

**Date:** 24 June 2020  
**Venue:** Zoom (Online Meeting)  
**Present:** Stephan Hollingshead (Chair)  
Gwyn Arnold  
Angela Foulkes  
Beri Hare  
Seb Schmoller  
**In attendance:** Alison Shillito, Governance Advisor and Clerk to the Governing Body.  
Andrew Hartley, Commercial Director  
John Mothersole, Chair Designate (observer)  
Paul Simpson, Executive Director HR and Organisation Development

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**Action**  
**by**      **by**  
**whom**   **when**

**20/3/1      Welcome, introduction and apologies**

- 1.1 The Committee received apologies from Peter Brooks (due to technical difficulties), Saleem Rashid and Kate Platts. The meeting was quorate.

**20/3/2      Declaration of interest**

- 2.1 The Committee noted the standing declarations and in particular the Chief Executive and Principal's (CEP) role as a director of the College's wholly owned subsidiary companies in relation to Item 11. The Committee agreed that the CEP was not required to withdraw for item 11 but would not be counted in the quorum nor included in a vote, should any be required for that item.
- 2.2 In relation to Item 10, Seb Schmoller declared he was on the same NOCN Group Board as a director of one of the subcontractors mentioned. The Committee noted this and agreed no action was required.

**20/3/3      Minutes of the meeting on 22 April 2020**

- 3.1 The Committee approved the minutes as an accurate record of the meeting.

**20/3/4      Matters Arising & Action Record**

- 4.1 The Committee considered matters arising and action tracker items as follows.

- 4.2 **Minute 19/4/14.2 refers: Capital Projects:** the Committee noted this action had not been relevant in 2019/20, but the principle would be adopted in future capital planning. The Committee approved that the specific action be closed.
- 4.3 **Minute 19/5/6.4 refers: Action Tracker:** the Clerk had been due to bring the review of completed items to this meeting but requested that it be considered at the next meeting with the Committee self-assessment. The Committee approved the revised due date.
- 4.4 **Minute 19/5/14 refers: Financial waivers:** this action had been deprioritised to allow the Head of Estates to concentrate on reopening plan priorities. The Committee approved that this be deferred to the next meeting.
- 4.5 **Minute 20/1/5.4 refers: Lennartz:** the CEP reported that the action was pending, awaiting publication of tribunal judgment.
- 4.6 **Minute 20/2/6.2 refers: Covid-19 Staff communication:** this should have been marked as complete, as the Head of Marketing had confirmed that Covid-19 communications were sent via Mailchimp to monitor engagement. Members expressed strong support for the College's communications to staff throughout the response to Covid-19 and in particular the CEP's regular staff updates.
- 4.7 **Minute 20/2/13.1 refers: Recruitment of STS associates to TSC** The Clerk reported that this been raised with the STS Ltd Board, which had agreed to undertake equality analysis of the first year of operation of this policy in relation to the impact on members of its workforce sharing different protected characteristics. The Committee approved that the deadline be set to October to allow for completion of the analysis.
- 4.8 The Committee approved the removal of actions reported as completed.

## **20/3/5 Committee KPI and CIP update**

### **5.1 Finance KPIs**

The CEP introduced the report highlighting that the College was maintaining a positive position for Solvency, EBITDA and Financial Health score in spite of the reduced income from trading and commercial activities caused by the Covid-19 outbreak. The Committee considered the underlying financial data further under item 6 – Period 9 Finance Report

### **5.2 Health and Safety KPIs**

The accident KPIs had not changed since the April report while the College campuses had been closed. The focus of H&S activity has been on planning for Phase 2 reopening in June/July and for Phase 3 in August. The Committee considered this further under item 13.

### 5.3 Human Resources and Staff Development KPIs

Members considered the HR KPIs and the main points of the discussion were as follows.

