

MINUTES

Group :	FINANCE AND BUSINESS OPERATIONS	Date:	22/11/16
Location:	AGENCY SUITE, LONDON ROAD CAMPUS	Time:	5.45 p.m.
Membership:	Michael Bishopp, Gordon Channon, Alison Jackson, David Pulford, Anne Dokov, Rob Rosson, Mike Willmot, Lyn Surgeon, Principal/Chief Executive, Verity Underhill		
IN ATTENDANCE:	Members of the Senior Leadership Team: C. Armstrong, Group Vice Principal, Curriculum Support and Business Development – Item 8 only Mark Brown, Group Vice-Principal, I.T. and Strategic Development – Item 7 only Donna Lucas, Group Vice-Principal - Human Resource Development Janet Stephens, Group Vice-Principal, Financial and Asset Management Clerk to the Corporation		
BY INVITATION:	John Golding and Andrew Reid, External Auditors – Grant Thornton		
APOLOGIES:	Gordon Channon, Anne Dokov, Alison Jackson		

14. **Declarations of Interest**

There were no declarations of interest.

Minutes

15. Resolved:

That the open and confidential Minutes of the meeting of 11 October 2016 be approved.

Matters Arising:

16. **Financial Procedures (Res. 5/16)**

In response to a Governor query regarding Evolve, the Group Vice Principal (GVP), Financial and Asset Management reported that reference to Evolve had been included in the document as it was a recently established venture and operated a receipt system rather than a till system.

17. **Feedback from meetings with Unions (Res.10/16)**

In response to a Governor query regarding the teaching unions being asked to give a collective response on policies, the Group Vice Principal, Human Resources Development, reported that the unions had indicated that they would consider this proposal.

Terms of Reference for the Finance and Business Operations Committee (Appendix 9/16)

18. Resolved:

That the Terms of Reference for the Committee be agreed and referred to the Board for approval.

Work Plan 2016/17 (Appendix 10/16)

That the Work Plan for the Committee be approved and that it be noted that the Plan was an evolving document and further items may be added as and when necessary.

IT & MIS Strategic Update - Presentation (Appendix 8/16)

The Group Vice Principal I.T. and Strategic Development gave a presentation and circulated papers covering the strategic areas of Management Information systems and Technical Services including:

- Vision
- Strengths, Weakness, Opportunities, Threat
- Critical Success Factors
- Key Performance Indications
- Actions

The presentation was followed by a question and answer session.

Particular reference was made to the I.T. connectivity between the Colleges which was ahead of schedule. Lease lines were now in place enabling networks to connect and work was currently taking place on establishing trust arrangements. A Governor commented that it would be useful to identify any potential risks with the system.

The Chair asked if there were any particular worries. The GVP, I.T. and Strategic Development advised that there were no particular worries but there were big challenges to be addressed, including managing expectations.

19. Resolved:

That the presentation of the Vic-Principal, I.T. and Strategic Development, on Management Information Systems and Technical Services be noted

Business Operations – Strategic Update – Presentation (Appendix 11/16)

The Group Vice-Principal, Curriculum and Quality Development gave a presentation and circulated papers covering the strategic areas of I.A.G, Admissions and Marketing, Apprentices, Employer Engagement and Sales and Commercial Facilities, including:

- Vision
- Strengths, Weakness, Opportunities, Threat
- Critical Success Factors
- Key Performance Indications
- Actions

The presentation was followed by a question and answer session.

With regard to employer engagement she advised that changes were being put in place to monitor processes on a weekly basis to improve performance in this area. She also advised that the feasibility of establishing a stand alone team at a dedicated location, possibly at Priory House, where employers would be invited to attend and make assessments

The Group Vice Principal referred to the challenge of complying with and delivering new standards for apprenticeship schemes.

With regard to commercial activities, the Committee discussed the balance of making a loss on some of its activities, with the benefit of giving students real experience of working which would not otherwise be available. She advised that action was being taken to try to reduce the costs of Origins so that it was able to break even and more staffing had been taken on at Evolve to try to increase income through increased bookings.

20. Resolved:

That the presentation of the Vic-Principal, Curriculum and Quality Development on I.A.G, Admissions and Marketing, Apprentices, Employer Engagement and Sales and Commercial Facilities be noted.

