

SHREWSBURY COLLEGES GROUP

MINUTES

Group :	SHREWSBURY COLLEGES GROUP – BOARD MEETING	Date:	08/07/2019
Location:	HIGHER EDUCATION CENTRE, LONDON ROAD CAMPUS, SHREWSBURY	Time:	5.30 p.m.
Membership:	Andy Allen, Gordon Channon, Christine Davies, Iain Gilmour, Christina Gore, Joshua Harry, Helen Hawsworth, Richard Heath, Nigel Merchant, Mitch Neale, Kari Quant, Robert Rosson, Rex Sartain, James Staniforth (Principal/Chief Executive), Michael Thompson, Paula Tucker, Michael Willmot and Roger Wilson.		
IN ATTENDANCE:	<u>Members of the Senior Leadership Team (SLT):</u> Catherine Armstrong, Group Vice Principal, Curriculum Support and Business Development (GVP – CS&BD) Mark Brown, Group Vice Principal, I.T. and Strategic Development (GVP – IT&SD) Donna Lucas, Group Vice Principal - Human Resource Development (GVP – HRD) Paul Morgan – Director of A Level Studies (DoALS) Paul Partridge – Finance Director (FD) Chris Pemberton, Group Vice-Principal, Quality and Curriculum Development (GVP – Q&CS). Clerk to the Board – Tracy Cottee David Pulford – Co-opted F&BO Committee Member.		
APOLOGIES:	Gordon Channon, Joshua Harry, Richard Heath, Mitch Neale and Kari Quant.		

Prior to the meeting, the Vice Chair made a presentation to Mike Thompson at the end of his Term of Office as a Parent Governor (London Road Campus). The Board thanked him for his hard work and support for the College since his appointment.

In the absence of the Chair, the Vice Chair took the Chair.

PART I – OPEN ITEMS

16/19. **Declarations of Interest**

1. Andy Allen declared a Standing Interest as an employee of Harper Adams University.
2. Christine Davies declared an interest in Minute Number 25/19. She left the meeting for the duration of the item and did not speak or vote.
3. Mike Willmot declared an interest in Minute Number 25/19. He left the meeting for the duration of the item and did not speak or vote.

17/19. **Minutes of Board Meeting Held 25 March 2019** (Appendix – Agenda Item 3)

Resolved: That the Minutes of the meeting held on 25 March 2019, be signed and approved as a true record.

18/19. **Matters Arising**

None.

19/19. Chair's Announcements

The Vice Chair –

- Welcomed Helen Hawksworth, the newly-appointed London Road Academic Staff Governor, to her first Board meeting;
- Advised that the H.E Student Governor, Mitch Neale, would be leaving the College having completed his studies and had resigned from the Board, having completed his Term of Office;
- reminded all governors to submit any expenses claims outstanding by 12 July 2018.

20/19. Governor Development Briefing – The College Insolvency Regime

The Board received a development presentation from Ciara Campfield, Education Partner, Stone King LLP and Stephanie Mason, Head of Further Education, RSM, LLP on the College Insolvency Scheme introduced for colleges by the Technical and Further Education Act 2017.

As part of the presentation, governors received an update on –

- The current position;
- An overview of the Insolvency Regime, including the Special Administration process;
- Governor Liability; and
- Insolvency guidance, governance actions and behaviours to reduce the risk of insolvency through good financial management.

The Board observed that already it carried out the majority of the advised actions and behaviours; however, it would keep under regular review going forward.

21/19. Governor Development Briefing – the New Education Inspection Framework

The Principal/CEO provided a development presentation to the Board on the new OFSTED Education Inspection Framework (IEF), to be introduced from September 2019.

As part of the presentation, governors received an update on –

- The revised Inspection framework,
- the new judgements of quality of education, behaviour and attitudes and personal development;
- proposed changes to the inspection practice, including the 'deep dive' review;
- proposed changes to inspection reports;
- the likely impact of the EIF and 'deep-dive' methodology on the inspection;
- EIF and governance; and
- How the College was preparing for the EIF, including using feedback from pilot colleges, and revising the College's curriculum Statements of Intent, SSAR and SAR and undertaking staff training.

22/19. Principal/CEO's Report

Further to the Report (previously circulated), the Principal/CEO gave a verbal update on the following –

- Full-time applications update;
- The Augar Review into Post-18 education and funding and that he had been a signatory to the collective letter (previously circulated) signed by 203 FE college principals and submitted to the Secretary of State, asking that colleges be allowed to deliver the Government's agenda regarding post-Brexit skills and social mobility and to enact the Review's recommendations.

The Vice-Chair commended the high number of student sporting and competition achievements included in the Report.

