

REASEHEATH COLLEGE BOARD
FINANCE AND GENERAL PURPOSES COMMITTEE MEETING

Minutes of the meeting held on 28 November 2024 at 9.30am in the Committee Room

- Present: Jane Cowell (independent)
Elizabeth Harrison (independent)
Martin Mellor (independent)
Angela Potter (independent, chair)
Paul Weston (independent) (*via Teams*)
- In attendance: Graeme Lavery (VP finance and resources)
Vanessa Rhodes (director of people and culture) (*items 2 and 3 only*)
Charlotte Riley (head of finance)
Ash Austin (independent) (*item 5 onwards*)
Gary Crowe (independent) (*item 5 onwards*)
Jan Chillery (independent) (*item 5 onwards*)
Peter Green (independent) (*item 5 onwards*)
Mike Gorton (independent) (*item 5.3 onwards*)
Judith Bickerton Hubble (RSM) (*item 5 onwards*)
David Hoose (Forvis Mazars) (*item 5.1 only, via Teams*)
Jackie Schillinger (company secretary and head of governance)

PART A unless stated

item	Content
1.	Opening items
1.1	Apologies were received and accepted from Jared Erskine, Malcolm Burns and Marcus Clinton. The meeting was quorate and remained quorate throughout.
1.2	There were no declarations made to the meeting.
1.3	RESOLVED: The minutes of the meeting held on 4 July 2024 were approved as a correct record.
1.4	On matters arising raised in the meeting: <ul style="list-style-type: none"> Governors received safer recruitment training in the September safeguarding training. There is resource to drive the development of the learning management system.
Corporation Core Function Accountabilities	
2.	Determining and developing college educational character
2.1	TOR 8-12 Human Resources Equality Diversity and Inclusion Annual Report: The director of people and culture presented the report with the policy provided as an appendix. She explained the actions set out over a two-year period were about fifty percent complete. Challenge from the meeting discussion:

	<ul style="list-style-type: none"> Review the report, action plan and policy for phase two to align with the new strategic plan and the 'Excite' strand of the strategic plan. Reconsider whether the action plan is ambitious enough. The governing body needs to see more specific impact reporting, for example, what has been the impact of the equality impact assessment process on policy decisions. Provide a clear executive summary that highlights the priorities and the impacts. Keep the report short with the detailed data in the appendices.
2.2	<p>RESOLVED: Recommendation of the equality diversity and inclusion report and policy to the board with the addition of an executive summary picking up the points raised in discussion.</p> <p><i>Action log</i></p>
3.	Holding executive leaders to account for the performance of staff
3.1	<p>TOR 8-12 Human Resources</p> <p>Human Resources Report: The director of people and culture presented the Human Resources report including staff survey data, key performance data and progress against the area strategic objectives. Key points and challenge from the meeting discussion:</p> <ul style="list-style-type: none"> Absence data appears high but needs to be benchmarked to allow context on whether it is higher than the sector norms. Context is key, for example the performance management actions ongoing will likely have an impact on absence. Consider analysing the data by age profile so that back to work strategies can be more targeted. Review of the HR reporting overall showed a stable picture on key data.
3.2	<p>RESOLVED: The committee recognised the continuing challenge of high numbers of staff new to teaching and the work on the Reaseheath way initiative on teaching learning and assessment and reported risk exposure score should remain at 17 (likely x moderate).</p>
4.	Exercising effective control to ensure that funds and assets are protected, your organisation remains solvent and legal obligations are met
4.1	<p>Student Recruitment and Funding Report: The vice principal finance and resources presented the report. He summarised that the college had recruited more further education students at the 42-day point, but this will be reviewed at period four. The risk area within this is that the college has more students at level two this year to prepare them for T level next year, which means that the retention and achievement of these students will impact on next year's funding. Within higher education the numbers are down against the budget, but with the decline stabilised in terms of first year students. Overall, he confirmed the recruitment position is stable. Questions and challenge followed:</p> <ul style="list-style-type: none"> Track the progress of these level 2 transition students to ensure there is a good pipeline <i>ACTION for quality and standards committee.</i> Grow the Adult Education Budget provision with the curriculum skills and stakeholders committee to test and challenge managers on the plan to increase the offer at the January meeting. <i>ACTION for curriculum skills and stakeholders committee</i> The subject sector specific weighting has dipped below the college guideline, the overall strategic growth plans need to maintain this higher funding profile. The demographics are positive currently, but the college is not currently growing whereas other providers such as sixth form colleges and general further education colleges are seeing more growth.

