



**FINANCE, EMPLOYMENT AND GENERAL PURPOSES COMMITTEE
UNCONFIRMED MINUTES**

Date: 3 October 2018
Venue: The Boardroom, City Campus, the Sheffield College
Clerk to the Corporation
Granville Road
Sheffield, S2 2RL
Tel: 0114 260 2620
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Present: Kim Streets, Chair
Angela Foulkes
Jay Bhayani (from agenda item 8 onwards)
Beri Hare
Stephan Hollingshead
Saleem Rashid (from agenda item 5 onwards)
Seb Schmoller

In attendance Kate Platts, Executive Director Finance and Resources
Paul Simpson, Executive Director, HR and Organisation Development
Andrew Hartley, Commercial Director (for agenda item 9)
Alison Shillito, Clerk to the Corporation

Action by whom when

1. Apologies for absence

The meeting was declared quorate and commenced at 8.30 am. Some members arrived after the start, as noted above, but this did not affect the quorum.

2. Chair’s remarks

The Chair welcomed new members and the Executive Director of HR and Organisation Development to their first meeting of the Committee. Members were asked to bear in mind the Chair of Governors’ directions to committees to improve board effectiveness by ensuring that papers and discussions are focused on the committee’s terms of reference and the main risks within their remit.

3. Declarations of Interest

The Committee noted Angela Foulkes’ declaration of a standing interest as Chief Executive and Principal of College. The Committee agreed there were no agenda items that might require her to withdraw and no action was required on this declaration.

Seb Schmoller declared a standing interest as a member of the board of NOCN, one of the College’s awarding bodies. The Committee noted this might have a bearing on item 10 (Business Development Update) should the Committee discuss the College’s choice of awarding bodies and end point assessors for apprenticeship standards. The Committee agreed that item 10 did not require determination of any resolutions that might give rise to a conflict of interest; the potential for conflict was noted but no further action was required.

On arrival, Saleem Rashid declared a standing interest as a staff governor and as branch secretary of UCU, which represented teaching

staff in negotiations on pay and other terms of employment. The Committee agreed there were no agenda items that might require the staff governor to withdraw and no action was required on this declaration.

4. Minutes of the meeting on 23 April 2018

The Committee approved the unrestricted and confidential minutes of the meeting held on 23 April 2018 as a true record.

5. Matters Arising and Action Record

5.1 Minute 17/1/10 refers: Occupational Health reporting

The Committee noted that this had been requested in relation to review of the data on staff sickness absence. The Executive Director of HR and Organisation Development (EDHR&OD) said that the new KPIs for HR would better enable the Committee to see the effectiveness of the College's handling of long term sickness on a regular basis which would be more useful than a discrete snap shot report on the number of cases dealt with by Occupational Health. The Committee agreed to consider sickness absence within KPIs and close this action.

5.2 Minute 17/4/20.9 refers: 'Lennartz' VAT case

The Executive Director of Finance and Resources (EDF&R) reported that the tax tribunal decision from July 2017 had been published dismissing the appeal on the leading case. The College was discussing with its VAT adviser the scope for individual or collective action on this matter by the other colleges affected. EDF&R to update the Committee.

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5.3 Minutes 18/1/8.1 and 18/2/4.1 refer: subsidiary companies

The Committee noted that proposals had been circulated to the members prior to its (cancelled) July meeting and agreed the revised dates in the paper for the Executive Team to conduct an internal review of the subsidiary companies.

CE/P and EDF&R Jan 2019

5.4 Minute 18/2/7.3 refers: Management accounts - dashboard access

In response to a query about the timescales for giving governors access to finance and HR data on a dashboard, the Chief Executive and Principal responded that work was in progress but the College was prioritising development of dashboards for staff to use to improve teaching and learning. The Committee endorsed that Teaching, Learning and Quality data dashboards should be prioritised and agreed a target date of March 2019 for completion of the longer term action on Finance and HR reporting.

DF&P March 2019

5.4 The Committee noted the updates and agreed that the actions recorded as completed on the tracker and in the meeting should be removed from the action tracker.