Resolved: That the report of the Principal/CEO be noted.

23/19. Summary of Minutes and Recommendations from Committees (Appendices – Agenda Item 9a - & 9f)

Chairs of the committees presented minutes of the following meetings, drawing the Board's attention to items of particular interest and presenting recommendations -

Quality, Standards & Curriculum Committee – 08 April 2019 (Appendix – Agenda item 9a) (Minutes previously circulated)

The Minutes were presented. There were no recommendations.

The Committee Chair reported the Committee had considered –

- Progress Grades – review Period 3 outcomes. The Committee had supported the measures the College had put in place to support students to achieve;
- A report on Apprenticeship activity, including a presentation from the GVP – CS&BD and Apprenticeship Manager on the impact of recent developments on the College's provision and quality systems, together with the latest data with respect to enrolment, attendance and achievement. This had been welcomed to improve the Committee's understanding of apprenticeship provision at the College.

Finance & Business Operations Committee – 14 May 2019 (Appendix – Agenda item 9b) (Minutes previously circulated)

The Minutes were presented. In the absence of the Committee Chair, the Board Vice-Chair presented the following recommendation.

24/19. Fee, Fee Remission and Refund Policy 2019 – 2020

The Draft Policy (previously circulated) set out for staff and students the College's approach to the remission, charge and refunding of fees. All figures had been discussed and tested by SLT and had been reviewed by the Committee.

Resolved: That the Draft Fees Policy 2019 – 2020, be approved.

Search & Governance Committee – 15 May 2019 (Appendix – Agenda item 9c) (draft Minutes previously circulated)

The Draft Minutes were presented.

The Committee Chair reported the Committee had considered –

- Learning Walks – Walks had again this year, been undertaken across all three sites and the Committee Chair thanked those governors who had attended them and in particular, the staff who had provided such informative and engaging itineraries. Feedback and evaluation indicated that the walks were valued by both governors and staff and would continue into 2019 - 2020;
- Mandatory Development Modules – The Committee had reviewed governor performance against KPIs and noted the Board was on track to achieve 100% compliance. The Committee had directed the Clerk to require all governors to complete the mandatory on-line Data Protection module by the end of Summer 2019;
- The Committee had reviewed the current position regarding current Governor Terms, vacancies and opportunities and had agreed that the Board Chair, as part of his annual

discussion with every governor, review their contribution, development needs and aspirations, to inform succession planning into 2019 - 2020.

The Committee Chair presented the following recommendations.

25/19. **Appointments to Board**

Following a Notice of Vacancy, one Valid Nomination for the 16 – 18 Student Governor vacancy had been received from McKenna Wood (a First Year A Level student) and no election was held.

Having declared an interest, C. Davies and M. Willmot left the meeting at this point.

Further to S&G Min. No. 04/19, the Committee had also considered those governors whose terms were ending by mid-year 2019, and who had indicated that they would consider an extension to their terms for a period of one year. In order to support effective succession planning, the Committee considered it appropriate to recommend an extension of terms for both C. Davies and M. Willmot.

Resolved: It was AGREED that:

- 1. McKenna Wood be appointed as Student Governor (16 – 18) for a One Year Term, with effect from 09 July 2019;**
- 2. Having considered the current Board skills set, the Board's Succession Plan and the performance, contribution and skills base of the individual, Christine Davies' Term of Office as an Independent Governor be extended for one year beyond 19 July 2019 to 31 July 2020; and**
- 3. Having considered the current Board skills set, the Board's Succession Plan and the performance, contribution and skills base of the individual, Mike Willmot's Term of Office as an Independent Governor be extended for one year beyond 12 October 2019, to 31 October 2020.**

C. Davies and M. Willmot re-joined the meeting at this point.

Audit Committee – 06 June 2019 (Appendices – Agenda item 9d) (draft Minutes previously circulated)

The Draft Minutes were presented.

The Committee Chair reported that –

- Prior to the meeting, Committee members had received from the Finance Director a briefing on the management of financial risks to the College following the now resolved industrial dispute with the NEU. The Committee had agreed that the presentation had provided assurance on the robustness of the College's approach. It had commended the risk-based approach taken by the College in identifying the risks and the controls and actions being taken to mitigate these risks;
- The GVP – I&SD had presented the report which set out scope actions and the College's position with respect to network controls at the College, conducted in lieu of the IAS audit provisionally planned for the year. The Committee had concluded that the report set out clearly a full awareness of the possible risks and that the recommendations presented effective risk mitigation to these possible risks. It had, therefore agreed to direct the IAS' resources to other projects;
- The Committee had commended the SLT's efforts to reduce considerably the number of overdue IAS recommendations.

