

Date: 27 November 2019

Venue: TG04 Boardroom, City Campus,
the Sheffield College

Present: Gwryn Arnold
Peter Brooks (Chair)
Angela Foulkes
Beri Hare
Saleem Rashid (from 08.45)
Seb Schmoller.

In attendance: Kate Platts, Executive Director Finance and Resources
Paul Simpson, Executive Director HR and Organisation Development
Alison Shillito, Governance Advisor and Clerk to the Governing Body
Andrew Hartley, Commercial Director
Mathew Godber, Executive Assistant to CEO/Executive Office Manager
Ian Falconer, Chair of Audit and Risk Assurance Committee (observer).

From 10.00 am Members of the Audit and Risk Assurance Committee joined the meeting
Ian Falconer
Chris Linacre
Michelle MacDonald

In attendance from 10.00 am Rob Barnett, Head of Internal Audit, RSM
Lisa Smith, Internal Audit Senior Manager, RSM
Clare Partridge, Financial Statements' Audit Engagement Lead, KPMG
Richard Lee, Financial Statements' Auditor KPMG

**Action
By whom By when**

19/5/1 Welcome, Introduction and apologies

Apologies were received from Stephan Hollingshead, the Chair of FEGP Committee. In his absence, Peter Brooks, Vice Chair, agreed to chair the meeting.

ACTION: Vice Chair to report to Governing Body on the main points of the meeting, on behalf of the Committee.

Chair 18.12.19

Members noted that the Audit and Risk Assurance Committee (ARAC), Financial Statements' Auditors and Internal Auditors would join the meeting and both committees would consider agenda item 15. The Chair of ARAC would chair this joint section of the meeting and the discussion would be recorded in the ARAC minutes with a summary of FEGP Committee decisions in these minutes.

19/5/2 Declarations of Interest

There were no new declarations. The Committee noted: the standing declaration of Saleem Rashid and that Instrument 14 (5) (c) required that a staff governor should withdraw from that part of a meeting at which the matter under consideration concerned the pay or conditions of service of all members of staff... where the member of staff is acting as a representative of all members of staff or of the class of staff. This provision applied to item 4 (Pay Award 2019/20).

The standing declaration of Angela Foulkes, particularly as a company director of Sparks Solutions Limited (registered number 8857469) and that Instrument 11 (1) (b) required that she not take part in the consideration or vote with respect to it and not be counted in the quorum present at the meeting.

The standing declarations of Kate Platts and Paul Simpson as company directors of Sparks Solutions Limited (registered number 8857469). As they are not members of the committee, they would not be entitled to vote but the standing declaration was noted.

19/5/3 Confidential items

The Committee agreed that there was only one confidential item requiring action and that was the Pay Award. The item was taken at the beginning of the meeting and Saleem Rashid delayed entering the meeting while it was discussed.

19/5/4 Pay Award 2018/19 and 2019/20

- 4.1 The Executive Director of HR and Organisation Development (EDHROD) presented the proposals outlined in the strictly confidential report attached to agenda item 4. The discussion is recorded in a separate confidential minute.
- 4.4 The Committee approved the proposals on behalf of the Governing Body and recommended that the Executive Team consider further how best to communicate to staff the issues discussed about the cost and affordability of pay increases. EDHROD 07.04.20

19/5/5 Minutes of the last meeting

- 5.1 The Committee noted that the Clerk had updated the unconfirmed minutes following the meeting of the Governing Body and approved the updated version of the open and confidential minutes (as circulated in the board pack) as a true record of the meeting held on 9 October 2019 with one further amendment; correction of the due date for minute 19/4/6.1 to 07.01.20, i.e. to report to the meeting on 15 January 2020. Clerk 11.12.19

19/5/6 Matters arising and action record

- 6.1 The Committee considered matters arising and action tracker items as follows. Some of the discussion is recorded in a separate confidential minute.

6.3 **Minute 19/4/9.3 refers Staff Development Activities Report** – more detail on the development activity for teaching and learning staff would be presented with the 2019/20 Term 1 report at the January meeting. The Committee agreed to amend the due date.

6.4 The Committee approved the removal of actions reported as closed.

Clerk/
Chair

10.06.20

ACTION: the Committee agreed there should be an annual review of 'completed' actions to confirm, where relevant, that ongoing actions were being maintained.

19/5/7 KPI Update

7.1 The EDFR and EDHROD presented the report, which included information from the exit survey previously requested by members.

7.2 During discussion, governors raised the following main points.

- i) **Staff turnover** – members welcomed the additional detail provided and asked about the further research mentioned in the report. The EDHROD said that in analysing the data, HR had identified that a number of Learning and Development Coaches had left within a year of starting and HR staff would be speaking to current LDCs to find out their views on this relatively new role and any issues that might contribute to higher turnover. A member asked if the College had data for how many leavers resigned due to performance management and the EDHROD said that the College did hold that data.
- ii) **Teaching staff costs:** it was not clear to members why class sizes had increased and teaching staff costs had also increased. The Chief Executive and Principal (CEP) said that this was because the approved budget for teaching staff costs had included savings to allow for the additional costs of increased employer contributions to the Teachers' Pension Scheme. Subsequently, DfE had agreed to provide short term grant funding for some of these costs. Adding this funding to the budget reduced the need for staff savings but increased the actual cost of teaching staff against the budget/targets, monitored in the KPIs.

7.3 The Committee noted the report and agreed the following actions.

ACTION: future KPI reports should:

- avoid using figures calculated to two decimal points, numbers to be rounded to whole numbers;
- show RAG ratings that reflect the forecast position at the end of the year

ELT

07.01.20
and on-
going

ELT

19/5/8 ESFA Financial Dashboards 2018/19

8.1 The Committee noted the ESFA Financial Dashboard, welcomed the assurance that it provided about the College's financial plan against the ESFA benchmark data and commended it to the Governing Body for information.

19/5/9 Safer Recruitment Policy

9.1 The EDHROD introduced the revised policy that had been updated to provide more detailed guidance on the full range of vetting required by the Keeping Children Safe in Education statutory guidance. The revised policy also

- clarified the College's policies on frequency of re-checking staff DBS checks;
- checks for prospective staff who have lived and worked overseas and
- when the College may use a risk assessment whilst awaiting the results of relevant DBS checks.

9.2 Governors considered the main issues arising as follows:

- **Overseas checks** – the potential scope of people requiring overseas checks seemed quite wide e.g. people who had been overseas for a month or more. The EDHROD clarified that the KCSIE guidance was for people who had *lived and worked* overseas for more than a month and would not include holidays.
- **Visitors to the College** – governors asked how the College ensured that visitors were supervised at all times. The EDHROD said contractors regularly on site were required to provide staff who met Safer Recruitment requirements; otherwise staff hosting visitors were required to supervise their visitors to and from reception. Governors recommended that this be made clear in the policy.
- **Use of risk assessments** – the EDHROD said this would only be used where all other vetting procedures had been cleared and for non-student facing roles. Someone under a risk assessment would be supervised at all times on campus – including breaks and lunchtime. The feasibility of this was an element in deciding if the risks were manageable. The Committee recommended that this be made clear in the policy.

9.3 The Committee approved the Safer Recruitment Policy, subject to changes recommended by the Committee:

ACTIONS: the Committee agreed that

- | | | | |
|-----|--|--------|------------|
| i) | The Policy should be amended to reflect the Committee's comments by | EDHROD | 11.12.2019 |
| | <ul style="list-style-type: none">• adding to section 14 a note that the host member of staff is responsible for ensuring that their visitor is collected from reception and escorted back to reception when leaving• amending the guidance on risk assessment to include the feasibility of effective supervision at breaks/lunchtime and how this risk will be managed in practice. | | |
| ii) | the revised policy to be reported to the Governing Body for information via a link to the College website. | Clerk | 18.12.19 |

19/5/10 Marketing and recruitment update

- 10.1 The Commercial Director introduced the confidential report explaining that it was an early view of the September recruitment position. Some courses such as adult learning and apprenticeships recruited all year round.
- 10.2 Governors considered the report and the main issues discussed were:
- i) **Adult Learner Loans** – there was a shortfall in recruitment (enrolments) and this still needed to be translated into income as different courses charged different fees. In business reviews, faculties were responding to the challenge of proposing ways of making good the deficit or finding cost savings.
 - ii) **HE recruitment and income** – there was also a shortfall in HE recruitment against targets and members asked what the College was doing to address this. The CEP said that recruitment to some foundation degrees and higher apprenticeships had been adversely affected by competing provision at other local HEIs. The strategic partnership with Sheffield Hallam University (SHU) included a commitment for the College to provide levels 4 and 5 in complementary areas and SHU to provide level 6, but recent recruitment had not always followed this principle. Some of the shortfall would be addressed by HNC programmes that normally started in January. As for other performance issues, departments were being challenged about addressing under-recruitment and reviewing expenditure in business review meetings.
- 10.3 The Committee noted the report and agreed the following action.

ACTION: review and present to the Committee, the income position for HE in January 2020. The longer term strategy for HE would be one of the topics for the Governor Strategy Event in January 2020.

Commercial Director 15.01.19

19/5/11 Estates Strategy: summer works programme debrief

- 11.1 The EDFR introduced the report on the review of the summer programme of capital works which had been prepared as good project practice the Estates Department was introducing and shared in response to the Committee's challenge about the reasons for the over-runs on the summer works in time and money and the poor staff experience reported by some of those affected.
- 11.2 Governors received the report and commented that a 10% over-spend was not unusual in estates projects but the constraints on the College's resources meant that planning had to be accurate to maximize value for money. The EDFR said that the work last year had moved at pace but the review showed there were lessons to be learned about detailed planning and communication in particular. The review had been useful for new and existing staff and the EDFR was confident that the problems of 2018/19 would not happen

again.

- 11.3 The Committee noted the report and welcomed the assurance that Executive Team had identified the learning points and put measures in place to improve planning and communication in future.

19/5/12 Report on the Sheffield College Students' Union accounts for year ended 31 July 2019

- 12.1 The Committee received the report and noted that the Students' Union generated some income through the sale of NUS/Totum cards. The CEP commented that the College was trying to move to a position where the Students' Union would be self-sufficient via the income it generated.
- 12.2 The Committee noted the annual accounts and commented that the College should continue to support the Students' Union to the extent that it provides service and benefits to College students commensurate to the cost.

19/5/13 Pensions Statement

- 13.1 The EDFR presented the report covering the current position with the main pension schemes to which the College contributes. The highest cost schemes being the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS).
- 13.2 The Committee considered the main issues as follows:
- Impact on three year plan** of increased TPS employer costs – the college had planned to cover the increased cost of TPS in its three year plan by making staff savings. The DfE additional grant only addressed this temporarily (covering 10 months). Any future support was likely to be absorbed into the increase in the base rate for 16-18 students. The increasing cost of pensions was inhibiting plans to shift the balance of agency to College staffing, which had had a negative impact on quality.
- Short term nature of funding** of FE was an issue in itself for the LGPS which was a funded scheme with a valuation deficit that the scheme was expecting employers to make good.
- Sector lobbying** - it was noted that the CEP had been appointed to the AoC Board which was leading on lobbying the government on behalf of the sector. It was already clear that the extra amount added to the base rate that had been announced (£108 per 16-18 students) would not meet the increase in staff costs.
- 13.3 The Committee noted the report and that it was an important consideration in the longer term planning discussions at the next Governor Strategy Day in January 2020.

19/5/14 Waivers of the Financial Regulations

- 14.1 The EDFR introduced a confidential report detailing waivers to the procurement requirements in the Financial Regulations that had been approved since the last meeting.
- 14.2 The main issues in the report were considered as follows:

- i) The three contracts seemed to involve quite large amounts and two of the contracts, although annually renewed, were in connection to systems where the College wished to continue to use the original supplier for annual maintenance. The EDFR said that to ensure value for money the College re-negotiated the contracts on an annual basis and there was the option to seek an alternative supplier if there were issues with price or quality of service.
- ii) Members commented that an annual waiver did not seem the best way to handle this as the total contract value could quickly rise above the thresholds of College and external procurement regulations. In addition, negotiation for a longer contract period might secure a better deal or depending on the remaining economic life of the systems there might be savings by doing a full re-tender.
- iii) It was also noted that the EDFR had signed off the requests from departments within her remit. The CEP commented that in future, she would consider requests for waivers from the areas within the EDFR's remit to ensure independence between the section requesting the waiver and the approver.

14.3 The Committee noted the report and agreed the following action.

ACTION: review the process and timescales for renewal of large contracts that are renewed on an annual basis to ensure the process includes appropriate market testing and/or other means of ensuring value for money once the initial contract period covered by the tender has expired.

EDFR

07.04.20

19/5/15 Draft Report of the Members of the Corporation and Financial Statements and supporting documents

15.1 At 10.00 members of Audit and Risk Assurance Committee (ARAC), Financial Statements' Auditors and Internal Auditors joined the meeting. The Vice Chair of FEGP Committee handed over chairing of the joint items to the Chair of ARA. The discussion is recorded in the ARAC minutes with a summary of FEGP Committee decisions in these minutes.

15.2 The Chair of ARAC reminded the members of the respective committees of their role in advising Governing Body on adopting the reports. He also commented that this was an opportunity for all members to engage with the Financial Statement Auditors about the audit and raise any queries about the process or their report. This opportunity would not otherwise be open to members of FEGP.

19/5/16 Final Draft Report of the Members of the Corporation and Financial Statements for the 12 month period from 1 August 2018 to 31 July 2019

16.1 The EDFR presented the Financial Statements and the record of the joint discussion is recorded in the ARAC minutes.

16.2 FEGP Committee agreed to approve pages 3-12 of the report as an accurate statement of the current performance of the College subject to minor corrections to the text.

ACTION: Chair of Governors to send corrections to EDFR

CoG

4.12.19

16.3 On the basis of the discussion, FEGP Committee also agreed to recommend approval to Governing Body of the Statement of Responsibilities of Members of the Corporation at page 23 of the report.

19/5/17 Year End Report of the Financial Statements' Auditors

17.1 KPMG was invited to present its report and take questions and comments as regards the accuracy of the accounts. The record of the joint discussion is recorded in the ARAC minutes.

17.2 FEGP and ARA members welcomed the assurance provided by the Year-End Report for 2018/19 that Financial Statements' Auditors were proposing to issue a clean audit report on the College and its subsidiary companies, subject to being satisfied by the College's response to the outstanding matters mentioned in the report.

17.3 On the basis of the discussion of the Financial Statements' Auditors report, the FEGP Committee advised Governing Body that the College continued to be a going concern.

19/5/18 Letter of support for Sparks Solutions Limited (8857469)

18.1 Angela Foulkes, as a Director of the company was conflicted for this item and therefore did not participate in the discussion and was not included in the FEGP Committee quorum.

18.2 The Clerk introduced the letter of support that the Financial Statements' Auditors had requested for Sparks Solutions Limited (8857469).

18.3 Having had due regard to the Charity Commission guidance on such support, the FEGP Committee advised Governing Body to continue support of the subsidiary companies for 2019/20 and at least until 31 December 2021 and recommended that the Governing Body authorise the Chair of Governors to sign the letters on behalf of the Corporation.

19/5/19 Regularity Self-assessment Questionnaire update and Reporting Accountant's Report on Regularity

19.1 The Clerk presented the Regularity Self-Assessment Questionnaire. It was noted that this had been updated since it had been approved by Governing Body at its meeting on 6 November 2019 to report post balance sheet issues to the board and the Financial Statements' Auditor as the reporting accountant.

19.3 The Financial Statements Auditor commented that auditors had discussed its regulatory opinion in detail due to control issues that were reported in the Year End Report and had decided to to give a clean audit opinion for regularity.

19.2 Both committees welcomed the assurance provided by the reporting account's regularity opinion. ARAC approved the

Regularity Audit Self-Assessment Questionnaire as presented, and advised Governing Body that it was suitable for signature by the Accounting Officer and Chair of Governors on behalf of the Corporation.

19/5/20 Management Representation Letter

- 20.1 The Chair introduced the Management Representation Letter explaining its purposes and the representations sought by the Financial Statements' Auditor.
- 20.2 On the basis of the discussions, the members of ARAC and FEGP agreed to advise the Governing Body that it may confirm the representations sought by the Financial Statements' Auditor including that:
- the accounts presented gave a true and fair view of the Sheffield College and had been prepared on a going concern basis;
 - there were no significant post balance sheet events that members know of to report;
 - Members were not aware of any frauds or allegations that have not already been disclosed to the Financial Statements' Auditors;
 - Members were satisfied with the Statement on Regularity, Propriety and Compliance and advise Governing Body to authorise the Chair of Governors and CEP to sign this on behalf of the Board.

19/5/21 Concluding remarks

The Committees recorded their thanks to the EDFR and her team for preparation of the financial statements and the team and auditors on successful completion of the audit process.

19/5/22 Date and time of next meetings of FEGP

Wednesday 15 January 2020	08:30 - 10:30
Wednesday 22 April 2020	08.30 - 10.30
Wednesday 24 June 2020	08:30 - 10:30

END