**Comparison of historic data on staff absence rates:**

members asked about the apparent peak in staff absence in March. The EDHROD said that a small number of staff on long term absence was having a disproportionate impact on overall absence. Short term absence had reduced possibly due to the flexibility of working from home, and this had also increased the proportion of absence due to long term absence. To address this, managers were applying the new staff absence procedure and HR staff were supporting resolution of other case work.

**Increased rate of stress-related absence:** the EDHROD said that the percentage of absence due to stress was increasing but this was because of the overall drop in staff absence. The number of days lost due to stress related absence had also decreased but at a lower rate than absence for other reasons.

**Efficiency measures:** members noted that the pay cost ratio was tracking one percentage point above target and asked how senior managers were addressing this. The CEP said the staff cost ratio was stable; it was not going up and in the 2020/21 budget, College management was aiming to shift the balance of staff costs further in favour of teaching and student facing roles.

### 5.4 Recruitment KPIs

Andrew Hartley, Commercial Director, presented the KPIs. Members considered the College's performance and the main points of the discussion were:

- **Increase compared to 2018/19:** members queried what a 4 percentage point increase represented in terms of numbers and its significance. The Commercial Director said that it was significant – circa 30 students –and meant the College was in a better position this year in spite of Covid-19.
- **Competition** – a member asked what confidence the College had in the numbers likely to enrol given the strength of competition. The Commercial Director said that there remained a lot of uncertainty. There was a possibility that the College would attract much higher numbers of 16-18 year old students than forecast, with the decrease in apprenticeship and employment opportunities. This was discussed further in relation to the Budget for 2020/21.
- **Higher Education recruitment:** the Commercial Director commented that the College's market for HE was local. The College had factored into its planning concerns about a high rate of deferrals in HE. It had also strengthened its HE offer to attract internal progression. In addition, the student number controls would be a disincentive for competitors to over-recruit but the budget/forecast was prudent.

5.5 The Committee received the report welcoming the assurance it provided about the College's performance against target.

**20/3/6 Finance Report (Period 9) and Summer reforecast  
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- 6.1 Angela Foulkes, CEP presented the Period 9 Finance Report and the main points of the discussion were:
- **EBITDA correction:** the CEP confirmed that the EBITDA in the report was accurate but there was an error on the report cover sheet.
  - **Adult Education Budget:** the CEP said that the College had planned to deliver 3% more AEB than contracted in 2019/20 which would ordinarily be paid in 2020/21 however the impact of COVID-19 meant that the additional 3% would not be realised in 2020/21 but that the full allocation had been granted in 2019/20 despite a fall off in recruitment.
  - **16-18 year olds:** governors asked about the impact of the College's recruitment profile on the future funding under the lagged funding model. The CEP said that the College had a track record of recruiting 16-18 year olds throughout the year. The ESFA had confirmed that the 2019/20 October census numbers would not affect the funding allocation for 2020/21 nor the calculation of funding for 2021/22, which would be calculated in a different way.
- 6.2 The Committee noted the report and the positive assurance it provided about the College's financial health and solvency.

**20/3/7 Draft Budget 2020-21 and comparison to IFMC submission Feb'20**

- 7.1 Angela Foulkes, CEP, presented the draft budget for 2020/21:
- it is a one year budget; the updated three year plan was now part of the ESFA Integrated Financial Model for Colleges (IFMC) that would be submitted in January 2021;
  - the report included updated scenario and sensitivity analysis, which would be amended to reflect the ESFA directions for the additional IFMC submission in July 2020, focussed on Covid-19 impact;
  - the increase in income is largely attributable to increases in ESFA funding for 16-18 year olds and the AEB;
  - the assumptions in the budget include: that DfE support for additional TPS costs will cease in March 2021; inflation of pay costs to allow for a pay award; that Exam costs are increasing particularly for assessment of apprenticeship standards.
- 7.2 Governors considered the budget proposals and the main points of the discussion were as follows.
- Sector challenges:** governors wanted to know if the budget is sufficiently sensitive to the significant challenges facing the sector; what room for manoeuvre does the College have if all the risks were to crystallise. The CEP responded that the budget is based on 'normal' planning assumptions, risks and Covid-19 risks. The College income streams include elements of fixed

funding and market based income. The most likely areas for loss of income are:

- Commercial income – canteen, nursery and commercial training. The College has mitigated reduced income so far with savings in pay and non-pay and would continue to look for cost savings if it is not possible to increase income;
- Higher Education – the College is mitigating this by closely scrutinising progression and recruitment targets and moderating those that seem over-ambitious;
- Apprenticeships – budget assumes that there will be a delays in new apprentices starts and to mitigate this the College is already delaying recruiting to some posts until later in the new academic year to manage costs.

**Young students:** governors commented on the uncertain demand for places in 2020/21. The CEP said that the reduction and/or delay in apprenticeship starts plus a difficult climate for youth employment could result in the College having higher demand than planned. The ESFA lagged funding model and continuing social distancing requirements, if necessary, would make that difficult. The College had presented to TLQSE Committee a blended learning delivery model, combining online learning and student support and face-to-face learning. This is being planned to improve quality and optimise use of space and would also optimise flexibility for student numbers enabling the College to add classes more easily.

**Adult Education:** the College was keen to be involved in meeting new demand for retraining but it was difficult to plan for this as it would depend on national and regional strategies for retraining and worklessness

**HR Strategy:** governors asked how much flexibility the College had to adjust the workforce profile. The CEP said that the proportion of agency staffing had reduced but the College could reduce this further if numbers significantly dropped or increased. The improvements to the College's management information capability was particularly important in this. It would mean that managers would be able to track student recruitment and staff turnover on a daily basis throughout July, August, September.

- 7.3 Members acknowledged that 2020/21 would be a particularly challenging year. Some of the scenarios and uncertainties would not become clear until six to eight weeks into the next academic year or longer. Members were reassured that senior managers had built into the budget scope for flexibility and that the College had invested time and effort into MI and data reporting for live reporting. This would support the Executive to keep the budget under close review as different risks and opportunities crystallised and report to the Committee in October.
- 7.4 The Committee was satisfied that the budget was prudent, that senior managers had considered and addressed the main risks and recommended approval to the Governing Body of the draft budget for 2020/21.

## 20/3/8 Capital Projects update

- 8.1 The Committee received the report and considered the main points as follows:
- **Impact of Covid-19** on capital expenditure: the CEP said that the move to remote working has led to a shift in the focus of capital expenditure. Some campus works had been finished during the lockdown but others are being paused to accelerate plans to equip staff for mobile teaching and assessment.
  - **LEP project:** the Commercial Director reported that the contractors are on site and are on target to complete Phase 1 by 3 September. The College had received and is completed the invitation from LEP to extend the Digital Skills Network grant funding to September 2021. Governors asked how the College would manage the project if the LEP did not agree to an extension. The Commercial Director said that the LEP was working with the College to manage the expenditure profile to minimise expenditure needed in March to September 2021. The College would also review the programme to complete works during term time.
- 8.2 The Committee received the report and welcomed the assurance that, following some sensible adjustments to the plan within the budget, capital developments were on track to be completed on time.

## 20/3/9 Waivers of the Financial Regulations

The Committee noted that the EDFR had approved a waiver for further work on the College website and was assured that the rationale for this waiver was reasonable.

## 20/3/10 Sub-Contracting update and Supply Chain Fees Policy 2020/2021

- 10.1 Andrew Hartley, Commercial Director, presented the report, which summarised the profile and performance of the College's subcontracted provision for 2019/20 and proposed revisions to the subcontracting policy the policy for 2020/21.
- 10.2 Members considered the report and noted that the ESFA was due to publish its decisions on the subcontracting consultation, which could have implications for future subcontracting decisions. Regarding the changes to the policy, the Commercial Director explained he had added detail in response to changes in ESFA requirements but there were no substantive changes to the College strategy.
- 10.3 The Committee received the report, welcoming the assurance it provided, and approved the Subcontracting Policy for 2020/21 on behalf of the Governing Body.
- ACTION:** Subcontracting Policy to be published, subject to a final proof read to correct dates and minor typographical errors.

