

**REASEHEATH COLLEGE BOARD**  
**FINANCE AND GENERAL PURPOSES COMMITTEE**

**Minutes of the meeting held on Wednesday 4 March 2020 at 9.30am**  
**Committee Room, Reaseheath Hall**

Present: Malcolm Burns (independent) MB  
 Marcus Clinton (principal) MC  
 Prof Gary Crowe (independent) GC  
 Elizabeth Harrison (independent, chair) EH  
 Andrew Fletcher (independent) AF  
 Jon Furber (independent) JF  
 David Pearson (independent) DP  
 Angela Potter (independent) AP  
 Richard Ratcliffe (independent) RR  
 Liz Watts (Staff) LW

In attendance: Graeme Lavery, CFO and director of resources GL  
 Louise Woodman, director of HR LWoodman *(item 1 – 5 inclusive)*  
 Matthew Gower, assistant principal quality and learner services MG *(item 1 – 6.1 inclusive)*  
 Ian Watts, HE student data manager IW  
 Jackie Schillinger, clerk JS

PART A (unless stated)

Item	Content
<b>1.</b>	<b>WELCOME AND APOLOGIES FOR ABSENCE</b>
1.1	The Chair welcomed all to the meeting. There were no apologies for absence from members. The Dean of Higher Education had given his apologies as he was poorly and the Principal confirmed that his items on the agenda would be picked up by others.
1.2	The meeting was declared quorate.
<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>
2.1	The declaration of interest form was circulated. There were no interests declared as giving rise to a conflict of interest in relation to the agenda items for the meeting
<b>3.</b>	<b>MINUTES AND MATTERS ARISING</b>
3.1	Part A of the minutes of the meeting held on 4 December 2019 were approved and signed by the Chair. On matters arising, MB requested clarification on the reference at 13.5. JS explained that this reference was to the report on Bournville College that noted the risk that decisions

3.2	<p>could be made outside of the proper channels and the committee at its last meeting noted that this was not an issue at Reaseheath.</p> <p>The Part B minutes of the meeting held on 4 December 2019 were approved as a correct record and signed by the Chair.</p>
4.1	<p><b>4. COLLEGE STRATEGIC RISK REGISTER AND KPIS</b></p> <p>Overview of risks within committee remit: MC presented the key risk update for information and assurance. He highlighted:</p> <ul style="list-style-type: none"> <li>-The executive team had carried out a further deep dive into the financial risks and reviewed the entries on the risk register. In relation to financial risk, risk scores have remained as reported in December, with the exception of a slight risk score increase in relation to non-pay spend, as reported in the management accounts.</li> <li>-As noted in the management accounts, the outturn forecast is looking tight and it is essential that all forecasts around income are delivered in parallel with tight control of costs for the remainder of the year. The executive team considers the forecasting to be realistic and there are some items that have not yet been included until there is more certainty, but these could further strengthen the position and increase the outturn surplus. Mitigations include a close focus on areas that have the potential to make a further impact in year.</li> <li>-In terms of FE recruitment, open day numbers are significantly ahead of last year for these FE open events and further FE growth is a real possibility in 2020-21.</li> <li>-In terms of HE income risk, the impact of the failure to meet the budget target for 2019-20 has been mitigated to a minor overall impact on the college. However, looking to 2020-21 recruitment data in year currently shows a reduction in applications on this time last year. Actions to improve recruitment for 2020-21 will be key and an item focusing on HE recruitment has been included on the committee agenda.</li> <li>-Specialist staffing recruitment and retention was retained as a high risk at a score of 20 at the last committee meeting and this remains a high risk with particular issues in FE full time agricultural engineering and in the HE Faculty. An update on the impact of the specialist staffing action plan is provided in the meeting.</li> </ul> <p>4.2 Update on specialist staffing: The Director of HR, LWoodman, provided assurance to the meeting on good progress made in a number of areas though there are still issues in a couple of areas of provision. MC noted that specialist staffing challenges in the full time Agricultural Engineering provision has seen some student complaints coming through and he provided assurance on the actions in place to mitigate and to ensure that the students are supported going forwards to their exams. AP queried the level of risk of exam failure. MC provided further information on the steps taken to support this specific group of students and noted that though it is a challenging picture at the moment there is real opportunity and very good recruitment in this area of provision so it is important to invest all efforts to ensure the college is where it needs to be. JF acknowledged that specialist staffing in this area of provision is a long standing issue and it is frustrating that it is taking this long, but he welcomed the assurance from the discussion that management is getting to the core of the issues and taking significant action.</p>

