

SHREWSBURY COLLEGES GROUP

MINUTES

Group :	FINANCE AND BUSINESS OPERATIONS	Date:	12/03/2019
Location:	PRINCIPAL/CEO'S OFFICE, WELSH BRIDGE CAMPUS, SHREWSBURY SIXTH FORM.	Time:	5.36 p.m.
Membership:	G. Channon, R. Heath, D. Pulford, R. Rosson, J. Staniforth (Principal/CEO), M. Thompson, P. Tucker and R. Wilson (co-opted Committee member).		
In Attendance:	Member of the Senior Leadership Team: P. Partridge, Finance Director Clerk to the Board, T. Cottee		
Apologies:	M. Thompson.		

Prior to the meeting, the Chair and Committee welcomed R. Wilson to his first meeting as a co-opted Committee member.

01/19. **Declarations of Interest**

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

02/19. **Minutes – 04 December 2018**

Resolved: That the Minutes of the meeting held on 04 December 2018, be approved as a true and correct record subject to the following amendment –

Minute No. 49/18 - Financial Statements Year Ended 31 July 2018

Amendment of resolution 2. to '31 July 2018'.

03/19. **College's Financial Position and Mid-Year Financial Budget – Update** (Appendix – Agenda Item 4)

The Committee considered a report (previously circulated) with respect to the College's financial position including

Management Accounts – year to date

The Finance Director summarised the key changes to the forecast since the December 2018 Management Accounts –

- The effect on the College's EBITDA and the accounting treatment of the College's allocation of the one-off additional funding for the education sector received as a result of the Chancellor's Autumn Statement. There remains uncertainty as to whether this grant should be treated as a revenue or deferred capital grant. The financial statements auditors had not formed a firm view regarding this issue of the proposed accounting treatment. The Finance Director would seek additional views from other colleges and report back. If treated as a revenue grant the

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additional funding would add to EBITDA for one year only and therefore has been excluded from the 2018-19 forecast outturn for the year;

- The financial health score continued to be depressed by the timing of Capital Expenditure. However, during the remainder of the year, this was forecast to recover such that the College would achieve an overall financial health score of 200;
- The forecast outturn for the year, at this stage, anticipated that the College would be below budget primarily as a result of higher forecast pay costs. The Committee sought assurance that, going forward, the increased costs with respect to Agency staff be tracked and managed;
- The Committee acknowledged that there were a number of significant uncertainties and risks remaining in the forecast, primarily regarding Apprenticeship delivery and recruitment and elements of Adult Education Budget (AEB) delivery;
- Planned AEB delivery for the second half of the year indicated that the College's Trade Union Studies (TUS) delivery could generate additional income with a corresponding reduction in planned subcontracted AEB activity. As staffing and delivery costs had been allowed for in the pay forecast, the impact of this increased TUS delivery would also improve forecast EBITDA;
- Non Levy Apprenticeship income was behind budget and was forecast to remain so at this stage of the year. Levy Apprenticeships, however, remained ahead of budget. Additional subcontracted Levy-based activity was forecast to offset the deficit on planned subcontracted Apprenticeships;
- Devolution of AEB Budgets to Combined Authorities would not impact the College until 2019-20. The Committee reviewed the College's exposure in each combined authority, based on 2017/18 activity and was advised of ongoing activity with respect to each devolved authority;
- Further to F&BO Minute No. 50/18, the Finance Director provided an update on the exploration of short-term, temporary solutions to support capacity issues for Brick and Construction Trades. Further analysis of current enrolments and revised expectations of future demand did not provide sufficient assurance to support using a temporary structure for Brickwork at this point;
- Additional Learner Support (High Needs) funding was nearing formal agreement with local councils and the forecast was that income would be below budgeted levels. The number of learners with identified needs was higher than planned levels; however, the average funding value associated with their individual needs had also dropped.

Estates Capital Expenditure

The College was likely to incur Capital Expenditure exceeding the current Budget. The Committee was advised of the key reasons for this variance, which was the timing of HE Centre capital expenditure into 2018-19, in conjunction with additional unplanned capital expenditure which if it had been delayed would have left the overall expenditure within budget.

The Committee was assured that no further Capital expenditure commitments were planned or anticipated for 2018-19 and any further expenditure required would be limited to expenditure required to ensure safety and compliance.

Further to F&BO Min. No. 50/18, the Committee confirmed that budgeted capital expenditure be increased by up to £150k to account for the delay in capital expenditure incurred in 2017/18.

The Principal/CEO reported that the Marketing Team had been issued with a £500 'challenge' which developed into the 'Love Hearts' marketing campaign aimed at recruiting additional students. The likely success of the initiative and the additional funding the College would receive as a result was far in excess of the initial investment and a worthwhile project that also provided a skills development opportunity for the Team.

Resolved: That Board be recommended that –

1. having considered the report, the Committee received the Management Accounts for the financial reporting period 01 August to 31 January 2019, highlighting key results, measures and risks; and
2. budgeted capital expenditure be increased by up to £150k to account for the delay in capital expenditure incurred in 2017/18.

05/19. **Health & Safety Report (Academic Year to date)** (Appendix – Agenda Item 5a)

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.

The focus of work had been in –

- Revising and reviewing all College health & safety policies and procedures;
- Updated Fire Risk assessments and testing firefighting equipment across all sites;
- The launch of a new database for the recording of Accidents, Near Miss and safety Concerns; and
- Implementation of routine reviews of departmental risk assessments by the Health & Safety Officer.

The Committee also reviewed –

- a numerical summary of accidents and incidents during the period;
- progress against mandatory health & safety training. Governors would receive a Health & Safety Briefing prior to the Board meeting on 26 March 2019, as part of their statutory development programme.

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.

06/19. **Estates Report Termly Report** (Confidential Appendix – Agenda Item 6)

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 –

- the key areas of work undertaken to improve the College Estates;
- 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.

Although the landscape had changed with respect to redevelopment options open to the College, discussions were continuing with Shropshire Council Officers on future plans for campus development. The Committee confirmed that further exploration remained desirable in respect of campus relocation and agreed that the cost of further exploratory works should be limited.

The Committee was advised that Japanese Knotweed was present on Shropshire Council's land adjacent to the College's Wakeman Playing Fields. The Committee supported the Finance Director's approach regarding the management of this issue.

Resolved:

That the Estates Report be noted.

07/19. **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.

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The Committee concluded that the risks connected with the Committee had been identified and would be covered, due to the planned work schedule. However, it requested that consideration of Risk 2.12 (Risk of a lack of adequate business continuity provision) be specifically addressed at a future meeting.

With respect to Risk 2.1 (Risk of failure to achieve 16-18 learner number targets affecting 18-19 funding), the Staff Governor drew the Committee's attention to a recent article in the Shropshire Star reporting that Shropshire Council was currently consulting on proposals to cut the funding of transport costs to students and the possible adverse effect on student retention and recruitment going forward. The Principal/CEO undertook to investigate this and respond to the Consultation as appropriate.

08/19.Date of Next Meeting – Tuesday, 14 May 2019. Venue – CEO/Principal's Office, Welsh Bridge Campus.

The meeting concluded at 7.03 p.m.