



**Finance Employment and
General Purposes Committee**

Date: 23rd April 2018
Venue: The Boardroom, City Campus, the Sheffield College
 Clerk to the Corporation
 Granville Road
 Sheffield, S2 2RL
 Tel: 0114 260 2620
 Email alison.shillito@sheffcol.ac.uk

Present: Gil Vasey, Chair
 Angela Foulkes
 Jane Jones,
 Seb Schmoller, In attendance

In attendance Kate Platts, Executive Director of Finance and Resources,
 Alison Shillito, Clerk to the Corporation,
 Andrew Hartley, commercial Director for minute 6,
 Rosheen Hodgkiss - Bernard, Interim Head of HR for minutes 10 and 11

		Action	
		by	by
		whom	when
18/2/1	Apologies for absence were received from Chris Linacre		
18/2/2	Declarations of Interest Angela Foulkes is acting Chief Executive Officer and declared an interest in the items on staff pay. The Committee did not require any action on this declaration as the Committee was considering the pay awards for staff other than senior post holders.		
18/2/3	Minutes of the meeting held on 29 January 2018 The minutes were approved as accurate.		
18/2/4	Matters arising and updated action plan		
4.1	<u>Action 18/3 (minute 18/1/8.1 refers): Subsidiary companies</u> The Principal and Acting Chief Executive (P&ACE) reported that work on the options appraisal of the companies would be completed in parallel with budget preparation and would prioritise the review of Sparks Solutions Limited in the first instance, as the smallest company. The Committee agreed that the action be re-scheduled for the July meeting to be presented with the final draft of the budget.	P&ACE	2 July 2018
4.2	<u>Minute 18/1/7.2 refers: Performance framework</u> The P&ACE presented the updated draft of the Performance framework, including HR KPIs. Members noted that the covenants should all be RAG-rated as red to show the current position rather than the position the College hopes to achieve in negotiation with its lenders. The Committee received the report, noting that the HR KPIs are still being developed. The Committee noted that bullying and harassment cases had been excluded from the KPI for staff grievances and queried how these would be monitored and reported. The P&ACE said that the first draft had been collated manually based on the data currently collected in HR. The Executive Director of HR and Organisation Development (EDHR&OD) would	ED HR&OD	July 2018

be doing further work on the KPIs.

The Committee noted the progress made on developing the performance framework.

4.3 Gender Pay Gap Report April 2018

The Committee noted the report had been published on the College's website in the Equality and Diversity Annual 2016/17 Report at <http://www.sheffcol.ac.uk/about-us/equality-and-diversity>.

18/2/5 **Tuition Fee Policy 2018/19**

5.1 The Executive Director of Finance and Resources (EDHR&OD) presented the draft policy, explaining that:

- i) This is an annual review and the main changes are limiting the additional charges the College may make for things that are course requirements, such as the cost of Disclosure and Barring Service checks and Personal Protective Equipment. These changes have been made following a review of sector practice and changes to funding body regulations.
- ii) There may need to be some further changes to Appendix 1 (charging for adult courses funded via Adult Education Budget) as the sector is awaiting guidance from ESFA on funding for 2018/19.
- iii) There may also be adjustments to the provisions for Higher Education fees and remissions, once the recently published OfS guidance, has been reviewed by the Head of HE and Access.

5.2 The Committee received the Policy for scrutiny, prior to it being finalised for Governing Body approval, and commented as follows.

- i) Members were concerned about the possibility of in-year changes to the Fees Policy, due to changes in sector regulations or government policy, and these having a negative impact on students. The Committee recommended that if such changes are permitted then this should be made clear to students in the Policy and the Policy ought to include a process for how such changes would be considered and approved. In the interests of fairness to students, the Policy should seek to limit the negative impact of in-year changes on continuing students.
- ii) Governors expressed concern about the inclusion of references to external URLs. These may not be sufficiently stable to give users of the Policy and the College certainty about the terms applying at the time when the student enrolled. The EDF&R said that she had put in place a process for tracking changes to the Policy and reference documents and these would be recorded in the change history at the front of the policy. It was recommended that the College stores relevant linked documents with each version to avoid broken links and so that the guidance applying at the time of enrolment is clear. The full version should be archived in case any disputes arise at a later date. The EDF&R agreed to consider with the Fees Working Group, how best to manage external links and archiving.

EDF&R May 2018

ED F&R May 2018

5.3 Subject to further changes to finalise the policy and consideration of the suggestions made by Members, the Committee recommended approval of the policy to Governing Body.

18/2/6 **Sub-contracting Fees and Charges 2018/19 Confidential**

6.1 The Commercial Director presented the draft policy for Governor

consideration and approval, an annual requirement of the ESFA rules on subcontracting.