6. Committee Terms of Reference

6.1 The Committee received the report noting that the Governing Body's board effectiveness review had included reviewing the terms of reference of all its committees. Governing Body had requested that each committee review its Terms of Reference at its first meeting and revert to Governing Body for any changes.

6.2 The Committee agreed to endorse the Terms of Reference approved by Governing Body on 16 July 2018.

7. Staff Development Activities Report 2017/18

- 7.1 The EDHR&OD presented a confidential report. The Committee noted its responsibility to review the effective and efficient deployment, management and utilisation of human resources. This report was one of a number of items in the Committee's cycle of business to enable members to have effective oversight of HR strategy and risk.
- 7.2 The Committee considered the report and expressed concern that the College was reporting less than 100% of employees completing mandatory safeguarding training. The EDHR&OD responded that all new staff had to complete mandatory training before starting work; the incomplete records were for
- i) canteen and cleaning staff, who did not routinely use IT and found it difficult to access the online (refresher) training modules and
 - ii) STS Ltd agency staff who were paid on an hourly basis for fixed term and casual commissions. The hourly rate paid included time for preparation activities and staff might only work sporadically.
- 7.3 The EDHR&OD further reported that the College was delivering face to face training for canteen and cleaning staff, but attendance had not been consistently collected. For casual and zero hours STS staff, the College was taking a 'ready to work' approach so that STS staff could only be commissioned for teaching hours if they had completed mandatory training and an up to date DBS check. Several governors commented that it was standard practice for all staff, including agency workers, to undertake mandatory training in (paid) work time. The Chief Executive and Principal said that consideration of whether and how STS staff might be recompensed for completing and maintaining the currency of their mandatory training would be included in the review of the Sparks Teaching Services agency model.
- 7.4 The Committee noted the report and welcomed the progress made on improving the information provided to members. The Committee commented that it should be a priority to ensure that all staff working at the College had completed mandatory training. The Committee endorsed the efforts being made to provide the training by alternative methods but said that the Learning and Development team must ensure that the College captured accurate training records for those staff not able to access mandatory training online.

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8. Health and Safety Report 2017/18

- 8.1 The Committee received the Health and Safety Report and considered it as follows.
- 8.2 It was noted that the data did not include the number of cases of occupational stress, which is a health and safety at work incident. The EDF&R said that Human Resources business partners supported managers in responding to and reducing occupational stress. The Committee resolved that the College should be monitoring occupational stress and this should be included in the Health and Safety reports received by senior managers and scrutinised by governors.
- 8.3 It was noted that the recent recruitment drive for first aiders had generated five new volunteers. The College was organising a further, more targeted recruitment drive in October targeting those campuses and any higher risk areas with lower levels of cover to ensure consistent

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provision of first aid across the College. Members commented that it would be useful if future reports included the number of 'volunteer' first aiders based in vocational areas, in addition to those in receipt of an honorarium. This would give the College a more accurate picture of first aid cover and enable the College to track that all individuals providing first aid had an up to date qualification.

- 8.4 The Committee noted the report and commented that the detailed information was helpful. The report gave the Committee sufficient evidence to assure Governing Body that Health and Safety arrangements were being effectively managed by the College senior managers and monitored by the Committee.

9. Finance and HR Key Performance Indicators and College Improvement Plan

- 9.1 The Chief Executive and Principal presented the confidential report explaining that Executive Leadership Team had developed the KPIs for 2018/19 to ensure that progress towards achieving outcomes stated in the College Improvement Plan would be achieved in a timely manner and this could be monitored by the Committee. The Finance KPIs had been approved by Governing Body in July 2018 as part of the budget and three year plan. The HR KPIs were tabled for the Committee to consider the appropriateness of the measures and the targets.

- 9.2 The Committee considered the KPIs as follows.