4.2	<p>Management Accounts period 3: The vice principal finance and resources reported an expected outturn deficit of approximately £500k, due to income down against budget as reported in the funding report in item 4.1. He reported that the position had moved positively since period 2 and outlined the mitigation work underway with the executive team on the income lines to recover the position to nearer budget forecast. Challenge from the committee on the reported position included:</p> <ul style="list-style-type: none"> • Seeking clarity on where impact can be made, for example the focus needs to be on the adult education funding stream for January starts, as well as apprenticeship block release starts that can positively impact the accommodation income line. • Pay and non-pay costs need to be considered, however, the college needs to continue to invest to grow, and the governing body will need to see how this balance is found in the mitigation plan brought forward by the executive team. • Whilst the sector may be hovering around break-even/deficit this year it is unlikely there will be the kind of significant government support this year as there was last year, so the management actions need to plan for this scenario. • Assurance sought that a letter of comfort will be secured from the bank on the debt service covenant and all other covenants are met. <i>ACTION: To report to the board meeting 17 December.</i>
4.3	RESOLVED: The committee takes partial assurance on the management of strategic risk area financial targets and budget with a heightened risk exposure score of 17 (likely x moderate) with action needed to recover the position in year reported to the next committee meeting.
4.4	RESOLVED: Due to the need to secure more growth in future, the committee takes reasonable assurance on the management of strategic risk area financial sustainability with a heightened risk exposure score of 13 (possible x moderate).
4.5	Capital Projects Report: The report was received for information and assurance on the continued good progress on current projects. The committee raised the issue of future government funding as there is no clarity yet on whether a loan facility will be offered for capital projects. It is unlikely the college would be a priority in bidding for grant funding as its estate is good, compared to much of the sector as it has significantly invested over the last ten years. This could impact the financial strategy to support the Lord Woolley student learning space planned project and mean the college needs to rely more on its currently available resources which could delay the desired timeline for this project.
4.6	RESOLVED: The committee takes substantial assurance on the management of strategic risk area infrastructure and resources with risk exposure remaining at 13 (possible x moderate).
Joint meeting Year End Reporting	
5.	Exercising effective control to ensure that funds and assets are protected, your organisation remains solvent and legal obligations are met
5.1	<p>TOR 1-7 Finance</p> <p>Audit Completion Report: External auditor David Hoose of Forvis Mazars presented his findings, providing substantial assurance on a clean audit. He went through the detail of several minor points for clarification. The committee challenged on progress on the internal control points raised in the prior year, with confirmation from the auditor that he was satisfied that progress was being made. The vice principal finance and resources confirmed that the implementation of a new finance system would speed this up, such system to be in place for the next academic year and therefore several prior year points would remain until then. The committee accepted the position on the basis that there were clear plans to address these</p>

