

SHREWSBURY COLLEGES GROUP

MINUTES

Group :	FINANCE AND BUSINESS OPERATIONS	Date:	04/12/2018
Location:	PRINCIPAL/CEO'S OFFICE, WELSH BRIDGE CAMPUS, SHREWSBURY SIXTH FORM.	Time:	5.30 p.m.
Membership:	Gordon Channon, Richard Heath, David Pulford, Rob Rosson, James Staniforth (Principal/CEO), Michael Thompson and Paula Tucker.		
In Attendance:	Member of the Senior Leadership Team: Paul Partridge, Finance Director Clerk to the Board, Tracy Cottee		
Apologies:	None.		

46/18. **Declarations of Interest**

R. Heath declared a standing interest as an employee of Harper Adams University.

47/18. **Minutes – 06 November 2018**

Resolved: That the Minutes of the meeting held on 06 November 2018, be approved as a true and correct record.

48/18. **Matters Arising:**

Minute Number 43/18 – Management Accounts – Year to Date 2017 – 2018

The Principal/CEO confirmed that the College would receive additional estate renewal funding, which the College was planning to spend in-year.

Minute Number 44/18 – Risk

The Finance Director advised that the Audit Committee had agreed to the removal of the risks suggested by the Committee. The Clerk reported that, after the 2018 – 2019 Risk Register had been approved by Board at its meeting on 10 December 2018, all committee risks would be revised.

49/18. **Financial Statements Year Ended 31 July 2018** (Appendix – Agenda Item 5)

The Committee considered a report with respect to the draft year-end financial statements, including (previously circulated).

- Indicative year-end position;
- Cash balances;
- Net assets, including the impact of the reduced pension liability following the FRS102 actuarial re-measurement process; and
- The Financial Health Score of Good.

The Committee requested a number of minor amendments to the commentary which would be incorporated into the final document, which would be signed by the Board Chair and Principal/CEO at the Board meeting. The Finance Director also advised that an additional entry to the payroll disclosure regarding trade union representatives' activities would also be included in the final version of the Financial Statements.

The Finance Director advised the Committee that governors were required to make an assessment of the College's going concern and that the auditors needed to be satisfied that the assessment was robust. The Committee accordingly considered a paper (previously circulated) regarding the cash flow, covenant and going concern projections for the 12 months from December 2018.

The Audit Committee had considered the updated Financial Statements at its meeting on 21 November 2018 (Audit Min No. 27/18 refers). That Committee had observed that the Draft Financial Statements were well-prepared and comprehensive and had thanked the Finance Director and Finance Team.

Resolved:

That, having considered the draft Financial Statements and the report of the Finance Director on going concern, the Committee **RECOMMENDED TO BOARD** that:

1. The Committee considered the Shrewsbury Colleges Group to be a going concern; and
2. The draft year-end financial statements 31 July 2018, be recommended to the Board for approval subject to the minor amendments, clarifications and adjustments reported being made.

ACTION: REPORT TO BOARD

50/18. **Management Accounts – Year to Date 2017 - 2018** (Appendix – Agenda Item 6)

The Committee considered a report (previously circulated) with respect to the management accounts featuring a report which highlighted the key results, measures and risks.

The Finance Director explained that

- At the end of the first Quarter of the year the College was on plan overall;
- The forecast outturn for the year, at this stage, anticipated that the College would be very slightly up on budget EBITDA, primarily due to lower than budgeted subcontracted apprenticeship activities leading to reduced subcontracting costs;
- The financial health score continued to be depressed by the timing of Capital Expenditure which was loaded at the start of the year. During the remainder of the year, this was forecast to recover to above 1.2 and achieve an overall financial health score of 200;
- The GMB Union had requested the College to expand its Trade Union Studies work delivery into the East Midlands and Greater London areas, which were not currently included in the budget. Therefore, it was hoped that this area should meet or exceed budget this year.

The Finance Director also explained that the introduction of devolution of Adult Education Budgets for 2019/20, was likely to impact and limit Trade Union delivery in addition to putting at risk existing Distance Learning and Subcontracted delivery to residents of Devolved Areas from 1 August 2019. The College's plans to mitigate the impact include submitting bids for devolved AEB allocations and expanding the College's work with GMB.

In addition, the Finance Director advised that, further to F&BO Min. No. 43/18, the College was progressing the exploration of short-term, temporary solutions to support capacity issues for Brick and Construction Trades. Analysis of current enrolments and expected future demand was underway to provide support for any proposal for longer term development of the site to enable the College to meet current and expected future demand in Construction, Plumbing and Gas apprenticeships. The Committee acknowledged that, should this be deemed necessary to meet the expected demand from

the region, this would require as yet unplanned and significant further capital expenditure. The Finance Director also advised that due to timing of expenditure over the year end that £100k of capital expenditure planned to be incurred in July had been incurred in August and September. The Committee AGREED, in principle, to support increasing budgeted capital expenditure by up to £150k to account for the delay in capital expenditure incurred in 2017/18, and to allow £50k for the development of increased capacity for Brickwork, Gas and Plumbing Trades, subject to the development of a robust business case.