<p>4.3</p>	<p>On the risk report in general, a number of points were raised, including:</p> <ul style="list-style-type: none"> <li>-RR requested and received assurance that the executive would be undertaking another deep dive on the finances, which would support budget setting, alongside the monthly management accounts.</li> <li>-EH noted risk factors due to recent weather conditions on farmers and their customers and also due to the Coronavirus impact. MC confirmed that the senior management team is meeting imminently to model the potential impact and firm up business continuity plans. MC added that land based colleges had been through a prolonged period of closure due to the foot and mouth outbreak some years ago. AP suggested it would be wise to also consider the impact on next year's business planning if students are unable to take their exams this year.</li> <li>-EH summarised the key risks and mitigations highlighted for monitoring at this stage are the staffing and potential impact on quality in relation to Agricultural Engineering that requires swift resolution, the HE income risk to next year, specialist staffing actions and business continuity planning, particularly in relation to COVID-19 with planning on this to be reported back to the March board. The strategic risk report and specialist staffing actions update were received for information and assurance.</li> </ul> <p>4.4</p> <p>Higher Education Student Data Report: In the absence of the Dean, the HE Student Data Manager, IW, presented the data update report. He reported that student retention is up on last year and that this year measures are in place to address the level of exam failure experienced last year. He highlighted the two year downwards trend on recruitment and gave detail on the different areas of provision. He provided assurance that the HE team is working more closely than ever before with the marketing team and he is very hopeful that the activity being carried out and planned will have an impact. Internal progression data was explored further and the areas where the offer needed development were discussed. MC and GL explained the modelling for the financial impact and the meeting noted the increase in foundation fees commences next year. GL provided his overview that the HE market is currently challenging and the college is managing to stabilise its income whilst working on the offer to promote growth. EH queried whether competitor analysis into the offer had been carried out. IW explained the research that had been carried out, including focus groups and UCAS report analysis. MC noted that with the work carried out by the Dean, the college did see improvements in internal progression last year, but it is clear that the offer needs development as well as in year actions and improvements to the HE learning and social space. He confirmed that all these aspects are within the strategic plan and are being worked on. AP asked for further detail on the reasons for the higher than expected exam failure last year. MC noted that a combination of factors had been looked at and the University has modified its assessment strategy which should assist this year. DP questioned how realistic it is to impact on progression given the specific nature of some of the courses that students are choosing. IW and MC provided assurance that the new programmes offered so far are recruiting well and there is more that can be done to improve internal progression to nearer to the sector averages of about 20-25%. GC requested assurance on the timeline for developing the new offer and MC explained that he expected traction straight away that would allow new programmes to be offered by September 2022. In response to questions by GC and AP on the level of confidence that there will be support from the University, MC provided assurance that he considered the dialogue clear and positive and he confirmed that he would soon provide a timeline and framework around the decisions that need to be made to provide assurance to the Board.</p>
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4.5 Higher Education business planning: MC explained that the item would consider the HE marketing plan. He noted that business planning in relation to the offer would be presented at the next meeting due to the Dean's current illness. GC wondered when the first opportunity to have a look at the business planning was and all agreed that it would be helpful to be able to have a look at this before it is in its final form in June. JS noted that the governor strategy day in May would probably be the first realistic opportunity to do this and she would look to include this as a part of the agenda for that day. The meeting then considered the HE marketing action plan, tabled in the meeting and presented by LW. EH commented on the large number of actions in the plan and asked how these are measured to see if they are having an impact in order to prioritise actions. GC also asked about priorities in terms of the one or two key actions. LW explained that her priorities were internal progression for second years and an external digital campaign to try and impact this September. In terms of digital presence GC welcomed the separate UCR facebook page but noted that it needed much more content and activity. LW acknowledged this and confirmed that HE digital content is now a priority. A number of suggestions for digital content were made and EH summarised the discussion, noting that this will be a cross college effort. She thanked LW for her report and members for their input and she noted that governors would welcome an opportunity consider the draft business plan at the first opportunity.

