

SHREWSBURY COLLEGES GROUP

MINUTES

Group :	FINANCE AND BUSINESS OPERATIONS	Date:	26/06/2018
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:	James Staniforth.		

18/18. **Declarations of Interest**

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

19/18. **Minutes – 15 May 2018**

Resolved:

That the Minutes of the meeting held on 15 May 2018, be approved as a true and correct record.

20/18. **Matters Arising**

Minute Number 12/18 – Matters Arising – Estates Termly Report

The Finance Director confirmed that the development works at the HE Centre at London Road Campus, would be completed before start of the 2018/19 Academic Year.

Minute Number 15/18 – Risk

The Finance Director reported that the Audit Committee had supported the removal of Risk 2.9 (Risk that cash flow levels aren't monitored effectively) from the Strategic Risk Register.

21/18. **Management Accounts – Year to Date 2017 - 2018** (Appendix – Agenda Item 5)

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 Finance Director explained that the remaining challenge to successful delivery of the forecast financial outcome was:

- Trade union studies work which will continue to be delivered into July 2018 and may not generate the forecast income; and

The Finance Director advised the Committee of mitigating plans by the College to monitor and manage this risk. The Committee noted with pleasure the improved forecast outturn.

In addition, the Finance Director advised that-

- the Chair had recently signed a Chair's Action, which would be reported to Board on 09 July 2018, for the College to enter into a contract with SBC to deliver non-levy Apprenticeships in 2018/19;
- Shropshire Council had advised the College that there would be changes to ESFA (Education & Skills Funding Agency) funding to Council for High Needs Students and that this might have implications for the College in how this funding was passed on. However, the Finance Director had queried this and would continue to work to ensure that the College would be paid in the year the student was enrolled.

The Committee commented on the reduction of the forecast spend on non-pay costs for Marketing. The Committee was of the view that, bearing in mind the strategic challenges facing the College and highlighted in the three year financial plan, it and the Board would benefit from a briefing on the College's marketing strategy, to ensure that this supports the College's strategic development to grow provision. The Committee considered that resources to deliver that strategy should not be an obstacle.

Resolved:

That, having considered the report, the Committee received the Management Accounts for the six months to 31 May 2018, highlighting key results, measures and risks.

22/18. **Group Financial Forecast and Draft Budget 2018/19** (Appendix – Agenda item 6)

The Chair requested that the Clerk record in the Minutes all questions asked by the Committee during this item, to provide an understanding and assurance to the wider Board that this matter had been given proper consideration by the Committee.

The Committee considered the Group Financial Forecast and Draft Budget 2017/18 (previously circulated).

In introducing the Draft Budget, the Finance Director explained that -

- The Draft Budget reflected the ongoing challenges facing the College, in particular the likely reduction in 16-19 students as a result of demographic changes over the coming two years, and increasing upwards pressure on pay;
- Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) was budgeted to remain positive in 2018-19, but with a significant reduction in 2019-20. Despite this the Draft Budget planned to continue to generate cash for re-investment into the College;
- The Budget allowed for Capital expenditure in 2018-19, to enable continued refurbishment of the College's Estate and IT facilities. The overall aim of this investment was to maintain and enhance the student experience and ensure that teachers had the appropriate resources available.
- The Draft Budget sought to maintain the strategic objective of maintaining a financial health grade of "Good", although in 2019-20, the Health score was expected to reduce from 200 to 190 driven by the lower EBITDA; To retain a financial health grade of good the minimum score is 180, hence, as there was less margin this carried increased risk.
- The Draft Budget sought to maintain a neutral cash flow.

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

The Committee supported the strategic approach outlined.

Committee members' questions included –

- Were the College's competitors acquiring more 'traction' in the market, thus affecting the forecast for enrolled students? The Finance Director responded that forecast recruitment and enrolment were based on calculations on migration from the College's feeder schools. It did not appear, at present, that competitors were affecting recruitment.
- Had the Senior Leadership Team (SLT) looked beyond 2019/20 in its planning? It was confirmed SLT had looked at expected enrolment beyond this period; however, for financial planning purposes, it had calculated to 2019/20.
- Did the financial objectives set out meet all the risks identified in the strategic risk register? The Committee requested that the report to Board include specific reference to risks identified on the risk register within the Budget Plan.
- Would historical underspends in bursaries affect students? The Finance Director confirmed that during 2017-18, historic underspends of bursary funding had been utilised, and that as a result, this area would require monitoring going forward to ensure that discretionary bursary support remained within funded amounts;
- Was there a budget for non-High Needs ALS students? It was explained that there was no separate funding for these students and that their support was funded through existing levels of student support resource..

The Finance Director was requested to provide, going forward, a breakdown of IT expenditure split between hardware and infrastructure and student-facing equipment. The Committee suggested that use of improved IT could address some of the logistical challenges presented by having three campuses. However, it agreed that an effective IT Strategy should not constrain effective investment in improving student-facing IT.

Having carefully reviewed and discussed the Draft Budget and Financial Plan, the Committee

Resolved:

That the Draft Budget and Financial Plan 2018 – 2020, be recommended to Board.

ACTION: REPORT TO BOARD

23/18. Estates Report Termly Report (Appendix 7)

The Committee considered a Report (previously circulated), setting out updates on a variety of estate issues, including –

- Estate strategic priorities;
- Refurbishment and other activities over the three sites, including works planned to take place over the summer; and
- Estates Condition Survey – spend update.

The Committee recognised the hard work of the Estates Team, whose prompt action during the flooding incident at English Bridge (F&BO Min. Nos. 08 & 12/18 refer) had prevented further damage and additional expenditure. The Finance Director reported that there was potential to look at a reconfiguration of the basement space but that this would require the College to accept the potential risk of future flooding and also to review the current use of the space as an exam suite.

Resolved:

That the Estates report be noted.

24/18. Health & Safety Report

The Finance Director submitted the termly Health and Safety Report (previously circulated) covering the following issues:

- The positive impact of the newly-appointed Health & Safety Manager, including –
 - A review of College Health & Safety Policy and procedures;
 - Acting on the recent London Road Campus Fire Risk Assessment;
 - Offering refresher training to teachers on writing effective trips and visits risk assessments; and
 - Starting to influence staff so as to develop a 'near miss' reporting culture at the College.
- Health and Safety Objectives for 2018 – 2019.

The Committee noted that, in early June 2018 a portion of the suspended ceiling in “The Agency” at the Main Building, London Road Campus had collapsed. No was injured and no damage caused to equipment. The Committee received assurance on the steps taken by the College to inspect similar suspended ceilings throughout the main building, and to require the contractor and manufacturer of the ceiling grid to inspect and report of the cause of the failure and to rectify the defects.

The H&S Lead Governor reported that he had met the H&S Manager and had confidence in his approach.

Resolved:

That the Health and Safety Report be noted.

25/18. 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 that there had been sufficient discussion of the issues at the meeting.

26/18. Committee Evaluation

The Committee agreed to defer the completion of the Committee Evaluation Sheet, to the next meeting.

27/18 **.Date of Next Meeting** – Tuesday, 09 October 2018 at 5.30 p.m. Venue – CEO/Principal's Office, Welsh Bridge Campus.

The meeting concluded at 7.04 p.m.