The Committee Chair presented the following recommendations.

26/19. Financial Statement Auditors 2019 – 2020 Audit Plan and Strategy (Appendix 9di)

The Plan and Strategy (previously circulated) set out -

- the principal business issues relating to SCG and the overall impact on the audit approach – financial position and Going Concern; and
- Significant risks identified.

The Chair confirmed that the Committee had been adequately informed and had a good understanding of the College's risk management processes.

Resolved that: the Financial Statement Auditors 2019 – 2020 Audit Plan and Strategy be approved.

27/19. Risk Register and Board Assurance Framework (Appendix 9dii)

The Committee had reviewed (previously circulated) the Risk Register and Board Assurance Framework (BAF) – June 2019 Update. The Committee had concluded that it considered the risks to have been appropriately identified and the management actions reported were effectively mitigating these risks.

The Committee had agreed that it use the October 2019 pre-meeting time slot to discuss and review the Risk Register Assurance Level grading system, quantifying impact criteria and probability assessment criteria.

The Board AGREED that SLT had review and remove low level risks to secure a more focussed and strategic Register.

Resolved: That the Risk Register and Board Assurance Framework (BAF) June 2019 Update, be approved.

Quality, Standards & Curriculum Committee – 19 June 2019 (Appendix – Agenda item 9e)
(Draft Minutes previously circulated)

The Draft Minutes were presented. There were no recommendations.

The Committee Chair reported the Committee had considered –

- Progress Grades – review Period 4 outcomes. The College was now able to track changes between collection points as well as equivalent points in different years;
- a report on Apprenticeship activity, together with the latest data with respect to enrolment, attendance and achievement. As part of its annual committee evaluation, it had been agreed that, whilst the information provided to the Committee on apprenticeships was valued, the Apprenticeship Lead Governor would meet with the GVP – CS&BD, to review and revise going forward the report contents. The Apprenticeship Lead Governor confirmed that he had now held this meeting and a revised report structure would be presented to the first Committee meeting of the 2019 – 2020 year.

Finance & Business Operations Committee – 26 June 2019 (Appendices – Agenda item 9f)
(Minutes previously circulated)

The Draft Minutes were presented. In the absence of the Committee Chair, the Board Vice-Chair presented the following recommendation.

28/19. Group Financial Forecast and Draft Budget 2019 – 2020 (Appendix – Agenda item 9fi)

In introducing the Draft Budget (previously circulated), the Finance Director explained that –

- The budget reflected the ongoing financial challenges facing the College in particular in light of the lower than planned outturn in 2018/19, Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) for 2019/20, had been anticipated to be reduced to £1,218k as part of the second year of the 2018/19 financial plan. The budget for 2019/20, was for an EBITDA of £1,163k. This was £55k lower than originally planned despite budgeting for significant non-pay cost reductions; EBITDA as a % of income was just under 5%.
- The Budget allowed for Capital expenditure of £700k in 2019-20. The Board acknowledged that this was restricted by the lower than planned EBITDA in 2018-19, which meant that the College had generated less cash available for reinvestment, the lower EBITDA budget for 2019-20, and the heightened risk facing College enrolments as a legacy of strike action.
- The 2020/21 plan assumed additional funding to cover the additional cost of the teacher's pension cost increase would continue; no increase in current funding rates had been assumed in 2020/21. The Board acknowledged that, should the TPS cost increase not be funded in 2020/21 (either directly or through a change to the base funding rate) EBITDA would be reduced from the planned 5.3% in 2020/21 to 3.4%, the College's financial health score would reduce to 180 (borderline good/requires improvement), and the College would be forced to also reduce capital expenditure planned in 2020/21, to maintain buildings and equipment in order to ensure compliance with bank covenants.
- Regarding Non Levy Apprenticeship income, the Board acknowledged that the College's ability to deliver the planned level of activity would be determined by available funding from SBC/ESFA. A strategic review of apprenticeship delivery was underway to identify areas where the College should either modify delivery to improve course contribution or to withdraw from apprenticeships where fees did not justify the costs of operating these courses. The outcome of this review had not been taken into account within the draft budget; however any changes implemented would be undertaken mid-year.
- The continued delay to the implementation of the Digital Apprenticeship System (DAS) for SMEs and the extension of ESFA contracts to April 2020, meant the continuation of the subcontract arrangement with SBC training throughout 2019-20 and the costs of this arrangement was included in the Draft Budget. For 2020-21, the plan assumed that the DAS was in place. The 2020-21 budget assumed that old apprenticeship carry-in activity was replaced with new start activity and that the subcontract retention withheld by SBC reduced in 2020-21, as apprentices trained through the subcontract arrangement completed.