6.2 The Committee considered the proposed policy as follows.

- i) Members noted that the language used to refer to the amount of funding that the College retained for its costs had changed in the Policy i.e. retained funding rather than management fee. This reflects more clearly the nature of how the College shares grant funding with its subcontractors.
- ii) Governors asked about the risk rating process, given that it could have an impact on the proportion of funding passed on to the subcontractor. The Commercial Director said that the College has risk rating criteria in its due diligence process and would discuss with subcontractors the rationale for a higher retention rate where higher risks indicated that a provision would require more intense monitoring or other support from the College.
- iii) Governors asked how the College's charging structure had been determined and how it compares to practice elsewhere. The Commercial Director said that the College had done an exercise in 2016/17 to ensure the percentage of funding retained and its additional charges are based on evidence and reasonable in comparison with those published by other providers. There are no substantial changes proposed for 2018/19.
- iv) The Policy had been updated to incorporate 16-18 Education and Training sub-contracts and national apprenticeship arrangements, the latter being subcontracted on the model for Collab Group contracts, agreed across the consortium.

6.3 The Committee noted that Ofsted has recently announced increased scrutiny of sub-contractors. The College had communicated this change to its subcontractors to make them aware of the possibility of direct visits, separate to College inspection visits. In addition, recent ESFA communications to the sector make it clear that ESFA is concerned that as much of the funding as possible goes directly to supporting learners. Members supported this principle and were satisfied that the scale of charges proposed was reasonable to enable the College to meet its responsibilities to learners and regulators.

6.4 The Committee approved the Policy on behalf of Governing Body with revised subcontracting Policy to include reference to Ofsted's comments about the College's strengths in managing its subcontracting.

Comm- May
ercial 2018
Director

18/2/7 Management Accounts 2017/18 - Period 6 to 2 February 2018 and 12 month full year forecast to 31 August 2018

7.1 The EDF&R presented the management accounts for 2017/18 up to the end of period 6 (i.e. to 2 February 2018) and the out-turn forecast to 31 August 2018. The P&ACE commented that the original budget agreed in July 2017 had been bullish about the potential for income growth and although this growth had not been realized, careful management of expenditure had enabled College to achieve a good position for the rest of the year.

7.2 The Committee considered the report as follows.

- i) It was noted that there is still provision in the accounts for a substantial VAT payment to HMRC, which is being disputed at a tax tribunal (the '*Lennartz*' case). It was noted that the tribunal had yet to issue a judgment following its hearing of the lead case in July 2017.

- ii) In terms of the presentation of the accounts, the Committee wanted some way of indicating the significance of variances against the budget. The Chair said that presenting variances as a percentage of turnover helps the Committee focus on those variances that are significant. The indicators should be consistent with the KPIs presented in the Scorecard.
- iii) Members noted that period 6 accounts are reporting expenditure on agency staff as under budget whilst predicting overspend by the end of the year. The P&ACE said that actual and forecast expenditure on agency staff is being challenged in Business Review meetings to make sure quarterly reports and forecasts are as accurate as possible.
- iv) It was commented that monthly management accounts used to be circulated to all governors once they had been finalised and submitted to the banks. This practice did not seem to have resulted in a higher level of engagement with the information but it was recommended that the change in practice should be noted by Governing Body. It was also recommended that Governing Body should consider proposals for new arrangements for routine circulation of financial reports.
- v) The P&ACE said that the College's internal cycle of business is reviewed on a quarterly basis and the reports generated would include more robust forecasting information. This information would be included in the governors' dashboard to provide access to the information that is important for effective governing. The pace of the development of the dashboard would be increasing with the arrival of new appointments (EDHR&OD, Director of Performance and a new Head of Finance) working with IT managers.

7.3 The Committee received the report and agreed the following action

- i) in the longer term, information for governors should be provided by access to a SharePoint and dashboard solution. This would not replace the Committee's scrutiny of financial performance but would enable all governors to satisfy themselves about the College's finances.
- ii) Pending implementation of a dashboard solution, governors should be informed that the College does not intend to recommence circulating monthly management accounts and be given the opportunity to comment on how the College intends to keep them informed about financial matters between Governing Body meetings.

P&CE July 2018

EDF&R July 2018

18/2/8 Budget 2018/19 process update

- 8.1 The EDF&R presented the update, explaining that the College is into its second round of curriculum planning and firming up the budget from the 'bottom-up'. In addition, the College has secured some additional income. There are no issues identified as a real concern. In a meeting with the Senior Leadership Team on Friday 20 April, the Executive had given them the full picture of how the budget is looking as a whole from the first round and the importance of securing the College's cash position.
- 8.2 Members considered the report and asked about the terms attached to the additional funding for placements and if it would continue beyond 2018/19. The P&ACE said that the additional funding of £250 per learner was intended to enable providers to develop work placement capacity in preparation for T Levels being introduced (which for TSC would be in 2020). The ESFA had given no guarantee that funding would continue but there had been indications that the funding could be subsumed into the unit of resource for Level 3 students. It would be useful to improve and develop practice but one year's funding was not a good basis for

employing staff to support longer term developments.

