

**Date:** 9 October 2019

**Venue:** TG04 Boardroom, City Campus,  
the Sheffield College

**Present:** Stephan Hollingshead (Chair)  
Gwyn Arnold  
Peter Brooks (arrived 08.40 from agenda item 4 onwards)  
Angela Foulkes  
Beri Hare  
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 (for agenda item 10).

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

**19/4/1 Welcome, Introduction and apologies**

Apologies were received from Saleem Rashid.

**19/4/2 Declarations of Interest**

There were no new declarations. The Committee noted the standing declarations of

- Angela Foulkes, as a member of staff of the College and Director of the College's wholly owned subsidiary companies;
- Kate Platts and Paul Simpson (College officers in attendance) as Directors of the College's wholly owned subsidiary companies.

The Committee did not require any action in relation to these declarations.

**19/4/3 Minutes of the last meeting held on 3 July 2019**

The Committee approved both the public and confidential minutes of the meeting held on 3 July 2019 as a true record.

**19/4/4 Matters Arising and Action Record**

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

**4.7 Minute 18/03/5.4 refers: Dashboards**

The Committee noted that the action to turn the Committee KPIs

spreadsheet into a visual dashboard had been carried forward throughout 2018/19 and remained outstanding. The Chief Executive and Principal (CE/P) said that systems development capacity was still concentrating on improving data systems for data accuracy and timeliness.

- 4.8 Members acknowledged that the Committee KPI spreadsheets and exception reports provided the information they needed to monitor performance against targets adequately. The Committee agreed not to carry this action forward into 2019/20 although the College was still ambitious to develop its systems to the point where accessing data via a dashboard would be standard.
- 4.9 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.

#### **19/4/5 Committee Key Performance Indicators update 2018/19**

- 5.1 The EDFR and Executive Director HR & Organisation Development (EDHROD) introduced the KPI end of year position for 2018/19. The Committee considered the report as follows:
- **Finance** –members noted that the College had achieved a good end of year position generating more income and making more savings than forecast.
  - **HR** – the trend of higher staff turnover flagged in P10 had continued in P12 and was above the benchmark in a recent AoC members' survey. Members were particularly concerned about the turnover rate for new staff (12.4%, 14 leavers) and wanted to know why new starters were leaving; if there were underlying issues (particular roles, or departments) or themes that the College should be addressing. The EDHROD said that (as reported in item 6.1 below), HR were improving induction procedures to equip new starters with a structured induction and a better understanding of the College on entry. The EDHROD agreed to do further analysis of the data on staff who had left the College within 12 months of starting and provide feedback to the Committee.
- 5.2 The Committee noted the KPIs for P12 of 2018/19.

EDHROD 19.11.19

#### **19/4/6 Key Performance Indicators draft for 2019/20**

- 6.1 The Committee received the proposed KPIs and targets for 2019/20 and considered them as below. Some of the discussion is recorded in a separate confidential minute:
- **Income targets** – the Committee noted that targets for recruitment and income generation were in line with the budget agreed in July and asked if the College should be setting more stretching targets for academies. The EDFR said that the budget was based on discussions in business reviews when budget holders set out what they would deliver in 2019/20. They budget targets had been acknowledged by governors as being realistic and prudent. There were stretching targets for some KPIs such as maintaining HE income in a difficult market and a significant increase in average class size, which were intended to influence planning

for 20/21.

- **Non-pay costs** – it was noted that this was a new KPI for 2019/20. Managers monitored this in more detail. Members welcomed this addition and said it would be useful for reports to give more information on any significant issues underneath the overall KPI to help governors understand the costs and income lines over which the College had control.
- **Cash days in hand** – the target seemed substantially lower than performance in 2017/18 or 2018/19. The EDFR said that the actual rates in previous years had been higher than target due to the amount held in reserve for Lennartz payments that could be called upon at any time. The target for 2019/20 was prudent i.e. it met the requirements of the College's bankers and was consistent with the College's Treasury Management Policy.
- **Employee Engagement** – members wanted to see ambitious targets for improving employer engagement particularly for staff in faculties (learner facing) who were reporting very low levels of engagement. It was commented that learner-facing staff were mainly located in faculties and departments but not wholly. Some disaggregation would be possible but it would be relatively crude. The EDHROD agreed to consider if there was a meaningful disaggregation for the Employer Engagement KPI by learner facing and non-learner facing staff. Governors would monitor data at this level through the detailed reports on staff survey outcomes and staff feedback on the impact of actions being taken to address areas of dissatisfaction.

EDHROD 19.11.19

- 6.3 The Committee approved the KPIs for 2019/20 and commented that it did not wish to increase the number of KPIs but at P3 2019/20 and ongoing, wanted reports to go deeper into the data to identify the high performers within below target KPIs and low performing areas potentially hidden within KPIs where the headline rate was at or above target.

EDFR 08.01.20  
EDHROD

#### **19/4/7 HR and Organisation Development update**

- 7.1 The Committee noted the report on the developments that HR and OD colleagues were undertaking to improve staff experience including
- enhancements to the recruitment process;
  - following up employee engagement action plans in business reviews to ensure that managers were implementing agreed changes;
  - providing managers with leadership development that equipped them to implement the college improvement plan;
  - improved staff induction to train and retain new staff and
  - further action to consider how the College could make its reward package more attractive to potential and existing staff in a cost effective manner.

#### **19/4/8 Review of Holiday Pay**

- 8.1 The EDHROD presented a confidential report. The discussion is recorded in a separate confidential minute.
- 8.5 The Committee supported the proposals and welcomed that the College Executive had a plan to resolve an historical issue on a fair basis.

**19/4/9 Staff Development Activities Report 2018-19**

- 9.1 The EDHROD presented the report commenting that it was his first annual report on staff development and looked forward to the priorities for 2019/20 that the new Learning and Development Manager was working on as well as looking back on the progress made in 2018/19.
- 9.2 Members welcomed the report but challenged the extent to which it adequately reflected the significant investment the College had made in professional development to improve teaching and learning quality. The EDHROD agreed that it should also be fully reflected in the annual report. It would also be the main focus of reports to Teaching, Learning, Quality and Student Experience (TLQSE) Committee.
- 9.3 The Committee noted the report and requested that the version presented to the Governing Body for information be updated to reflect the investment in professional development in teaching and learning and its impact on the College achieving its strategic aims.

EDHROD 29.10.19

**19/4/10 Health and Safety Annual Report 2018/19**

- 10.1 The Committee noted the Annual Report and welcomed that the improvement actions for 2019/20 would be continued campaigning and promotion activities to raise staff and student awareness of health and safety and to reduce accidents.

**19/4/11 Finance Report Period 12 2018/19**

- 11.1 The EDFR presented a confidential report based on the Period 12 Management Accounts. The Committee noted the report and that the main issues had already been discussed under agenda item 5.1 – KPI update 2018/19.

**19/4/12 Business Development update (including Apprenticeships)**

- 12.1 The Commercial Director presented a confidential report evaluating the College's performance in apprenticeship and commercial training provision. The report highlighted the following strategic risks and the College's response for governors to consider:
  - ESFA had introduced more onerous requirements into its national funding arrangements and there were concerns about a potential shortfall between levy receipts not meeting the costs of apprenticeships in future with more higher level apprentices being recruited;
  - the vital importance of the College improving apprenticeship achievement rates by ensuring that all apprentices receive high quality training on and off the job, and that the College continues to meet ESFA requirements for retention and completion;

- the delay in new standards being available in some subject areas where the College traditionally recruited strongly. This was particularly acute for Level 2 construction trades and with the closure of apprenticeship frameworks to new apprentices in August 2020. The College would be addressing this by launching new provision at Levels 3 and above but there remained a national issue for students and employers requiring level 2 skills.

12.2 Members asked how the College was coping with the challenge of changes to the funding of non-levy apprenticeships. The Commercial Director said that the College's non-levy allocation was sufficient for its plan to March 2020. He was monitoring progress on the pilots of the new funding arrangements that were intended to follow this.

12.3 Given that the College had previously been hampered by flaws in its apprenticeship provision which were still having an impact on achievement rates, members asked how the College was ensuring that it had sufficient capacity to provide high quality apprentice training in the vocational areas in highest demand. The Commercial Director said that ensuring that the College improved the quality of its apprentices training was his team's highest priority for 2019/20 even if this meant slowing recruitment in some areas until queries about the quality of training had been addressed. The College had also increased its capacity by:

- appointing a new academic role (Vice Principal) to lead on apprenticeship quality;
- the creation of a new work-based learning tutor role specifically to address the needs of the new standards and
- two faculties were recruiting heads of apprenticeships to coordinate apprenticeship training within the faculty

In 2019/20, the Commercial Director would be working on creating a central apprenticeship unit to ensure that resources were available and were being deployed consistently across the College.

12.4 Members asked how the College was managing relationships with partner employers to secure the interests of apprenticeships should Brexit or other trading difficulties cause financial distress. The Commercial Director said that account managers were closely monitoring individual employers and the experience of their apprentices. At least one employer had restructured its training provision and the College had worked with them to maintain high quality training for apprentices during the changes. The Chair commented that the feedback he received through his employer networks was that the College provided good and flexible support to ensure that apprentices.

12.5 The Committee noted the report and endorsed the commitment that the College's priority for apprenticeships in 2019/20 was to increase the number of high quality apprenticeships.

### **19/4/13 Financial Delegation and Financial Regulations**

13.1 The EDFR presented the revised Financial Regulations and Delegated Authority Matrix with updates for 2019/20. Although the

updates were mainly cosmetic (to remove out of date role titles and make use of acronyms and grammar consistent) there were some changes to some of the levels of delegation, as outlined in the cover, and therefore the Committee was asked to recommend approval to the Governing Body.

13.2 Members discussed the following sections in particular

- s.13.10 **Treatment of year-end balances** - a member asked if the delegation of authority to the EDFR to permit a budget holder to carry forward a balance to the following year was a new provision. The EDFR confirmed there was no change to this provision. All changes were summarised in the cover.
- S.17.5 **Quotations** – members considered the proposal to increase the limits for different procurement methods and asked what percentage of purchases were in the lower limit. The EDFR said that around 80% of purchase orders were below £2500. Members expressed discomfort with the proposal to permit verbal quotes for any purchases on the grounds that these led to complacency, poor value for money and if a problem emerged there would be no written quote specification/terms to enforce. The EDFR agreed to amend the table to remove the provision for budget holders to accept verbal quotes.
- s.19.11 **Allowances for members of the Governing Body** – a member asked if this included costs such as child care. The Clerk said that the categories of out of pocket expenses that members was covered in the Governor Expenses Policy, which was updated in line with the College's travel and subsistence expenses policy but had not been considered by Governing Body or its Committees for some time. The Clerk agreed to bring the current policy to the next full meeting of the Committee.
- **Delegated Authority Matrix – organisational change/restructuring** – currently the Governing Body had delegated authority to FEGP Committee to approve restructures involving up to 30 staff FTE with limited impact on the educational character of the College. The Committee agreed this should be 'with no impact on the educational character ...' as determining the educational character of the College was a non-delegable function of the Governing Body. Clerk to amend the matrix

EDFR 29.10.19

Clerk 07.01.20

Clerk 29.10.19

The Committee recommended approval to the Governing Body of the Financial Regulations (subject to the change to s.17.5) and the Delegated Authority Matrix. The Committee thanked the EDFR for the thorough update and the Clerk for her work on ensuring consistency between the various documents. Members requested that the key changes be highlighted and explained in the next version of document to be presented to the Governing Body for final approval at its meeting on 6 November 2019.

Clerk 29.10.19

**19/4/14 Capital Projects Update**

- 14.1 The EDFR presented the report outlining capital expenditure for 2018/19. She commented that she intended to bring to the next

	meeting a report on the delivery of capital projects of over £100K in value and how the budget had been negotiated.	EDFR	19.11.19
14.2	The Committee considered the report as follows:		
	- <b>Overspend</b> – governors challenged the 10% overspend on the summer works commenting that this level of overspend, if replicated, would have a significant negative impact on the affordability of the 2019/20 programme. The EDFR said that the overspend was partly due to a new supplier not delivering in a timely manner and partly due to senior staff changes immediately before the work started.		
	- <b>Impact of staff changes</b> – members noted that the delivery of the summer projects had been particularly affected by the departure of a senior member of staff at short notice. The EDFR said that it was not clear whether detailed written project specifications had never been prepared or not handed over. The Committee recommended that the College review its requirements on staff for handover and feedback particularly when permitting staff to leave at short notice.	EDHROD	07.01.20
	- <b>Risk log</b> – members stressed the importance of adopting an effective project management methodology including logging project risks and the measures to mitigate those risks.		
	- <b>Project leader and project team</b> – members emphasised the importance of appointing a project leader and team at the beginning of the project who would document the specifications and work plan for the project to limit the risks of personnel changes. There was support for the College having internal project management capacity rather than using an external consultant. The EDFR said that commissioning an external project manager had been the most effective option in the circumstances. The interim had brought knowledge and insight about estates management that would improve the service in the longer term.		
	- <b>Communication with stakeholders</b> – there was a lot to be learned from the staff experience of the summer projects. The role of an effective project team in communicating with stakeholders should not be underestimated. Communication included staff having the opportunity to input their views and knowledge about timings and dependencies that the project team may not be aware of. It was noted that the lack of early planning and effective communication had resulted in some staff dissatisfaction with the timing and delivery of the works. The Committee recommended that this should be acknowledged by the College in early communication about the plans for 2019/20 to ensure that the developments this year brought the planned benefits without the downsides.	ELT	07.01.20
14.3	The Committee <u>noted</u> the update and the EDFR agreed to bring a report on the lessons learned to the next full committee meeting.	ELT	07.01.20
<b>19/4/15</b>	<b>Treasury Management Report</b>		
15.1	The Committee received the report and proposals for changes to the policy including:		
	- A change to using a credit rating agency with a simpler		

framework for credit rating institutions to simplify checking;

- Authority for the Chief Executive and Principal to authorise opening and closing of accounts with institutions approved under the policy to ensure the College is investing surplus funds without undue delay;
- An increase in the limits on cash held with one institution, particularly while the College is holding the Lennartz payments and may need to repay amounts at short notice.

15.2 Members noted that a breach of the 2018/19 had been reported to the Audit and Risk Assurance Committee at its meeting on 18 September but approval of the Treasury Management Policy and any changes had been delegated to FEGP Committee. Members agreed that the changes were sensible and the Committee approved the amended policy, on behalf of the Governing Body.

#### **19/4/16 Waivers of Financial Regulations**

16.1 The EDFR presented a report on the waivers approved since the Committee's last meeting. Members were reassured that:

- the two waivers were specific and relatively small; and
- the College would be re-tendering the contract for employment law advice services in 2019.20 and the waiver enabled continuity during that process.

16.1 The Committee endorsed the waivers.

#### **19/4/17 Bad Debt Write-Off**

17.1 The EDFR presented a report on the write off of bad debts proposed since the Committee's last meeting. This report was compiled as part of the year-end procedures. The debt proposed for write-off had been assessed according to Debt Management Policy and included:

- withdrawn student debt over 12 months' old assessed on the basis of whether or not it was realistic to continue to pursue payment;
- historic unreconciled balances in the Debtors' General Ledger where there was no realistic prospect of recovering the debt;
- some fees that had been waived in response to upheld student complaints about the quality of provision.

The amount was substantially higher than in 2017/18, as the College practice prior to this seemed to have been not to write-off any debt leaving the provision for bad debt to accumulate on the balance sheet.

17.2 Members asked how the College limited the risk of bad debt arising. The EDFR said that most bad debt was for self-funded student tuition fees, particularly students who had withdrawn before the end of the course and left leaving debts for course fees. The College did not credit check potential students but it did steps to ensure:

- students were aware of their commitment to pay fees for the whole course before enrolling and, where loan funding was not available, put in place arrangements to pay their fees

upfront or by instalments;

- there was early support for students to apply for relevant loan funding in good time and receive a response so they did not start courses for which they did not have funding;
- Instalment plans for self-funding students were timed so that the College would receive the full fee prior to students' final assessment.

In spite of the improvements above, some students did leave the College owing fees. The College referred debts to a commercial collection agency where there was a realistic chance of recovery.

17.3 Members welcomed that bad debt was being assessed and proposed for write-off in a timely manner. It was commented that it would be useful to monitor the College's efficiency of the College's measures to reduce and avoid debt. The EDFR agreed to provide a half yearly report to the Committee's April meeting on the amount, duration and recovery of debts at Period 6. In addition significant debt issues would be included in the narrative quarterly financial report to governors.

EDFR 07.04.20

17.4 The Committee approved the write-off of the debt as proposed in the report.

#### **19/4/18 Potential sale of land at Shirecliffe site**

18.1 The Committee received a confidential report on the sale of land at the Shirecliffe site. The Committee noted that

- the College had no use for the land to fulfil its charitable object;
- its disposal (as part of a disposal of the larger Parkwood site) had previously been approved by the Governing Body and funding agency;
- Members had previously considered reports on the options for selling or continuing to lease the land including valuation advice from a professional a surveyor
- The price proposed was in line with the surveyor's advice and offered a reasonable return for the College.

18.2 The Committee therefore recommended approval to the Governing Body of the sale of a small parcel of land on the Shirecliffe site to the current leaseholder.

Clerk 29.10.19

#### **19/4/19 Terms of Reference**

19.1 The Committee received the Terms of Reference, noting that there was scope to propose further delegation of policy approval matters to reduce duplication. Members might wish to review this again once the College had completed reviewing and revising its full suite of policies.

19.2 A member commented that the wording of section 2.1 (membership) was unclear. The Clerk agreed to amend this to reflect the intention.

19.3 The Committee recommended approval to Governing Body that the 2018/19 Terms of Reference continued to be appropriate with minor redrafting of section 2.1 as follows:

Clerk 29.10.19

'2.1 The Committee shall consist of up to 8 governors, including the Chief Executive and Principal (ex-officio), the Chair of the Governing Body (ex-officio) and the Chair of Teaching, Learning, Quality and Student Experience Committee (ex-officio). Governing Body shall appoint the Committee members, its Chair and Vice Chair.'

**19/4/20 Committee Self-Assessment 2018/19 and Improvement Plan**

The Committee received the draft and endorsed the opinion that it had fulfilled its terms of reference in 2018/19 by advising the Governing Body on the College's health and solvency and the effective and efficient use of resources. The Committee approved the report.

**19/4/21 Review of Meeting and closing remarks**

It was noted that it had been a busy agenda with good discussion of the items and the meeting had over-run by 10 minutes.

**19/4/22 Date of next meeting**

Wednesday 27 November 2019 at 08:30 in the Boardroom (TG04), City Campus