Financial Statements Year Ended 31 July 2016 (Appendix 12/16)

(**Note:** John Golding and Andy Reid, External Auditors from Grant Thornton were invited to speak on this item)

The Group Vice Principal (GVP), Financial and Asset Management submitted a report with the draft year end financial statements 31 July 2016 which included figures for both Shrewsbury Sixth Form College and Shrewsbury College of Arts and Technology. She referred in particular to the Headline Summary as follows, which was better than originally expected:

Surplus for the year of £828K (deficit of £838K in 2014/15)

Cash balance of £1.9m (£2.4m in 2014/15)

Net Assets of £83K (£4.3m in 2014/15) the significant decrease is due to the increase in pension liability following the FRS102 changes and re-measurement process.

Financial Health of Good (Satisfactory in 2014/15)

The Shrewsbury College audit was still on-going but both audit teams had given assurance that the process would be finished in advance of the Board meeting in December.

The Committee were asked to discuss whether it considered the Shrewsbury Colleges Group to be a going concern giving particular regard to Appendix C to the report setting out considerations provided by Grant Thornton .

The external auditor advised that, at this stage, it believed the College Group was a going concern and gave clarity to factors taking into account when coming to a conclusion. In response to questions from the Chair, he advised that the current financial position of the College was typical of the sector, and that there were some in a worse situation. The external auditor gave a detailed explanation of the Accounting Standards applied and in particular the Local Government Pension Scheme and effects of the movements on the stock market on the assets and liabilities of Colleges. In the current climate, he considered that there was no undue worry for the College, The only concern would be if the Colleges' Bank were not happy with the situation.

The Chair asked whether it was appropriate to split out the pension liability in restricted reserves on the Balance Sheet to explain the position of negative income and expenditure reserves. The External Auditor advised this was not possible as it was a fixed format but suggested that a disclosure note could be included as a new paragraph 19 to clarify the position.

In response to a Governor query on the pay/staff ratio, the Group Vice Principal, Human Resources advised that there was a downward trend and the Group was likely to achieve the average 65% in the future.

21. Resolved:

(a) That the Board be advised that the Committee considers the Shrewsbury Colleges Group to be a going concern

(b) That Appendix A, the draft year end financial statements 31 July 2016, be recommended to the Board for approval subject to minor amendments being made.

(c) That it be noted that the Chair would be asked to sign off two sets of accounts at the Board meeting, one being the combined set of data (Appendix A) and the second being the Shrewsbury College of Arts and Technology only financial statements to complete the process of dissolution.

Management Accounts – Year to Date 2016/17 (Appendix 13/16)

The Group Vice Principal, Financial and Asset Management, submitted a report with the updated year to date management accounts up to 30 September and also circulated an updated version to 31 October 2016 (Appendix 14/16)

She highlighted the Amber items as areas of concern and, in particular, the effect of the changes to apprenticeship funding from April which could impact negatively on income and cashflow. The Group Vice Principal reported that the strategy regarding HE and Apprentice numbers would be looked at by the Strategic Working Party on 1 December. The Senior Leadership were looking at actions on 16-19 Apprentice income, Adult Apprentice income and AEB which were all areas of risk and not likely to achieve target.

The External Auditor, Grant Thornton, commented that, having regard to the previous item on Financial Statements, although certain areas were not on target, an action plan had been put in place to deal with the situation and, in relation to the apprenticeship levy, this could provide an opportunity to grow income.

22. Resolved:

That the year to date management accounts for the Shrewsbury Colleges Group up to 31 October 2016 be approved

Estates Report Termly Report (Appendix 15/16)

The Group Vice-Principal, Financial and Asset Management, submitted a summary of estates projects completed during the Autumn term.

She referred in particular to a proposal for the installation of a Mobile Phone mast at the London Road running track lighting column which would provide a one off payment of £30k for a 25 year lease. The Committee had no objections to the proposal, subject to further consideration being given to the costs involved should it be necessary to move the mast in the future in the light of development and to taking into account any staff concerns on health grounds.

With reference to the Condition Improvement Fund, a Governor commented that Bio-mass boilers could be considered as part of the heating update at the English Bridge Campus. The Group Vice Principal agreed to consider this as part of the grant application.

