

<b>Date</b>	13 March 2017	Clerk to the Corporation
<b>Venue</b>	Board Room, City Campus	Tel: 0114 260 2620 Fax: 0114 260 2601 <u>alison.shillito@sheffcol.ac.uk</u>
<b>Present</b>	<p>Gil Vasey - Chair Ian Brown Paul Corcoran Chris Linacre Sally Neocosmos Richard Wright</p>	
<b>In attendance</b>	<p>John Gray, Director of Marketing Andrew Hartley, Director of Business Development for the reports under agenda item 5.3 Jason Pepper, Executive Director Finance and Resources Alison Shillito, Clerk to the Corporation Heather Smith, Executive Director and College Principal Darren Tidmarsh, Executive Director, HR and SRIS</p>	
<b>Minute</b>		<b>Action</b>
17/2/1	<p><b>Apologies for absence</b> There were no apologies for absence.</p>	
17/2/2	<p><b>Minutes of the meeting held on 7 November and the joint meeting with Audit &amp; Risk Assurance Committee held on 5 December 2016</b> The minutes of the meetings were agreed as an accurate record.</p>	
17/2/3	<p><b>Declarations of interest</b> The following declarations of interest were recorded in relation to discussions referring to the College subsidiary companies: Paul Corcoran, is a director of Sparks Solutions Ltd (company registered in England number 8857469) and Sparks Teaching Services (company registered in England number 8087248). Jason Pepper, in attendance, is a director of Sparks Solutions Ltd (company registered in England number 8857469); Sparks Teaching Services (company registered in England number 8087248); and Sparks Managed Services (company registered in England number 07490897); and a trustee of Sheffield College Student Trust (charity number 1146396). Darren Tidmarsh, in attendance, is a director of Sparks Solutions Ltd (company registered in England number 8857469); Sparks Teaching Services (company registered in England number 8087248); and Sparks Managed Services (company registered in England number 07490897).</p>	
17/2/4	<p><b>Matters arising and action record</b> 4.1 <u>Action Record Action 19:</u> The Executive Director of Finance and Resources (EDF&amp;R) reported</p>	<b>EDF&amp;R</b>

that preparation of the detailed analysis of staff costs as a percentage of income; pay and grading against benchmarking data was in progress but awaited publication of updated benchmarking data by the Association of Colleges.

4.2 Minute 16/4/3.1 refers: Auditors' Management Letter - Reservation of Lender's Rights

Clerk  
and  
EDF&R

Letters from the College's banker were presented to the meeting confirming that the bank reserved its rights in respect of a breach of bank covenants that occurred in July 2016. Detail of the discussions about the letters is recorded in a separate confidential minute. The Chair requested that the letters be circulated to all governors with a covering note from the EDF&R.

4.3 Confidential Minute 17/1/5.1 refers: Monthly Management Accounts November 2016

Detail of the discussions about issues delaying the disposal of corporation property are recorded in a separate confidential minute.

4.4 Minute 17/1/6.1 refers: Budget related risks and revised financial forecasts 2016/17

Presented to the meeting was a letter from the funding agencies confirming that the College's financial health rating remains 'Satisfactory'. The letter included financial dashboard information indicating weakness in the College's performance in the current ratio of current assets to current liabilities.

4.5 In considering the dashboard information, the Committee stressed that this area of weakness had to be addressed by the College taking measures to secure its cash position in the short, medium and long term. The EDF&R reported that the College is engaging with the EFA/SFA monitoring processes. Completion of the property transfer in progress would help strengthen the College's current position. Proposals for medium to long term changes would be brought to the Committee with the budget proposals for 2017/18.

CEO  
and  
EDF&R

## Financial Performance

### 17/2/5 Monthly Management Accounts January 2017 Confidential

5.1 The EDF&R presented the accounts information which included a monthly analysis of payment and receipts with forecasts for the remaining months of the year. The Committee considered the report as follows.