**5. HUMAN RESOURCES**

5.1 HR Update Report: LWoodman presented her report, in summary she highlighted:

- Specialist staffing and the staffing situation in HE are major priorities currently and work is underway to support the existing staff whilst sourcing replacements. There is a commitment to review delivery models to safeguard future staffing issues.
- Staff Conference was very successful with a digital theme.
- CMT coaching programme is underway and individual coaching sessions and the first workshops have been delivered with very positive feedback.
- Vice Principal recruitment is underway with three strong candidates shortlisted. Work is underway to create a similar campaign for Assistant Principal – Land-based.
- In terms of statistical data, there is a reasonably similar set of data to the last period in relation to turnover. Higher levels of resignations amongst teaching staff recognising losses in Engineering and HE.
- Exit interview themes are around improved career prospects and more money. For those that chose not to engage in exit interviews, the paper questions were issued and chased.
- Sickness absence in the period has dropped since the October peak, but is still high. Personal stress and anxiety still the highest sickness absence type in both the period and over the rolling year for long term absence.

5.2 Questions and discussion followed:

- EH queried the staff situation in the Academy of Land and Environment. LWoodman confirmed that there had been some staff movement but that the new staff in place are looking very positive.
- LWoodman explained the approach in relation to COVID-19 and the college sick leave policy.

	<p>-DP asked about the vacancy levels in the staffing establishment as he noted this could reduce transparency of the college’s financial position if the vacancy level is continually too high. GC noted that a high vacancy level could also raise concerns about quality and understaffing and he would like to see assurance on this in the reporting, as at the moment this is not answered. LWoodman provided assurance that other than those hard to recruit areas that have been discussed other areas are recruiting well and not understaffed. She added that the business planning process as now developed asks department managers what they need to deliver rather than rolling forward the establishment to achieve a more accurate picture. JF emphasised the importance of planning on the actual number of staff needed to deliver. EH summarised the discussion by welcoming the move by management to look at this aspect of staffing more closely and she noted that the committee would look forward to an update on this at the next meeting when considering the budget.</p>
5.3	<p>Specialist staffing action plan update: LWoodman provided an update for the committee on progress and what has worked well. She confirmed that she would provide an update to the action plan document to the committee by email following the meeting. The update report was received for information and assurance. LWoodman summarised that the most effective parts of the plan that she would continue to focus efforts on were:</p> <ul style="list-style-type: none"> <li>- Some success with the programme leader roles in engineering, and soon all programme leader roles will be filled.</li> <li>- Good working with the Human Resources department and the programme leaders to support the department.</li> <li>- Focus groups have enabled some progress to be made with the team.</li> <li>- Lots of work on recruitment and use of agencies has reduced the impact to some extent.</li> <li>- The step and transition panels have worked where they have been held and it is hoped to have more next year.</li> <li>- Meet the team with MC has provided a good dialogue and this is moving to meetings with smaller groups within the department.</li> <li>- Additional administration support has been put in to the department to support.</li> <li>- The Teaching and Learning Coach team is re-directing resources to focus on engineering.</li> <li>- There are plans to introduce a transition into teaching scheme to support new starters develop their teaching skills alongside their industry expertise more effectively.</li> </ul>
5.4	<p>Gender Pay Gap Report: LWoodman presented the Gender Pay Gap Report for recommended approval by the Reaseheath College Board at its forthcoming meeting. JF noted a small correction needed. In response to MB’s benchmarking query, LWoodman confirmed that the data is similar to other similar colleges that do not outsource domestic and catering services.</p>
5.5	<p><b>RESOLVED: The Gender Pay Gap Report it recommended for approval and publication on the college web site.</b></p>
6.	<p><b>STUDENT NUMBERS AND FUNDING REPORTS</b></p>
6.1	<p>FE and Apprenticeships student data report: MC presented the data report, noting strong assurance on the FE and apprenticeship income streams for the current year and strong indications on recruitment for next year. EH noted a query with the data for clarification in relation to home education numbers on page 6 of the report. The meeting noted that the HE student data report had been taken earlier in the meeting. The data reports were received for information and assurance.</p>