- i) In general, KPIs should have targets or measures set lower than 2017/18 for negative indicators and higher than 2017/18 for positive indicators in the College Improvement Plan (e.g. employee engagement).
- ii) Sickness absence - no target had been set for staff sickness absence and it would be helpful if the sickness absence data could be disaggregated into long and short term sickness absence.
- iii) The Employee Engagement Rate - generated from certain key questions in the Employee Engagement Survey – should have a target higher than the rate achieved in 2017/18 (i.e. greater than 72%).
- iv) It was agreed that formal performance intervention is an important indicator related to teaching and learning quality improvement. This indicator would be important to FE&GP Committee as an indicator of progress on the employment aspects of the College Improvement Plans and also important data for the TLQSE Committee. The Committee agreed that Governors should not set a target for this as it might lead to unintended consequences.
- v) Members commented that the indicators should include a measure for monitoring staff grievances to provide insight to College culture and mood. The Committee agreed that the number of staff grievances should be included in the regular KPIs with other staff procedures being reported periodically e.g. operation of grievance and staff disciplinary procedures.
- vi) Staff turnover – the Committee noted that the KPIs included staff turnover within 12 months of new staff starting work and asked for the figure for total staff turnover to be included.

- 9.3 The Committee noted the report, welcomed the development, particularly the new HR component and agreed that the following KPIs

be added to the regular report:

- Staff grievances – as an actual number of formal grievances in progress at the date of the report. This indicator should not have a target.
- Total staff turnover rate, this indicator should not have a target but if a reliable sector rate is available, this should be included, as a benchmark.

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10. Management Accounts 2017/18 – full year Outturn to 31 July 2018

10.1 The EDF&R introduced the report highlighting that:

- the outturn financial position was an operating deficit of £608k which was £1.0m better than budget at Period 6. This had been achieved by controlling staff pay costs;
- the College's cash balance at year-end was £7.6m, which was £2.9m better than budget, however, this balance did include provision for a tax payment to HMRC in relation to its *Lennartz* claim.

10.2 The Committee noted that the College's ESFA financial health score was forecast as 'Good', subject to the College's loans being classified as long term borrowing. The EDF&R reported that good progress was being made with the College's bankers to confirm changes to the covenants attached to the College's loans. The College's Financial Statements' Auditors had also had discussions with the banks and had reported that they were satisfied with the progress the College was making with its bankers. Proposals for the variation of the College's loan facilities to confirm this would be presented for approval to Governing Body on 24 October 2018.

10.3 The Committee noted the Management Accounts 2017/18 - full year Outturn to 31 July 2018 and commended the report to Governing Body.

11. Business Development Update including Apprenticeships

11.1 The Commercial Director attended the meeting for this item and presented the report highlighting the following points:

- Apprenticeship starts for 2017/18 were slightly lower than 2016/17 but the total number of apprentices in learning was 12% up on last year.
- Other Business Development activity in 2017/18 had seen additional AEB funding of £845k secured and £166k of LEP Skills Capital funding
- The College was participating in two large bids: a consortium ESF bid for the last round of ESF funding (Skills Support for the Workforce); and a Skills Capital bid to the Local Enterprise Partnership.

11.2 The Committee noted that new apprenticeship starts at the end of September 2018 were 20% ahead of plan. Members were encouraged by the College's success in attracting employers against a negative national picture but wanted to know how the College was resourcing areas of rapid growth. The Chief Executive and Principal said that growth was being supported by putting in place more efficient processes (including SmartAssessor), reallocating existing resources where possible and prioritising new staff requests where the College needed to expand its capacity in a specialist area. In a recent case she

had authorised requests from the Assistant Principal for Engineering and Construction to recruit additional specialist assessors in 'hard to recruit to' vocations specifically to support new apprenticeship contracts and standards.

- 11.3 The Committee welcomed the action being taken to develop other income streams and asked how governors were involved in such bids to ensure oversight of large scale projects that might have an impact on the College's educational character or financial sustainability. The Chief Executive and Principal said that Executive Team had to consider the business case, develop a bid and assess its risks often to a tight submission deadline. Sign-off of a binding bid or tender or a binding offer of work following a successful bid would be approved in accordance with the contract values in the Financial Regulations. The overall financial plan for a project, once secured, would be monitored by the Committee, again depending on the contract value, risks and the level and type of corporate commitment required.
- 11.4 The Committee noted the update and requested a further update on the Skills Capital bid should the College be invited to develop a full business case at stage 2.

