

**Minutes of the Joint Meeting of the Board of Corporation and the Finance, Resources and Projects  
Committee held on Tuesday, 26 January 2021 at 5:00pm via Teams Conferencing**

Present:

John Barnett  
Jill Colbert  
Tom Crompton  
Pamela Dawson  
Louise Farthing  
Lyndsey O'Leary  
Sue Houston  
Alison Shaw  
Jeff Hope  
Jacqueline Steed  
Rob Lawson (Chair) (present at Bede Campus)  
Paul McEldon (Chair of FRP)  
Iesha Heads, SU President  
Susan Pollard  
Ellen Thinnesen, Chief Executive  
Julia Fox  
Richard Dale  
Simon Patterson  
Neil Salvesen

In Attendance:

David Howells, Chief Operating Officer  
Nigel Harrett, Principal Northumberland College  
Judith Quinn, Interim Deputy Principal Curriculum  
Vikkie Morton, Vice Principal Student Services and Registry  
Iain Nixon, Vice Principal Partnerships and Commercial  
Christine Stretesky, Head of Corporate Governance and Policy (present at  
Bede Campus)

**JM/20-21/01 Apologies and consent for absence and Declaration of Interest**

Apologies were accepted from Derek Cogle, Jacqueline Steed, Andrew Ferguson and Louise Doyle.

There are no declarations of interest were made.

**JM/20-21/02 Members Annual Report and Financial Statements**

The Chief Operating Officer (COO) delivered the report describing the documents provided in the papers and highlighting:

- The Group made an operating deficit of £2.38m

- The Educational EBITDA for 2019/20 for day-to-day activities was £4.271m or 8.4%. This EBITDA is a strong position for financial health
- There is an improvement from last year with the net current liability at £5.3m which shows liquidity is improving
- Credit is down sharply
- Defined Benefit Obligations have gone up sharply because of COVID. These are calculated by actuaries and reviewed by our auditors. We do challenge actuarial assumptions but can only do this within certain parameters
- Borrowing as a percentage of income is at 25%, providing a strong rating within financial health
- The Group was able to respond swiftly to the March 2020 lockdown, and to cover all losses of income with cost savings
- The Group had three bank covenants tests set for these accounts all of which were met

Members asked if the financial statements had been reviewed by the Audit Committee. The COO responded that they had and that the committee had discussed them with the auditors.

Noting the entity name on the accounts, members asked if there are considerations to changing the legal name to Education Partnership North East. The Chief Executive (CE) replied that there are no plans at the moment to change the legal entity name reminding members that during the last merger, it was important to local stakeholders that the local colleges retained an identity. She continued that if there were to be another merger, that would be the best time to review a name change and hold discussions with the Board.

Members asked about the plans for the subsidiaries that are dormant and not trading. The COO responded that winding them down is not straight forward as some owe the Group money but the intent is to wind them down when appropriate.

Noting the target set by the Treasury as identified in that section of the Financial Statement entitled Payment Performance, members asked what the Group's figure is. The COO responded that the figure is unknown as it is hard to track. He continued that the auditors look at creditor listings month by month and described the system for payment to creditors. He reported that by July of last year the Group had only 11 creditors left on the ledger and those were larger creditors.

Members asked about the unadjusted differences within the Auditor's report for the dilapidation of Carlcroft Farm asking if it was included as an unadjusted difference due to the COO not agreeing with the auditors or an issue of timing. The COO noted that there were no material or other disagreements with auditors so it is not that. The Auditor's view was that the Group should have credited the profit loss from overproviding in relation to the dilapidation. This was discussed in the clearance meeting and as it was not material to the accounts it was unadjusted.

Members asked about the pension scheme and future rates charges. The COO responded that at the moment, the Tyne and Wear scheme has not said they will increase. The COO noted that evaluations occur annually, with a full actuarial evaluation done every three years. It was noted that this reduces our reserves from £39m to £6m which, in response to a question on what this means moving forward, he advised we should wait and see whether it even happens. The COO noted that many colleges are in negative reserves because of these adjustments. He continued that the pension valuation does not affect financial health scores for the Group.

Members congratulated and thanked the COO and his team for pulling together the end of year accounts at the end of such a difficult year.

AGREED to:

- Review and approve the Sunderland College Report and Financial Statements for 2019/20
- Note the financial position of Blue Square Trading Limited, City of Sunderland College Supplies and Sunderland College Enterprises Limited and recommend to the Board, in the general interests of the College, to provide financial and other support to enable them to continue to trade
- Provide Tait Walker with a management representations letter confirming general and specific matters in line with International Standards on Auditing

**JM/20-21/03 EPNE submission: Financial Health Report**

This item was deemed confidential with minutes maintained separately.

**JM/20-21/04 Any Other Business**

There was no other business raised.

**JM/20-21/05 Date, time and venue of next meetings**

- Board: 09 February 2021. 5:00pm, Teams
- FRP: 16 March 2021, 5:00pm Teams

There being no further business, the meeting adjourned at 17:52.