	under the new finance system. The regularity report was received, with the reporting confirming that the auditor had found nothing during the audit work that suggested any non-conformance or irregularity. The committee welcomed the assurance provided by the audit report and thanked the team for their work to ensure a smooth external audit process.
5.2	<p>Bridge Report Management Accounts to Statutory Accounts: Presented by the head of finance and received for substantial assurance on robust management accounts reporting evidenced by the bridge report comparing management accounts to statutory accounts. The impact of FRS102 on accounting treatment of pension liabilities was noted, with a large positive impact for the year ending 31 July 2024. The committee asked that this be clearly shown in external reporting including to staff so that these stakeholders have a clear picture of the college position, which is a small surplus. The vice principal finance and resources evidenced the reporting in the annual accounts where the impact is separated out and explained. He added that the staff voice mechanism can support the understanding of the key metric of EBITDA as the most accurate measure to focus on.</p>
5.3	<p>Annual Statutory Financial Statements: The vice principal finance and resources presented the annual financial statements for any questions or comment. Questions and challenge on several areas followed:</p> <ul style="list-style-type: none"> • On the narrative, progress on the development of the flexible learning facility was queried. This was at stage 4 RIBA with the next stage being tender and submitting planning. The aim would be to have this project ready to go once the government funding strategy is clearer. The timeline for this is likely to be in the medium term, as the funding situation may not be clear until after April 2025 and it may not be come into force until the following financial year. • Given the risk that government funding may not be significant if no loan facility is offered the college needs to have an alternative planned strategy for its estate's development. • In readiness for the transfer of the commercial lending facility to treasury in 2026, the college needs to review a reserves policy. The committee and the governing body should review this in the March meetings. • Carbon emissions reporting was questioned as the data showed an increase. The vice principal finance and resources explained that the long winter had increased gas heating, with LPG gas having a higher factor. However, less electricity had been used. He noted that now the air source heat pumps have been installed in several areas this should positively impact gas consumption. • Challenge on the current assumptions on the capital and estates plan for the next three years with an action to present an overview to the governing body on the estate development and sustainability strategy at the May 2025 governor strategy day. <i>ACTION.</i> • Challenge on how the curriculum is adapting to the sustainability strategy, with acknowledgement that this can be looked at in the May 2025 governor strategy day on the theme of sustainability. • Questioning and confirmation that no additional disclosures were required this year. A point to note in the reporting for the future, probably from 2026-27 was that a new SORP was being development that will impact the EBITDA requirement will go up because of the treatment of leases. This was referenced in the notes to the accounts.

5.4	ESFA Finance Record: Received and a question raised on the treatment of staff in the guidance of the correct code. The vice principal finance and resources confirmed that the guidance is not completely clear but that the college and auditors are content with the way in which it is being treated. He confirmed that the sector is pushing back on the possible change to the financial year for colleges and is also asking for less account codes and more guidance on what needs to be input to them.
5.5	<p>Annual Review Financial Objectives: The vice principal presented the financial performance for 2023-24 against the agreed financial objectives and requested these be set for the 2024-25 financial year. All were met except for the 1% of turnover surplus and the debt service cover covenant. The context of college funding as opposed to school funding was discussed.</p> <p>Questions followed:</p> <ul style="list-style-type: none"> • What are the implications of not meeting the debt service covenant: Assurance was provided that there would be no impact and going forwards the EBITDA falling significantly would be the main risk area in terms of meeting borrowing costs. • Would there be the same amortisation period when the medium-term loan is transferred to the Treasury in 2026: Assurance was provided that the ten year amortisation period would be seen as standard. • Should the number of cash days be increased from a minimum of 25 to 35: The 25 days is used because the FE Commissioner recommends it and so it is likely the Treasury would take the same approach. • Is stress testing done on the figures so that if the college experienced another event such as the covid pandemic there is an understanding of how it could weather the storm: Assurance was provided that the cash position was strong and that the college would be well placed in the sector if something similar happened this winter but that it would inevitably be a whole sector issue that would require government support.
5.6	Following review of the draft annual statutory financial statements, the committee recommended the financial statements to the board for approval.
5.7	Following review of the ESFA finance record, the committee recommended the finance record to the board for approval of submission to the ESFA.
5.8	Following review of the college financial objectives, the committee recommended the objectives to the board for approval.
6.	There was no other business reported to the meeting.
7.	RESOLVED: The date of the next meeting was agreed as Thursday 13 March 2025 9.30am
The meeting closed at 11.45am	

Approved as a correct record 13 March 2025

Angela Potter (Chair)