In response to a Governor query, the Group Vice Principal advised that discussions were still ongoing regarding the position of the Electricity Sub Station at the English Bridge Campus.

23. Resolved:

That the Estates Report be noted

Health and Safety Report (Appendix 16/16)

The Group Vice Principal submitted the termly Health and Safety Report covering the following issues:

- Health and Safety Guidance Manual - adopted by both colleges
- Reportable Incidents – None
- Fire Evacuation Procedures – completed at each campus
- Accidents – 5 to date
- First Aid – London Road – noted as area for improvement
- First Aid – Welsh Bridge/English Bridge – sufficient qualified staff
- PPM compliance – up to date and compliant
- Health and Safety Committee – meeting held 10 November - noted low attendance

In response to a Governor query, she confirmed that the College was still unable to obtain insurance against flooding at the English Bridge Campus.

24. Resolved:

That the Health and Safety Report be noted

Governor Representative Feedback (Appendix 16/16)

The Governor Representative for Health and Safety submitted feedback from his link meeting With the Estates Manager at Shrewsbury Sixth Form College and advised that the contents reflected the Health and Safety Report discussed under the previous item

25. Resolved:

That the Health and Safety Governor Update be noted.

Staffing Update

The Group Vice Principal, Human Resources Development advised that the new Principal/Chief Executive had confirmed his acceptance of the post but had not as yet returned his contract pack as he was negotiating a release date with his current employer. He had been in frequent contact and was very keen and excited at the prospect of taking up his post.

With reference to the Clerk's post, she advised that 10 applications had been received and that interviews would take place on 30 November.

The Group Vice Principal advised that an all staff conference was being held on 3 January 2017 and that the new Chief Executive/Principal would be attending this event.

26. Resolved:

That the staffing update be noted.

Training Review (Appendix 17/16)

The Group Vice- Principal, Human Resources Development, submitted a Training Overview of 2015/16. She advised that there was likely to be an underspend in training for this year. Sufficient training had been planned for the year ahead and in line with statutory requirements.

A Governor asked if there was a perception that other Colleges were getting more development training. The Group Vice Principal advised that the Shrewsbury Colleges Group training offer was probably on the low side. The Principal/Chief Executive stated that it was important in the future to externalise more and engage with outstanding Colleges to see what is meant by 'Outstanding' and witness inspirational teaching and learning.

27. Resolved:

That the Training Overview 2015/16 be noted.

Feedback from meetings with Unions

The Vice-Principal, Human Resources Development, reported that the Support Staff Restructure paper was 85% complete and that it would be submitted to the unions for discussion. She advised that it was unlikely to have any compulsory redundancies and that any posts at risk would be re-deployed. The aim of the restructure was to improve and embed the structure and avoid duplication rather than make changes. As regards the financial costs of staffing, it was anticipated that savings from the first phase of the restructure would enable all staff to be on the same terms and conditions in line with sixth form arrangements.

The Group Vice Principal reported that the last Joint Consultative Negotiating Committee was productive and that agreement had been reached on class sizes. However, following the meeting, the unions from all campuses had met to discuss issues around directed time and parity of pay, including Shrewsbury College staff going to the top of their pay scales. She had therefore called a meeting of staff to give a balanced view on this issue and received positive feedback to her response.

In relation to the Disciplinary Policy, there was no progress on agreeing this with the unions.

28. Resolved:

That the verbal report of the Vice-Principal, Human Resources Development, giving feedback on the Joint Consultative Negotiating Committee (JCNC) meeting be noted. DL/JJ

29. **Reward Strategy – Pay** (Appendix 18/16)

The Group Vice Principal, Human Resources Development submitted a report on the Reward Strategy – Pay recommending a consolidated increase of 1% with effect from January 2017 which had now been agreed by the teaching unions. She advised that it was proposed to align the pay award increase for both support and teacher contracts.

30. Resolved:

(a) That a consolidated increase of up to 1% be approved to all staff, subject to the SFCA decision on 21 November that this is paid equally to all staffing types at an in year cost of £73.5k including on costs.

(b) That the Board be recommended to approve the award and that it be announced to staff prior to the Christmas break.

31. **Risk**

That were no new risks identified for the risk register.

32. **Date of Next Meeting** – Tuesday, 7 February 2017 at 5.45 p.m. , London Road Campus.