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12. Capital Investment Programme update

- 12.1 The EDF&R presented the confidential report. It was noted that the proportion of the overall budget allocated to capital investment was relatively low and in the longer term the College should be looking to increase this to keep pace with the cost of renewing the College's equipment and premises. The focus in 2018/19 was generating cash to ensure financial sustainability and using the capital available to make IT improvements for students and teaching staff. The second and third year of the current three year plan would see an increased proportion of the budget allocated to capital investment.
- 12.2 The Committee noted the report and endorsed the proposed Capital Investment Programme.

13. Financial Regulations and Delegated Authority Matrix

- 13.1 The EDFR presented the revised Financial Regulations and Delegated Authority Matrix, which had been reviewed and updated to
- i) align more closely to the CIPFA model regulations;
 - ii) include changes to legislation and regulatory bodies that have come into effect since the 2015 version; and
 - iii) reflect changes to roles, titles and organisation structure in the College.
- 13.2 The Committee welcomed the proposals as these would strengthen and clarify the regulations for all staff and particularly those with budget responsibility. It was noted that Chair's action taken on behalf of Governing Body between meetings did not appear to be included in the Delegated Authority Matrix, whereas signing of certain documents by the Chair was explicitly mentioned. The Clerk explained that the Financial Authority Limits table and Delegated Authority Matrix specified particular aspects of delegation and authorised the Chair to sign documents following approval by the relevant approving body – Committee or full Governing Body depending on value. The general rules about Chair's action permitting the Chair to act on behalf of the Corporation, in certain circumstances, without the prior approval of

- Governing Body were covered by the Governing Body Standing Orders.
- 13.3 The Committee agreed that the Financial Regulations should include a reference to the Standing Orders, distinguishing between Chair's Action between meetings, which is permitted in certain circumstances and reported retrospectively to the board, and the financial authority of the Chair as an authorised signatory for certain documents, usually following approval by the relevant board or committee. EDFR Oct 2018
- 13.4 Subject to the change requested in 13.3, the Committee recommended approval to Governing Body of the revised Financial Regulations and Delegated Authority Matrix, and further agreed that routine updating of the Regulations be delegated to the EDF&R outside the Committee with significant changes brought for Committee for approval with fundamental changes recommended for approval by Governing Body as appropriate. Governin g Body Oct 2018

14. Modern Slavery Policy Statement

- 14.1 The EDF&R presented the report explaining:
- the College is subject to the Modern Slavery Act 2015 (the Act) and must take reasonable steps to ensure that its business and supply chains are slavery free.
 - As part of reviewing the Financial Regulations and related policies, the Finance Team had reviewed its initial assessment of where slavery concerns could most likely arise in its supply chains and had identified some improvements to strengthen its response to the Act. The improvement actions were in progress and would be completed by December 2018.
 - In the review, staff identified that the College had yet to publish an annual statement confirming its compliance with the Act for 2016/17 and a draft statement had been published pending Governor approval.
 - A further statement would be published in January 2019 in respect of the activities undertaken in 2017/18 including the improvement actions.
- 14.2 The Committee considered the report and commented that as a College with a duty to safeguard students, some of whom might be vulnerable to trafficking and modern slavery, it would be helpful for the Policy to reference that concerns about student involvement in modern slavery should be dealt with through the College's Safeguarding Policy and procedures.
- 14.3 The Committee agreed that the policy statement should be amended to include an explicit reference to safeguarding students to reflect the College's context and raise awareness of this issue as a potential cause for a safeguarding concern. Subject to this change, the Committee approved the Policy and publication of the proposed policy statement for 2017/18 on the College's website. EDFR Oct 2018

15. Sale of part of the freehold reversion of Shirecliffe House

- 15.1 The EDF&R presented the report explaining that Shirecliffe House had been sold on a long lease basis in 2002 and the disposal was fully approved by Governing Body and the relevant funding agency at the time. The College had been approached by the leaseholder of part of the property about purchase of the freehold reversion. The College had

taken professional advice on the proposed sale and the likely value of the freehold interest based on the fixed ground rent and remaining term of more than 100 years. The surveyors recommended that sale of the freehold interest at the price offered by the current leaseholder would be advantageous to the Corporation.

