

<b>Date</b>	4 July 2016	Clerk to the Corporation
<b>Venue</b>	Board Room, City Campus	Tel: 0114 260 2620 Fax: 0114 260 2601 val.struggles@sheffcol.ac.uk
<b>Present</b>	Gil Vasey - Chair Ian Brown Paul Corcoran Chris Linacre Sally Neocosmos Richard Wright	
<b>In attendance</b>	Peter Harrison, Assistant Principal, Planning and Curriculum Enhancement Jason Pepper, Executive Director, Finance and Resources Val Struggles, Clerk to the Corporation Darren Tidmarsh, Executive Director, HR & SRIS	

Minute	Action
<b>16/5/1</b>	<p><b>Apologies for absence</b>            Apologies for absence were received from Heather Smith</p>
<b>16/5/2</b>	<p><b>Minutes of the meetings held on 6 June 2016</b>            The minutes were agreed as an accurate record.</p>
<b>16/5/3</b>	<p><b>Declaration of interest</b>            No declarations of interest were recorded.</p>
<b>16/5/4</b>	<p><b>Matters Arising and Action Record</b></p> <p>1 <u>Action Record</u></p> <p>The Committee noted that the final draft report of the Internal Audit Review - Governance of Subsidiaries will be considered by the Audit and Risk Assurance Committee at its meeting on 11 July. An earlier draft of the IAR report had been circulated to Governors and their comments incorporated into the revised report.</p> <p>The action record will be updated and reissued with the agenda for the next meeting.</p> <p style="text-align: right;"><b>Clerk</b></p>
	<p>2 <u>Matters Arising</u></p>

There were no matters arising other than those included on the agenda.

**16/5/5 SFA's Financial Health Analysis of the College**

The SFA's College (Financial) Dashboard and covering letter dated 10 June 2016 had been circulated to all Governors for information. (The apparent anomaly in the representation of the sector's upper and lower quartile on two of the graphs was noted).

On the basis of Financial Records submitted by the College for the period 2011/12 to 2014/15 inclusive the 'satisfactory' financial health was expected to remain unchanged for the period up to and including 2016/17. However the College's 'current ratio' was weak compared with the sector.

Members were assured that the SFA's financial health ratios (i.e. performance, current and gearing) are used by the College and in future will more closely mirror the SFA's methodology. The commentary relating to the 2016/17 budget (agenda item 7) also proposes key financial objectives against which Governors will monitor the College's financial performance.

**16/5/6 College Financial Plans - Improvements to the process for 2016**

The joint letter from the EFA and SFA, dated 14 June 2016, relating to improvements to the 2016 financial planning process had been circulated to all Governors for information. Also circulated was the checklist (extracted from the detailed guidance) for use in the preparation of the Financial Plan Commentary (to be submitted with next year's budget once approved by the Governing Body). The Committee was assured that, as in previous years, the commentary accompanying the proposed budget and financial plan (agenda item 7) complied with the checklist. The provision of a comment on any variation to the plan for the current financial year was a new requirement.

It was confirmed that the checklist, with appropriate cross referencing to the commentary, will be circulated to the Governing Body with the budget and financial plan.

**ED F&R**

**16/5/7 Final Draft Budget 2016/17 and Financial Forecast - Confidential**

Following discussion at the last meeting, the Committee received for consideration the final draft budget 2016/17 together with the 2016/17 and 2017/18 Financial Plan Overview as required by the SFA.

In addition to the whole College budget, details of draft departmental budgets were provided together with their forecast outturn for the current year compared with original budget (agenda item 9 refers, Minute 16/5/9 refers). Members were informed that the budget preparation process had been robust, allowing curriculum plans and

associated resourcing to be tested against an analysis of market demands. The budget and plans were predicated on a number of assumptions including key risks and uncertainties that could materially impact next year and beyond. Issues raised in the presentation and discussion are recorded in a separate confidential minute:

Members acknowledged there were a number of issues critical to the delivery of next year's budget and requested that Governors are informed immediately of any significant variances to plan together with details of mitigating action / interventions. Members were assured that income streams will be closely analysed and performance against curriculum plans monitored. All departments were required to have contingencies to ensure they achieved their budget and target contribution.

ED F&R

The Committee agreed:

- i) the key financial objectives for 2016/17 as specified in the report (section 1.12);
- ii) to recommend the 2016/17 budget to the Governing Body for approval on 18 July 2016 acknowledging the associated operational risks and subject to any significant changes impacting next year being reported to the Governing Body;
- iii) to recommend the financial forecasts for 2016/17 and 2017/18 to the Governing Body for approval on 18 July 2016 subject to adjusting the anticipated year-end operating surplus for 2017/18 to an amount which ensures the bank covenants are met (i.e. £900k)

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16/5/8

### Monthly Management Accounts May 2016

Since the last meeting the Monthly Management Accounts for May had been circulated to all Governors, with a covering letter from the Executive Director, Finance and Resources. During the presentation and discussion of the Accounts the following issues were highlighted (some details are recorded in the confidential minutes):-

- i) The forecast outturn for the end of May was £431k compared with the budgeted year to date operating surplus outturn of £1.9m. The forecast operating out turn for the year was unchanged i.e. a surplus of £843k (including the full release of the £750k provision in respect of Norton campus).
- ii) Details were provided of recent discussions with Barclays Bank, which indicated its interest in the College's longer term financial viability (i.e. the financial plan for 2016/17 and 2017/18).
- iii) Members sought assurance that the year-end forecast outturn was achievable, given the position at the end of May and were informed of a number of year-end adjustments which will be made. The Executive Director, Finance and Resources agreed to check the provisions and provide written confirmation.
- iv) Assuming that any tax due to HMRC would not be paid in the current financial year, the College is not expecting to breach the bank loan covenants.

## **16/5/9 2015/16 Forecast year-end outturn and departmental performance**

Details were included in Appendix 1 of the report for agenda item 7 - the 2015/16 Budget and Forecast Outturn. It was reported that although the majority of curriculum departments had not achieved their budgeted contribution, some had significantly exceeded theirs, with positive variances in income ranging from £100k to £1m. An explanation was provided of why some areas had not achieved their target.

Members observed that departments highlighted as performing well, corresponded with those identified in the commentary to the 2016/17 budget as not being efficient. It was clarified that in some area in year savings had been achieved through vacancy management, but as a consequence of recruiting to some posts there will be an impact on the staffing costs included in next year's budget. In addition to which, given the focus which has been placed on achieving operational efficiencies, opportunities to make further savings has reduced. In 2016/17 the priority target for departments will be to achieve or exceed their cash contribution through timely management of in-year cost reductions and/or developing products based on the market needs analysis.

An extended commentary on the year end forecast and departmental performance will be provided in the July Management Accounts which will be presented to the Committee in September.

**ED F&R  
12/9/16**

## **16/5/10 Disposal of Norton campus**

Following approval of the planning application by the Planning Authority on 28 June, it was anticipated that the sale will be complete early in the autumn term. Planning consent included a number of conditions, including the requirement for changes to the highway (at an estimated cost of £1m) which the developer has indicated it will not seek to recover from the College.

Due to the planned commercial development for the site being a departure from the development plan for the city, the Council has decided to refer the matter to the Secretary of State for approval / review, a process which could take up to 6 weeks. Members were assured that this was not expected to have an adverse impact on the sale.

## **16/5/11 Subsidiary companies and UTCs update**

### **1 Subsidiary companies**

Details of the year to date position and the forecast year end outturn compared with budget were noted as set out in the May Monthly Management Accounts.

In terms of planning for 2016/17, the volume of activity for Sparks Teaching Services is expected to increase whilst little change is

anticipated in respect of Sparks Managed Services and Sparks Solutions.

In the context of the Internal Audit Review Report being considered by the Audit and Risk Assurance Committee, Governors will need to review and determine the membership of the Board of Directors for each company. Also it was anticipated that in future HoLs will be invited to attend meetings to report on the quality of service they receive.

## 2 UTCs update

It was reported that Sheffield City Centre UTC is expected to achieve a modest operating surplus outturn for 2015/16 which will be consolidated within the College's Financial Statements.

The Olympic Legacy Park UTC has received confirmation of its 'readiness to open' following recent visits by the DfE and Ofsted. Applications are currently above the minimum number stipulated by the DfE and construction is proceeding better than planned with possession scheduled for 19 September. However contingencies are in place to use an alternative facility until October half-term should there be a delay.

The Committee was informed that from financial year 2016/17 the College's Monthly Management Accounts will include a commentary on the UTCs financial performance.

ED F&R

## **16/5/12 Any Other Business**

### 1 Relocation of 'A' levels to Hillsborough campus

Following the initial reaction by a local MP to the College's announcement members were informed that no further comments had been received. The Chief Executive has arranged to meet with Local Authority Officers regarding the matter. Alternative arrangements (including studying at Hillsborough or on other courses at the College) have already been identified for most of the student affected by the decision.

### 2 Impact of the EU referendum

A report was requested for a future meeting providing a speculative analysis of the impact of the EU referendum.

ED F&R

## **16/5/13 Review of meeting**

Members commented positively on the detailed and robust discussion.

**16/5/14 Schedule of meetings for 2016/17**

**Monday 12 September 2016 at 8.00 am in the Boardroom, City Campus**

Monday 7 November 2016 at 8.00 am in the Boardroom, City Campus

Monday 5 December 2016 (Joint with A&RA) at 8.00 am in the Boardroom, City Campus

Monday 16 January 2017 at 8.00 am in the Boardroom, City Campus

Monday 13 March 2017 at 8.00 am in the Boardroom, City Campus

Monday 8 May 2017 at 8.00 am in the Boardroom, City Campus

Monday 5 June 2017 at 8.00 am in the Boardroom, City Campus

Monday 3 July 2017 at 8.00 am in the Boardroom, City Campus