5.2 The College has an operating surplus for the year to date significantly below plan due to below target recruitment at the beginning of the year. The Committee acknowledged that the College had limited opportunities to increase income in the remaining months and so stressed the importance of the College drawing down its full SFA funding. This relied on the provision of a large amount of for ESOL and employability activity that had not yet started. The Chief Executive Officer reported that this topic was being pursued in the Spring schedule of business review meetings, after which the Executive Board would be decide on any subcontracting required to access full funding.

Exec  
Board

5.3 The year to date analysis of expenditure shows a significant under spend against direct pay costs. The Spring business review meetings should provide sufficient information on costs and income to develop a reliable revised out-turn forecast. By controlling expenditure and

completing the Norton property transfer, the College should deliver a relatively strong 'Satisfactory' health score by the end of the year.

## **17/2/6 Funding Agencies allocations for 2017/18**

- 6.1 The Education Funding Agency (EFA) provides the College's largest income stream. The EDF&R reported that the College had received notification of the EFA grant allocation for 2017/18, confirming a significant reduction as compared to 2016/17. Notice of the Skills Funding Agency (SFA) allocation, including the outcome of the College's bid for non-levy apprenticeship funding and additional Adult Education Budget, is expected by the end of March. The College applied for additional AEB funding to meet LEP priorities in the city region. The Committee considered the report as follows.
- 6.2 For 2017/18, the College's number of funded apprentices has increased but by a number lower than the reduction in EFA 16-18 allocation. The Committee expressed concern that the College's share of 16-18 year old students in the Sheffield City Region appeared to be declining and asked what the College is doing to address this.
- 6.3 The CEO commented that demographic data suggests that the decline in the number of 16 -18 year olds in the area will continue until 2019/20. The College is adjusting its curriculum offer and course design to enable programmes to run efficiently and to attract students who might otherwise go to other providers.
- 6.4 Governors asked about the funding for learners who are disabled or have additional needs. It was noted that the College has over 400 High Needs Learners with EFA providing additional funding for 225. In addition, the College is entitled to receive additional funding for all High Needs Learners via EFA funding to the Local Authority. The College is the largest provider of high needs education in the City but currently receives a relatively small proportion of the overall budget. The EFA account manager has offered to assist the College in negotiating a fairer settlement of funding with the local authority.
- 6.5 Governors asked how the College is ensuring that grant income is not reduced due to failure to meet the Condition of Funding for English and maths. The Principal responded that staff are employing a wide range of incentives and sanctions to ensure that students participate, make progress and take or resit exams in English and maths. Staff are involving parents to challenge student absence; offering enrichment activities to encourage attendance; withdrawing permission for trips for absence and resorting to disciplinary measures where appropriate. Current student data indicates that the number of students who cannot or are unlikely to meet the condition of funding are within the range of tolerance so as not to affect grant funding.

## **17/2/7 2017/18 Budget Setting Timetable**

- 7.1 The EDF&R presented the report outlining the timetable for developing and approving the College Budget for 2017/18. It was noted that the timings enabled the revised forecast out-turn and draft budget to be presented to the Committee before the EDF&R leaves the College to take up a new post in early June.
- 7.2 The Committee received the report, welcoming the detailed information and clear allocation of responsibilities to named individuals. The Chair thanked the EDF&R for his service and his

commitment to completing the budget preparations prior to leaving.

