000 of income was at risk
- Her revised target was to achieve a £200,000 surplus at the year end
- A student trip to Italy had been cancelled resulting in a £30,000 unforeseen cost due to the Coronavirus
- All discretionary projects had been put on hold for the time being

### **Governor Questions**

**Q.** Was the College planning to present a summary of the current financial position to the Board on 23rd March?

**A.** An update highlighting the risks and planned contingencies would be presented

**Q.** Had any discussions taken place with the bus contractors should College be required to close?

**A.** Discussions had taken place. There was a clause in the contract which could allow the College to alter the contract. The contract would continue as normal for any closure of four weeks or less. A more detailed discussion would take place if the closure was for longer than this. The biggest concern at the moment was the cancellation of exams and consideration was being given to educating students remotely

Governors suggested that:

- College tried to recoup some of the trip cancellation cost from the Insurance provider
- Santander was contacted to ascertain if they would be prepared to offer some additional flexibility on loan payments

### **RESOLVED:**

The Committee requested that an interim report showing the forecast position till the end of April was prepared and shared with the Finance Committee by email.

**ACTION:**

Director of Finance

**7.1 Review of January to March Cash flow targets**

The Director of Finance reported that one of the key financial KPIs was to keep cash flow above £3 million, but due to the manner in which funding was received, College would fall below this target for March.

**RESOLVED:**

Governors discussed the cash flow position. The temporary dip in March and the reasons for this were accepted. It was noted that this would increase to above £3 million in April and the Committee would be informed if this was not the case.

The Committee requested that consideration was given to setting some parameters whereby cash would not drop below the agreed level for more than a set period of time; this may result in a change to the current cash limit KPI.

**ACTION:**

Director of Finance:

- To inform the Committee if cash was expected to fall below £3 million in any other month
- To review and put forward proposals for consideration re cash flow parameters

**8. REVIEW OF CATERING COSTS**

The Committee was informed that the College was aiming for a break even position but the provision was subsidised for students.

**RESOLVED:**

Following a discussion, the Committee agreed that this was reviewed at a future date

**9. EMERGING BUDGET POSITION 2020 - 2021**

The Director of Finance presented a report on the emerging budget position which included details of the key issues that had been taken into consideration in preparing an indicative budget for 2020/21. The following points were noted:

- The Board had endorsed a £500,000 surplus and additional capital spending for the 2020/2021 financial year
- In view of current circumstances, the aim was to build up as much contingency funds as possible till the end of the financial year
- There was a risk to Apprenticeship income and due to declining H.E. numbers, it would be difficult to achieve a break even position on non 16-18 provision
- Some drastic measures may need to be taken to achieve this

Governors agreed that:

- They required additional information and a rationale as to why this position had changed
- This needed to include the current and projected position and the reasons for the departure from the original plan

- This information was to be shared with the Finance Committee before circulating to the Board

**ACTION:**

Director of Finance / Principal

**10. FINANCIAL REGULATIONS REVIEW & UPDATE**

The Committee reviewed the minor changes that were proposed to the financial regulations.

The Head of Governance suggested that in light of changes to the senior management team in September 2020, it may be appropriate to provide some further clarity on the levels of delegation and approvals required from the Finance Committee and the Board.

**RESOLVED:**

The Committee approved the financial regulations and agreed that consideration was given to clarifying levels of financial delegation.

**ACTION:**

Director of Finance to consider and present proposals at a future meeting

**11. TRAVEL & EXPENSES POLICY**

**RESOLVED:**

The Committee reviewed the key changes that were proposed and **Agreed** that the policy was approved.

**12. COLLEGE INSOLVENCY REGIME – UPDATED GUIDANCE**

The Committee reviewed and noted the updated guidance on the insolvency regime

**13. RISK REGISTER FEBRUARY 2020**

The Committee reviewed and noted the relevant section of the Risk Register and the risk register updates.

**14. STRATEGIC PLAN 2019/20 MONITORING REPORTS**

**14.1 Chapter 5 – Schools, Employers and Community Relationships**

**14.2 Chapter 11- IT Services & Print Shop**

**14.3 Chapter 12 – Health & Safety and Sustainability**

**14.4 Chapter 13 – Administration, Transport and Exams**

**14.5 Chapter 14 – Finance & Risk Management**

**14.6 Chapter 15 – Catering**

The Committee considered and noted the above monitoring reports which set out key actions required to meet targets contained in the Strategic Plan and indicated progress to date with them.

**15. GOVERNANCE IMPACT STATEMENT**

- Course Contributions – Governor suggestion on further improving reporting including to the Board
- Cash flow and cash balances – request to review cash flow KPIs
- Management Accounts – suggestion to contact Santander re relaxation of loan payments
- Current and Future budget position – request for additional detail on variations to the planned forecasts
- Financial Regulations – suggestion to review the levels of financial delegation

#### **16. DATE OF NEXT MEETING**

Monday 22<sup>nd</sup> June 2020 at 6.00pm