**7. FINANCIAL MONITORING**

7.1 ESFA Integrated Financial Model: The Chief Finance Officer and Director of Resources, GL, took members through the ESFA Integrated Financial Model submission that had been approved by the Board at its recent meeting on 24 February 2020. Members had received by email the letter exchange between the AoC Colleges' Finance Directors' Group and the ESFA and noted the challenges presented by the model. GL explained that the model is very much income driven with unrealistic detail requested in some income areas and with little complexity on costs. DP requested and received assurance that the document had been completed and correctly submitted. GL noted that the submission was not as granular in staff payments as was requested in the model as this was not possible and the ESFA are aware of this. He added that the model allowed for less narrative commentary than the previous model and requires projections to be made from information that is eighteen months' old. He noted that the way the model treats revolving credit is an issue and affects the current ratio. He added that the impact of reduced turnover reduces the college EBITDA to just below the financial objective of 8% and borrowing remains just above the 60% threshold in 2020-21 as it stands and so the governing body may wish to look at options in relation to gearing nearer to year end. He highlighted the projected surpluses of £515k and £736k in 2020-21 and 2021-22 respectively and took members through the cash flow chart. Questions and discussion followed:

-DP requested and received assurance on capacity within the finance team to cope with the increased workload. GL noted that an additional accountant is being recruited so there will be two accountants and a head of finance in the accountancy team going forwards.

-AF commented that it sounded like a piece of compliance work rather than something that could add value to financial management by executive or governors and DP emphasised the need to continue with the lobbying currently going on that could help to improve its usefulness. He said that he would raise the matter at chairs meetings that he attends.

-EH asked about the reporting that governors will see going forwards and GL explained that reporting would need to extend the current new model so that it covers a longer period and has more narrative.

-AP noted that all colleges are in the same position and there is an opportunity cost to bear in mind as an impact of the new model. GL confirmed that the period 6 management accounts have been delayed as a result of the time taken on the submission.

7.2 Period 5 management accounts: GL presented the period 5 management accounts and confirmed that period 6 management accounts would be provided in advance of the forthcoming board meeting. JF queried whether the re-forecast income targets were realistic, based on previous years' projections at the same time of the year, though he noted that costs would be less than predicted and so this may balance out. He noted this related back to the earlier conversation about the management of establishment staffing costs. GL explained the work with the executive leads on income targets to gain confidence, but he acknowledged that the executive team do not underestimate the challenge in hitting the income and so the controls of costs will be critical. He added that the period 6 and period 7 management accounts could provide more assurance on the income figures and that he would include more detail in the summary page to give greater assurance on income targets. MC also provided more detail and assurance on some of the income lines presented in the meeting. JF noted that he felt assured from the discussion that the executive had carried out detailed work and he looked

7.3	<p>forward to greater assurance in period 6/7. GC suggested that it would be helpful to have clarity on the key assumptions made to ensure the targets are deliverable and the key performance indicators to track. GL agreed to build this information into the summary page for the period 7 accounts. EH questioned the commercial return on the zoo currently behind budget and prior year and MC gave assurance that he considered more could be done to improve this and the zoo is entering the peak season from Easter to summer and so this should start to catch up.</p> <p><u>Confidential Part B item</u></p>
<b>8.</b>	<p><b>ANY OTHER BUSINESS</b></p> <p>There was no other business reported to the meeting.</p>
9.1	<p><b>ITEMS TO ESCALATE TO THE RISK REGISTER/REPORT TO BOARD</b></p> <p>The meeting agreed to report the following to the board:</p> <ul style="list-style-type: none"> <li>-Coronavirus business continuity risk to be reported back regularly and added to the business continuity risk on the strategic risk register.</li> <li>-Deep dive into the subsidiary company business plan and HE business plan at forthcoming meetings in the summer term.</li> <li>-The impact of the ESFA Integrated financial model.</li> </ul>
10.1	<p><b>DATE OF NEXT MEETING</b></p> <p>The date of the next meeting was agreed as Wednesday 17 June 2020 at 9.30am.</p>

The meeting closed at 12.45pm

Signed:

Dated: