

SHREWSBURY COLLEGES GROUP

MINUTES

Group :	FINANCE AND BUSINESS OPERATIONS	Date:	14/05/2019
Location:	PRINCIPAL/CEO'S OFFICE, WELSH BRIDGE CAMPUS, SHREWSBURY SIXTH FORM.	Time:	5.30 p.m.
Membership:	G. Channon, R. Heath, D. Pulford (co-opted Committee member), R. Rosson, J. Staniforth (Principal/CEO), M. Thompson, P. Tucker and R. Wilson.		
In Attendance:	Member of the Senior Leadership Team: M. Brown, Group Vice-Principal Information and Strategic Development (GVP-I&SD) P. Partridge, Finance Director (FD) Clerk to the Board, T. Cottee		
Apologies:	None.		

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

09/19. **Declarations of Interest**

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

10/19. **Minutes – 12 March 2019**

Resolved: That the Minutes of the meeting held on 12 March 2019, be approved as a true and correct record.

11/19. **Matters Arising**

Further to F&BO Min. No. 07/19, the Principal/CEO reported that the College had responded to Shropshire Council's consultation on proposals to cut the funding of transport costs to eligible students.

12/19. **Fees Policy 2019 – 2020** (Confidential Appendix – Agenda item 5)

The Group Vice-Principal Information and Strategic Development (GVP-I&SD) presented the Draft Fees Policy 2019 – 2020 (previously circulated) for review and recommendation to Board. The document set out the College's approach to the remission, charge and refunding of fees. The Policy was based on the Government's Funding Rules with respect to 2019 – 2020 Adult Education Budget (AEB) and Apprenticeships; however, the College had some discretion in setting other fees, for example, H.E.

The GVP-I&SD highlighted -

- The treatment of different age groups and funding streams;
- Different categories of learners and how they are funded.

The Committee reviewed the table of changes to the Policy, which were minor in nature. It requested that, going forward, the Committee wished to consider a tracked changes version of the Policy. The GVP-I&SD explained that the Policy included changes in the delivery of Apprenticeships going forward and the expectation that employers would have to pay a 5% contribution.

The Policy would apply from September 2019; any decisions arising from the Comprehensive Spending Review would be incorporated into the 2020 - 2021 Policy.

The Committee enquired on the take-up of Advanced Learners Loans for 19+. Certain courses attracted a strong take-up of the loans, such as counselling and access to education and the College had increased its breadth of provision in those subject areas as a response. All eligible applicants were advised of the loans at interview; however taking up the loan was a personal choice.

The Committee considered that the Policy explained clearly the funding approach of the College and acknowledged that much of its content was a response to funding agencies' requirements. The College's Policy was used as a reference point for staff and would be made available on the College's website. .

Resolved: That the Fees Policy 2019 – 2020, be recommended to Board.

ACTION: RECOMMENDATION TO BOARD

The GVP-I&SD left the meeting.

13/19. **Management Accounts – Year to Date 2018 - 2019** (Appendix – Agenda Item 6)

The Committee considered a report (previously circulated) with respect to the management accounts featuring -

1. A Management Accounts report which highlighted the key results, measures and risks; and
2. An appendix, setting out the key movements, together with key assumptions.

The forecast outturn for the year, at this stage, anticipated that the College would be below budget EBITDA and with an Operating Surplus below budget. The revised forecast currently assumed that all of the restructuring costs budgeted for would be used. Should this not be required this had the potential to improve the forecast outturn.

The financial health was currently 190 due to the Current Ratio being depressed by the timing of capital expenditure. The Financial Health Score would recover such that the College achieved an overall financial health score of 200 at the end of the year.

There were a number of significant uncertainties and risks remaining in the forecast and facing the College in 2019-20, primarily regarding Apprenticeship delivery. Other areas of risk and concern related to elements of AEB delivery, driven primarily by lower than planned levels of Trade Union studies activity. .

The Finance Director reported that the College has agreed a new contract for the ongoing delivery of apprenticeships with SBC Training Limited to cover from April 2019 to March 2020. However, to date, the ESFA have only provided SBC with a low indicative contract value and have not yet confirmed the funding values that will be provide to SBC. SBC, in turn, has provided sufficient contract funding to the College to allow only continuation of existing apprenticeships. A significant increase to funding contract values is required to allow further new apprenticeship starts, hence the increase of this risk score. The SLT had agreed to take on some new starts 'at risk' in anticipation of the ESFA's approval of an amended contract of higher value to SBC which would then be passed down to the College.

The Colleges partnership with SBC continued to be positive. However, the College continues to incur a reduction in income due to this sub-contract arrangement. These reductions were included in the approved Budget but it had been hoped that the implementation of the Digital Apprenticeship Service (DAS) would have meant that the reduction in income due to the subcontract arrangement would not have been necessary for new apprenticeship starts after March 2019. Delays to the implementation of DAS mean that the College will be forced to continue to bear the loss of income arising from this subcontract arrangement for more apprenticeships than was originally planned for.

The Finance Director advised the Committee of mitigating plans by the College to monitor and manage these risks.

14/19. **Issues Arising From Consideration of Management Accounts**

The Committee sought an update on the College's proposals to increase on-site capacity for Construction at the London Road Campus. The Committee confirmed its desire that the College seek out funding partners, such as the Local Enterprise Partnership (LEP), to ensure that the additional demand for space is met.

The Committee considered the strategic impact on the Budget of Shropshire Council's recent consultation on reducing public transport subsidies and discussed the potential impact on students' access and on the College's transport subsidy arrangements.

The Committee commended the improved financial performance of Origins Restaurant and that the improved facilities at the HE Centre were being received positively by students. The Chair requested that the financial support provided to the College by the Radbrook Foundation be recognised in the Colleges Financial Statements.

Resolved: That, having considered the report, the Committee received the Management Accounts for the six months to 31 March 2019, highlighting key results, measures and risks.

15/19. **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.

The Committee concluded that the risks connected with the Committee had been identified and that there had been sufficient discussion of the issues at the meeting.

The Committee acknowledged the increased risks in the delivery of AEB from this point, which was to expand sub-contracting to address the shortfall in the Trade Union Studies budget forecast.

The strategic risk register included a risk of damage to the College's reputation as a result of the industrial action and its impact on enrolment which was owned by the Board. The Audit Committee would receive a presentation on the College's mitigation of financial risks relating to industrial action at its next meeting.

16/19. **Date of Next Meeting** – Tuesday, 26 June 2019. Venue – CEO/Principal's Office, Welsh Bridge Campus.

The meeting concluded at 6.40 p.m.