**17/2/8 Strategic Developments: HRM Report Confidential**

- 8.1 The Committee considered the confidential report as follows. Some discussion is recorded in a separate confidential minute.
- 8.2 It was noted that two benchmarking projects considering pay costs are currently underway; the project led by the EDF&R is due to be completed shortly to inform budget planning for 2017/18. EDF&R
- 8.3 Governors asked how the College would ensure continuity through the year-end processes pending the search for a new Finance Director. The EDHR&SRIS responded that the College intends to appoint a temporary Financial Consultant as soon as possible to assist the EDF&R to complete budget processes and provide continuity during the recruitment of a replacement. The College had invited agencies to recommend candidates for the interim role on an open basis. Although not a Senior Post, the FEGP Chair was participating in the recruitment. ED HR&SRIS
- 8.4 It was confirmed that the KPI for staff absence of 3% includes staff on long term sickness absence. Governors asked what improvements the College had been making to address this. The ED HR&SRIS responded that stress and anxiety and sometimes 'work-related stress and anxiety' are the most common causes for long term sickness absence. The College is making all reasonable efforts to support staff to return to work including an early intervention process by the OH provider; stress risk assessment and action plans and a master class for managers to support staff who feel unwell due to stress.
- 8.5 Governors noted a small but increasing number of individual and collective grievances and asked about the causes and reasons for this. The ED HR&SRIS responded that, as a College requiring improvement, there is a need to change and improve practice. Improving involves challenging current practices and performance that may not have been challenged previously. Asking staff to work differently can be seen as unfair. The College would prefer to take a mediation approach to resolving conflict and is encouraging managers to likewise in supporting staff to improve individual performance.

**17/2/9 Strategic Developments: Marketing and learner recruitment update**

- 9.1 The Director of Marketing reported that the indicators for applications looked strong as compared to the last two years but recruitment will depend on a good conversion rate from offer to enrolment. The improvements to pre-screening procedures are working well to ensure learners join programmes appropriate to their prior qualifications. A Pre-Access course is running to help students address gaps in prior qualifications in time to start their desired qualification in September. Demand from student visitors from overseas for short ESOL courses is proving greater than anticipated. The International Office is maintaining the College's current offer while the College assesses its longer term strategy for international work. DM

**17/2/10 Strategic Developments: Business Development**

- 10.1 The Committee considered the confidential report as follows. Some discussion is recorded in a separate confidential minute.

- 10.2 The College is ahead of plan for new apprenticeship starts before 1 May. It was noted that the College has the largest market share of apprenticeships in the City with Sheffield City Council second largest.
- 10.3 Following the closure of a private apprenticeship provider, a number of employers had approached the College about transferring their apprentices but had been directed by the SFA to other providers. The reason for the SFA directing apprentices elsewhere is not clear. The College is contacting SFA to resolve this and help employers transfer to the College as their chosen provider.
- 10.4 The Committee received the report and welcomed the progress made for the start of the Apprentice Levy process in May.

AH

**17/2/11 Strategic Developments: Technology**

The CEO reported that the Chief Information Officer will take up her post on 10 April 2017. She will be asked to focus initially on management information systems and business intelligence but she will also be reviewing and making recommendations for the College future strategy on its use of different IT platforms.

CIO

**17/2/12 Subsidiary Companies' Performance - nomination of additional directors**

- 12.1 The Clerk introduced the report summarising the changes that had been made to operation and reporting of subsidiary companies to improve governor oversight. The paper proposed an increase in the number company directors to improve resilience and succession planning but recommended that there should not be a set limit on the number of directorships an employee might hold, which might unnecessarily fetter the Corporation in appointing directors with appropriate skills.
- 12.2 The Committee considered the report and recommended approval to Governing Body of the proposals for the nomination of additional company directors and corporate representatives. The nominations would then be formally approved by the boards of the companies.

**17/2/13 Relevant Steering Group Initiatives**

It was noted that the latest update report had been provided to Governing Body on 6 March and there was no further report.

**17/2/14 Any other business: investigation into examination malpractice**

The Committee's discussion is recorded in a separate confidential minute due to the sensitivity of ongoing investigations.

ED HR  
SRIS

**17/2/15 Review of the meeting**

Members extended their thanks to the Principal for her service to the College.

**17/2/16 Date of next meeting**

Tuesday 9 May 2017 at 8.00 am in the Boardroom, City Campus