The Board noted that, in setting the draft budget –

- prudent estimates had been made to determine the levels of activity planned. The key areas of risk inherent in the plan remained the College's access to Non-Levy funding. If final funding allocations to SBC were inadequate to satisfy planned new starts, this would lead to a potentially material shortfall against budget and might require urgent short term action to reduce costs;
- with the financial risks and challenges facing the College in 2019-20 in mind. Capital expenditure had been minimised in order to ensure that cash was preserved in case this was required to offset any significant adverse events, or other key risks facing the College.
- specialist equipment has been prioritised and estate refurbishment minimised to high priority preventative or compliance activity. Other expenditure has been prioritised where this would protect or enhance the quality and sustainability of curriculum provision and enhance student and teaching IT resources (PCs, Laptops, etc.). The overall aim was to maintain and enhance the student experience and ensure that teachers have the appropriate resources available;

In conclusion, the Draft Budget represented a Good financial health grade with the ESFA which kept the College within its banking covenants.

Resolved: That the Group Financial Forecast and Draft Budget 2019 - 2020, be approved, including Financial Plan objectives.

30/19. **Sub-Contractor Management and Retained Funding Policy 2019 – 2020** (Appendix Agenda item 10)

The Board reviewed the updated Sub-Contractor Management and Retained Funding Policy for 2019 - 2020 (previously circulated). The College was required to have this Policy in place and approved by Board when sub-contracting Education & Skills Funding Agency (ESFA) funded activity.

Having reviewed the Policy, the Board

Resolved: That the Sub-Contractor Management and Retained Funding Policy 2019 - 2020, be approved.

31/19. **GDPR Annual Report 2018 – 2019** (Appendix Agenda item 11i)

The Board reviewed the GDPR Annual Report for 2018 – 2019 (previously circulated).

The GVP – IT&SD provided a verbal update on –

- the percentage of staff who had undertaken GDPR development had increased to 92%;
- the Annual Report provided a strategic review of the first 12 months of GDPR implementation at the College;
- the SLT had monitored compliance and the GDPR Risk Register and the College Policy had been revised as a result;
- the Board sought assurance that the Data Breaches reported had been addressed and procedures improved. The GVP assured that the Breaches reported had been minor in nature and protocols had been revised to prevent re-occurrence;
- The Internal Audit Service had reviewed GDPR and would report to next Audit Committee

Resolved: That the GDPR Annual Report 2018 – 2019, be approved.

32/19. **Draft Calendar of Board and Committee Meetings 2019 – 2020** (Appendix Agenda item 11ii)

The Board reviewed the Draft Calendar of Board and Committee Meetings 2019 – 2020 (previously circulated). Governance meetings had been rescheduled to complement the College's financial management and teaching and learning reporting cycles, to ensure governors received timely, accurate data. Having reviewed the Draft Calendar, the Board agreed to move the date of the October 2019 meeting from 07th to 14th.

Resolved: That the Calendar of Board and Committee Meetings 2019 – 2020, be approved, as amended.

33/19. **Risk**

As part of the discussions on the College's Risk Register and Board Assurance Framework agreed (Board Min No. 67/17 refers), all committee agendas now featured a final item to consider whether risks connected with that committee had been effectively addressed in the meeting.

The Board also undertook a review of the risks within the remit of the Board. It was assured that the College was taking reasonable actions to mitigate these risks.

34/19. **Date of Next Meeting – .14 October 2019. Venue – H.E. Centre, London Road Campus.**

35/19. **Governance Pack**

The Board reviewed (previously circulated) the following compliance audits, compiled and presented at the request of the E&D & Safeguarding Lead Governor –

1. Equality & Diversity;
2. Prevent;
3. Safeguarding

PART II – CONFIDENTIAL SESSION

It was agreed that Minute Numbers 35/19 & 36/19 be considered as confidential under Article 16(2) (d) and Standing Order 11.

The Staff Governors left the meeting at this point.

36/19. **Principal/CEO's Report** (Agenda item Confidential Appendix 14)

The Board considered the report (previously circulated). The Principal/CEO reported that he had sent 880 letters to universities, explaining the circumstances of the recent dispute. The Board expressed its appreciation for the hard work undertaken during the dispute and continued support for the Principal/CEO and SLT.

The Principal/CEO and all members of SLT left the meeting at this point.

37/19. **Confidential Minutes of Board – 25 March 2019** (Confidential Appendix – Agenda item 13a) (previously circulated)

Resolved: That the Confidential Minutes of the meeting held on 25 March 2019, be signed and approved as a true record.

The meeting concluded at 8.30 p.m.