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Director 31.7.20

## 20/3/11 Health and Safety update – Term 3 2019-2020

- 11.1 The CEP presented the paper and reported that the interim Health and Safety Manager, Keeley Henderson, was now in the second week of a six month post to provide continuity and expertise while the College recruits to the permanent post.
- 11.2 Members welcomed the improvement in accident rates that was being recorded prior to closure. The CEP said that there was still work to do to follow up actions from departmental H&S audits and risk assessments. The interim Health and Safety Manager would be moving on to these issues once the work on safe reopening had been completed.
- 11.3 The Committee received the report, welcoming the assurance and commenting that the current focus on safety was an opportunity to shift College health and safety culture in the direction something that the Committee had been keen for the College to do.

## 20/3/12 HR and Organisation Development Term 3 update (including Staff Development)

- 12.1 Paul Simpson, Executive Director of Human Resources and Organisation Development (EDHROD) presented an update on how the College is progressing on achieving its People strategic aim. The main points were:

**Attraction:** the College had added a Recruiter role, amongst other things, to support the reduction in agency costs and meet the College's need for temporary staff via STS Ltd.

**Staff engagement:** the College had conducted a short 'pulse' staff survey on Workload and Wellbeing. The results, included in the report, gave some assurance that satisfaction had improved since the last full survey. Members said they would welcome an update on actions once these had been agreed by the Executive Leadership Team.

**Support and Development:** the College Wellbeing Week activities had gone ahead as planned with training provided by webinars. The July CPD development days would have a strong focus on staff development on google classrooms (three levels of competence to work through) for teaching staff and well-being for all staff

**Reward:** the College had implemented the 2019/20 pay award and move to the Foundation Living Wage in May 2020, as planned.

**Furlough:** the College had a small a number of staff on furlough under the government Job Retention Scheme. The College was considering if and how to use the flexibility that the scheme offered as services re-opened. With the reducing government contribution, the benefit to the College would decrease. The College was monitoring the situation and maintaining communication with staff on furlough.

**Case work:** managers and HR had been supporting progress with case work remotely. From July, with College sites being

open, there would be the opportunity to hear cases on site again that had been slowed or paused because it had been fair in the circumstances.

- 12.2 The Committee received the report, welcoming the assurance that case work was moving forward; the College was implementing improvements to staff reward, particularly improving the position of its lowest paid staff; and the positive indicators that staff satisfaction was improving.

**20/3/13 Subsidiary companies update**

- 13.1 The Clerk, as company secretary, presented the report from the recent company board meetings held on 3 June.
- 13.2 The Committee noted the report and welcomed the assurance it provided that the directors were running wholly owned subsidiary companies in line with legal requirements and corporate policies.

**20/3/14 ESFA July financial data collection from colleges**

- 14.1 The Committee noted that the ESFA had requested an additional IFMC upload in July 2020. This would focus on the impact of Covid-19. The College would be highlighting in the return any areas of concern and, in line with the budget discussion, reassuring the ESFA that College finances are sound.
- 14.2 The Committee received the report and endorsed the proposals for signing-off the additional ESFA return due by 31 July 2020

**20/3/15 Chair's action**

The Committee noted that since the last meeting the Chair had taken action to recommend approval of the signing of a contract between the College and Interserve Construction Limited for building works at City and Olive Grove Campuses for the Digital Skills Network capital project.

The Chair commented that it was an uncertain time for new construction starts and he had been satisfied with the mitigating actions that the College had put in place in the contract to manage the risks.

**20/3/16 Review of meeting and closing remarks**

In reviewing the meeting, members commented that:

- It had been helpful and efficient to focus on members' questions about the papers;
- It was a clear set of papers that addressed most of the questions that members might raise.

**20/3/17 Date and time of next meeting**

7 October 2020