Resolved: That –

1. having considered the report, the Committee received the Management Accounts for the financial reporting period 01 August to 31 October 2018, highlighting key results, measures and risks; and
2. in principle, to support an increase to the capital expenditure budget of up to £150k, to enable the increase in capacity for Brickwork, Gas and Plumbing Trades, subject to the development of a robust business case.

51/18. **Over Draft Facility – Request for Delegated Authority** (Appendix – Agenda Item 7)

The Committee considered a report (previously circulated). In order to ensure that the College was able to meet its obligations as these fall due in February and March, it was prudent to ensure that the College was able to put in place appropriate short term facilities. The College's Bank had indicated that it was willing to extend overdraft facilities to the College and had indicated that such facilities could be put in place within 4 to 6 weeks if required. The Committee noted that such a facility had been granted in 2017-18 but had not been necessary.

The Committee considered it prudent that the Finance Director and Principal/CEO be provided with a standing authority to arrange an overdraft facility for the College, as or when this be deemed to be required. Should the facility be used, it would be reported back to the Committee.

Resolved: **RECOMMEND TO BOARD** that delegated authority be granted to the Finance Director and Principal/CEO to enter into an appropriate short term overdraft facility on behalf of the Shrewsbury Colleges Group, sufficient to ensure the liquidity of the College.

52/18. **Estates Report Termly Report** (Appendix – Agenda Item 8)

The Committee reviewed the confidential termly estates report which provided a summary of the estates projects completed during the autumn term (previously circulated) and the current approach on Campus redevelopment and estates expenditure priorities.

The Committee noted progress with respect to –

- Estates work undertaken across the campuses;
- The priority expenditure identified in the 2017 Condition survey, highlighting areas completed and priority areas for 2019 and 2020; and
- The status of key capital projects scheduled in March 2018.

The Finance Director explained that

- Discussions were continuing with Shropshire Council Officers on future plans for campus development. Discussions were planned to continue with a further meeting scheduled in mid/late December;
- A condition improvement fund grant application would be submitted to fund the replacement of windows in the main block at London Road. In the event that the grant application was unsuccessful this would remain a priority area at London Road for Summer 2019 works; and
- The Disabled access stair lift in Priory Hall had recently failed. Investigation was ongoing to find a suitable replacement solution.

Resolved:

That the Estates Report be noted.

53/18. Health and Safety Update (Appendix – Agenda Item 9a)

The Finance Director reported that –

- The College Health and Safety Policy had been reviewed and updated;
- The procedure documents that, to this point, had been included in the Policy have been removed and updated. The procedure documents will be placed on the College's InfoPoint – together with the Policy - once the Policy has been approved by Board at its meeting on 10 December 2018. The Health & Safety Policy Statement would also be signed by the Board Chair and Principal/CEO at the Board meeting.

Resolved: **RECOMMENDED TO BOARD** that the revised Health & Safety Policy be approved.

54/18. Health & Safety Report (Academic Year to date) (Appendix – Agenda Item 9b)

The Finance Director submitted the latest Health and Safety Report 2017 - 2018 (previously circulated). This report provided an update on Health and Safety across the College further to the report considered by the Committee at its meeting on 10 October 2018 (F&BO Min No. 34/18 refers) which included an Assurance Statement with regard to the Board's responsibilities for health and safety.

Following the appointment of a Health and Safety Officer, the initial focus of work had been in –

- A restructure of the Health & Safety capability at the College;
- A review of Procedures/Policy;
- Updated Fire Risk assessments; and
- Implementation of routine reviews of departmental risk assessments by the Health & Safety Officer.

The Committee reviewed a numerical summary of accidents and incidents during the 2017-18. The Committee also noted the Health & Safety Objectives and priorities for 2018 – 2019 –

The Lead Governor for Health & Safety reported that he was confident that the health and safety function was being conducted effectively.

Resolved:

That the Health and Safety Report be noted.

55/18. Risk

As part of the discussions on the College's Risk Register and Board Assurance Framework agreed by Board (Board Min No. 67/17 refers), the Committee examined those risks within its remit to ensure that they have either been identified or adequately discussed at the meeting.

The Committee concluded that the risks connected with the Committee had been identified and would be covered, due to the planned work schedule.

56/18 Date of Next Meeting – Tuesday, 12 March 2019 at 5.30 p.m. Venue – CEO/Principal's Office, Welsh Bridge Campus.

The meeting concluded at 7.03 p.m.