15.2 The Committee considered the proposals set out in the confidential report, including the professional advice of the College's surveyors. Members also considered the duties of governors as charity trustees for the College's assets and resolved:

- that the College was not currently deriving any benefit from retaining the freehold reversion in the property.
- The opportunity to dispose of the freehold reversion would generate cash that the College would apply to achieving its charitable objects.
- On the basis of professional advice, it seemed that realising the value of the reversion at the price offered by the current leaseholder would be in the best interests of the College.
- The Clerk confirmed that the Instrument and Articles of Government permitted the board to dispose of an interest in land in order to further the objects of the College.
- This sale was in the context that Governing Body and the funding agency had previously authorised disposal of the substantial interest in and benefit of this property.
- The value of the contract of sale for the remaining freehold reversion was within the Committee's delegated authority to approve. Therefore governors were satisfied that no further authorisation was required for the sale of the freehold reversion.

15.3 On the basis of its deliberations, summarised above, the Committee approved the sale of the freehold reversion for part of the Shirecliffe House property as outlined in the plan and authorised the Chair of Governing Body and Chief Executive and Principal to seal and countersign the contract of sale and Land Registry transfer form, on behalf of the Corporation.

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CE/P and 2018
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15.4 Furthermore, the Committee agreed that it should receive the complete list of the College's property interests, including the remaining part of the freehold interest in Shirecliffe House and any similar holdings. This report may be included in the forthcoming Estates Strategy, if appropriate.

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16. Treasury Management Policy

16.1 The EDF&R presented the revised policy commenting that, as interest rates had been low, the College had not been actively investing surplus funds for short periods when cashflow permitted this. As part of the review of Financial Regulations and policies, the Treasury Management Policy had been reviewed and revised to ensure that governors had approved the framework for managing such investments should cashflow and interest rates make it economic to invest.

16.2 The Committee considered the updates to the Policy. Members were

satisfied that the framework remained appropriate and welcomed the additional detail provided on the procedures for placing investments with approved providers and the risks of different providers. The Committee approved the updated Policy on behalf of Governing Body.

17. Waivers of Financial Regulations

- 17.1 The Committee noted the confidential report and was assured that the process of the EDF&R waiving Financial Regulations, where this was justified, was operating effectively.

18. Bad Debt Write-off

- 18.1 The Committee noted the confidential report, which was a new report as bad debt had previously been dealt with on an annual basis as part of the preparation of accounts. Members welcomed the additional detail provided by the EDF&R on how the College was actively managing debts and that the College was taking steps to write off bad debt in a timely manner.

19. Committee Self-Assessment 2017/18

- 19.1 The Clerk presented the report explaining that the Committee's annual report contributes to the Audit and Risk Assurance Committee coming to an opinion on the effectiveness of the College's governance arrangements, among other things.
- 19.2 It was noted that many of the members were new to the Committee which made it difficult to comment in detail on its operation in 2017/18. In discussion, members recommended changes to the draft as follows:
- the wording of report should be frank about the issues the Committee experienced in operating while the Governing Body recruited new members to fill vacancies that had arisen during the year.
 - the Committee had been strongly focused on scrutinising management accounts and annual accounts. This was not surprising given that new senior managers had been tasked with reframing the budget and three year financial plan in-year, but it had meant that the Committee had not been sufficiently focused on the human resources aspect of its remit. This had been addressed in the Cycle of Business and the Committee would need to ensure it gave due regard and committee time to these matters in future.
 - The link between the remit of FE&GP Committee and teaching and learning had been strengthened in the revised terms of reference and constitution and this needed to be carried through into how the committee operated in 2018/19.
- 19.3 The Committee agreed that the Clerk should update the draft report to take account of members' comments and the report should be finalised by the Chair and Clerk outside the meeting consulting with members before submitting the report to the joint meeting of this Committee and Audit and Risk Assurance Committee on 3 December 2018.

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20. Review of the meeting and closing remarks

Members complimented the Chair on the timing of the meeting and that all the business of a relatively heavy agenda had been completed within the time provided.

It was noted that the reports were more succinct and the covering

summaries had enabled members to focus on key issues.

It was suggested that it would be good practice in future for members of the Committee to be provided with a reference copy of its Terms of Reference, Cycle of Business and Skills Matrix.

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21. Date of next meeting

Monday 3 December 2018 at 8.30 am (Joint meeting with Audit and Risk Assurance Committee)