

Date	25 April 2016	Clerk to the Corporation
Venue	Board Room, City Campus	Tel: 0114 260 2620 Fax: 0114 260 2601 val.struggles@sheffcol.ac.uk
Present	Gil Vasey - Chair Paul Corcoran Chris Linacre Sally Neocosmos Richard Wright	
In attendance	Heather Smith, College Principal Jason Pepper, Executive Director, Finance and Resources Val Struggles, Clerk to the Corporation Darren Tidmarsh, Executive Director HR&SRIS	

Minute	Action
16/3/1	Apologies for absence Apologies for absence were received from Ian Brown.
16/3/2	Minutes of the meetings held on 7 March 2016 The minutes were agreed as an accurate record.
16/3/3	Declaration of interest Potential declarations of interest were recorded for Paul Corcoran, Jason Pepper, Heather Smith, Darren Tidmarsh and Richard Wright in relation to agenda item 9.2 - the draft Internal Audit Report "UTC Academy Sponsorship and governance of subsidiaries".
16/3/4	Matters Arising and Action Record 1 <u>Action Record</u> The Committee noted the action record which will be updated and reissued with the agenda for the next meeting. The Chair informed Members that he had been alerted to the action arising from Minute 14/5/8 (July 2014) and the Committee's request at that time for a review of business support systems (e.g. Finance, Payroll and HR) and the level of investment compared with that to support the student experience and curriculum delivery. The outcome of that review was scheduled for June 2016 at the same

Clerk

time as a report on IT systems related procurements (Minute 15/4/9 June 2015 refers). Members were reminded that at the meeting in January 2016 (minute 16/1/4.2 refers) it was agreed that a comprehensive College-wide IT Strategy, incorporating both of these prior actions, will be presented to the meeting on 6 June 2016.

It was acknowledged that as a consequence of the Committee's discussions in January, the scope of the review and report originally requested had widened. In addition, clarification was sought that the outcomes of the recent Ofsted inspection will be taken into account to ensure the subsequent IT systems / information strategy is sufficiently comprehensive and over-arching. Members were informed that as part of the current business planning process, the level of investment available (including any staffing resource) will be considered in the context of developing a longer term strategy. Further details will be provided at the Strategy Event on 13 June.

**Chief
Executive**

It was agreed that the initial report requested on IT Systems procurement should remain separate and that the Executive Director Finance and Resources and Chair will clarify the scope of a report to be presented to the next meeting.

**Chair and
ED F&R**

2 Matters Arising

- i) Minute 16/2/6.q: Termly report on departmental performance in relation to contribution and value added

It was confirmed that the Chair had written to Heads of Learning to congratulate them on their achievements.

- ii) Minute 16/2/6.3: Outcome of discussions with the Banks - confidential

The Executive Director Finance and Resources provided a verbal update following recent meetings with AIB and Barclays Bank, the first since the breach of covenants was forecast in the February Monthly Management Accounts (details are recorded in a separate confidential minute).

16/3/5 2014/15 Financial Statements benchmarking

The report summarised the financial benchmarking data compiled from colleges' 2014/15 financial statements as recently published by the AoC. In addition to national comparisons, data for the Sheffield City Region colleges was provided also. The following details were highlighted for Governors' attention:

- i) Out of 327 colleges almost 60% (194) reported an operating loss, with no significant restructuring costs. Several colleges are reporting operating surpluses due to the disposal of assets.
- ii) The Sheffield College was 12th largest in terms of turnover

(£54m) but generated the 94th largest operating surplus (£309k)

- iii) The proportion of income which the College spends on staff costs continues to be approx 5% higher than other colleges generating significant operating surpluses. A more detailed review will be undertaken of the attribution of staff costs for different categories of staff. In addition discussions will be held with local colleges regarding pay and grading to provide further comparative information.

ED F&R

The Committee welcomed the report, noting that some regional colleges were in a weaker financial position, having reported operating deficits for three or four years. However, where good practice is identified which will improve the College's financial position, this should be adopted.

16/3/6 Monthly Management Accounts - March 2016

Since the last meeting the Monthly Management Accounts for February and March had been circulated to all Governors, with covering letters from the Executive Director, Finance and Resources. During the presentation and discussion of the March Accounts the following issues were highlighted:-

- i) At the end of March the year to date operating outturn was £220k compared with that budgeted (£1.6m). The College's financial health rating remained 'satisfactory' based on the SFA's methodology. As previously reported the forecast year end outturn continues to be an operating surplus of £804k which is £1.7m adverse to budget. This position is being closely monitored and the aim is to achieve a year end outturn operating surplus of £1m. A further review and update will be carried out in late May/early June.
- ii) In relation to the key performance indicators, members commented on the adverse variance in the year end forecast for Apprenticeship income compared with budget. Also noted was the positive variance on the year end forecast income for 19+ provision. The reasons for the variances were explained, including the focus on drawing down the full SFA allocation.

2016/17 EFA and SFA Funding Allocations - confidential

The Committee received a report providing details of the SFA and EFA allocations for 2016/17. The issues highlighted in discussion are recorded in a separate confidential minute.

- i) The EFA allocation has been reduced by £402k due to the reduction in 16-18 funded learners from 5,815 to 5,460 (relating to the lagged funding methodology). However the impact has been mitigated as a result of the College negotiating an increase in funding (£444k) for high needs learners.

- ii) Details of the EFA learner support fund allocation have yet to be confirmed. Any reduction could have a negative impact on student retention and achievement.
- iii) The SFA allocation was better than anticipated due to increased funding for core skills (approx £800k), 16-18 and adult apprenticeships (£576k) and advance learner loans (approx £1.4m).
- iv) There was a risk to SFA funding post April 2017 due to the anticipated introduction of the apprenticeship levy which may result in an in-year adjustment to next year's apprenticeship allocation. The preparation of next year's budget will include a contingency in the eventuality of any clawback. It was also recognised that a further risk was the potential for sub-contractors to deliver apprenticeships direct to employers when the levy is introduced.
- v) Work was continuing in relation to planning next year's provision and the aim will be to maximise the drawdown of the funding allocations. In relation to apprenticeships, the approach will be to target large levy paying employers in addition to ensuring the offer is relevant and attractive to a wide range of employers, including SMEs. Details of the Apprenticeship strategy will be presented at the Governors' strategy event in June.

Chief
Executive

16/3/8 2016/17 Baseline Budget - confidential

The Committee received the baseline budget for next year noting that further iterations will reflect changes arising from the ongoing work in respect of the 2016/17 curriculum plan. However, the final funding allocations received from the EFA/SFA have been included (minute 16/3/8 refers). Two further drafts of the 2016/17 budget will be presented prior to the Committee recommending the final version to the Governing Body meeting on 18 July for approval.

ED F&R

Details of the issues raised during the meeting are recorded in a separate confidential minute

16/3/9

Subsidiary companies update

1 Year to date performance

This was noted within the Monthly Management Accounts (minute 16/3/6 refers).

2 Draft Internal Audit Report - "UTC Academy Sponsorship and Governance of subsidiaries"

The Committee was informed that the draft report had been circulated to individuals consulted by the Auditors as part of their review and a copy will be circulated to members for information. The report, including recommendations and responses, will remain draft until it has been considered by the Audit and Risk Assurance Committee at its meeting on 27 June 2016.

ED F&R

3 Subsidiary Company Pension Provisions - confidential

In accordance with the legislative requirement to provide all eligible employees with an occupational pension, auto-enrolment will apply to each of the College's three subsidiary companies at staged dates during 2017. It was noted that implementation of the changes to the national living wage (applicable to SMS) and the pension schemes will result in additional staff costs for the College group, although it will be possible for individuals to choose not to participate in a pension scheme. The proposals relating to each subsidiary company as detailed in the report, together with the rationale, had been discussed in detail by the Executive Team prior to recommendation. Details were recorded in a separate confidential minute.

**Subsidiary
Company
Directors**

16/3/10 Any Other Business

Update on Norton campus

It was reported that subject to planning approval, the developer is still aiming to complete by Friday 27 July 2016. As previously reported, the proceeds of sale have not been included in the cashflow or financial forecasts for the current year.

16/3/11 Review of meeting

Members commented positively on the detailed and robust discussion.

16/3/12 Schedule of meetings for 2015/16

Monday 6 June 2016 at 8.00 am in the Boardroom
Monday 4 July 2016 at 8.00 am in the Boardroom