8.3 Governors asked if there were any areas where the budget suggested that the College would need to make difficult decisions about its curriculum offer in 2018/19. The P&ACE said that the College's new curriculum planning tool would enable the Executive Team to assess the cost viability of any given course. It was taking time to embed the new approach but it was proving beneficial in influencing managers' thinking about their curriculum offer. Directorates arguing, for community or other reasons, to maintain provision indicted as not covering its costs would have a better basis for planning viable provision within the overall portfolio.

8.4 The Committee noted the report.

18/2/9 **ESFA Finance Dashboard and Letter March 2018**

9.1 The Committee received the ESFA letter and financial health dashboard which is the ESFA's assessment of the College's performance over previous three years, current year and next budget year, against the national GFE sector average

9.2 Members expressed concern about the College's debt charges as compared to the sector median and asked what more the College could do to reduce debt servicing as a percentage of income.

9.3 The EDF&R said that the figures in 2016/17 had been distorted somewhat by the College paying off a revolving credit arrangement. The benefit of the current fixed rate loans was that it gave the College certainty in planning for the future. Unless the College could negotiate a better deal on interest rates, which may be difficult in a climate of increasing rates, reducing annual payments could only be achieved by increasing risk and/or extending the period of the debt. The loans are attached to the College's estate, which has a life expectancy and will need updating and redevelopment over time. Governing Body and lenders would probably wish to be cautious about extending the period of the debt beyond the life of the buildings.

9.4 It was noted that the Committee had previously considered plans for restructuring debt, where it had been unclear whether short term savings in repayments would be used to pay down loans faster (to reduce the impact of higher rates later in the loan agreement) or invested into immediate needs.

9.5 The Committee received the report commenting that it would be useful for highlight in committee chairs report to next meeting of Governing Body finances are challenging and extending the period of loans may seem an attractive option. The Committee stressed the importance of any such plans making clear the longer term risks of extending the period of debt and/or securing immediate savings by committing the College to higher rates in future years.

Vice-
Chair 3 July
2018

18/1/10 **Staff Pay Framework: cost of living increases - 2016/17 and 2017/18 CONFIDENTIAL**

10.1 The Interim Head of HR presented an oral report to the Committee explaining the proposals made by the Executive Team for a staff cost of living award for 2016/17. The discussion is recorded in a confidential minute.

10.8 The Committee approved the proposed strategy on behalf of Governing

Body and commented that pay cost inflation in the context of a flat or reduced College budget is an issue for the whole sector. The College is making its financial position clear to employees, that this is a national problem and there is a lot of lobbying to be done to influence the current DfE review of the real cost of providing high quality post 16 education and training.

18/2/11 **Employee Engagement Plan**

- 11.1 The Committee received the report and noted that it was recommended that the next full survey of Employee Engagement take place in November with some smaller surveys of specific issues as a pulse test before that. Having surveys in November would also give managers the opportunity to make changes in year in response to the findings. In the meantime, the Executive Leadership Team has put in place a number of measures to address the issues coming out of the 2016/17 survey and the Learning Together Review, particularly to increase the visibility and presence of leadership and management staff including:
- Senior staff meet and greet, which has been extremely popular and RTUs have asked for the opportunity to be included.
 - The P&ACE and Deputy Principals have continued to attend curriculum team meetings on a regular basis and will be sustaining these visits.
 - Revising the College meeting structure next year to promote more collaborative working for managers and their colleagues.
 - Between now and November ELT will be canvassing thoughts on further pulse surveys and activities.
 - Spotlight awards and annual staff excellence awards in July 2018.
 - Leadership breakfasts for staff and students.
- 11.2 In noting the update on the draft plan, the Committee emphasised the link between good employer engagement and quality improvement. Members stressed the need to maintain and sustain engagement activities to overcome scepticism. It was suggested that the Executive might wish to review activities and consider sustainability for next year. The Committee endorsed the change to the timing of the full Employee Engagement Survey in 2018 and said that there should be a follow-up survey at the same time in 2019, which would give two years' data in the period before the next Ofsted visit.

18/2/12 **Health and Safety Termly Report - Autumn 2017**

- 12.1 The EDF&R, as Chair of the College Health and Safety Committee, presented the update on Health and Safety activity underpinning the College's commitment statement and policies.
- In taking over Chairing the Health and Safety Committee, her finding had been that the Health and Safety team is effective in keeping policies up to date, supporting colleagues in risk management and in responding to incidents but the Committee should be doing more to support the H&S Team to raise the profile of Health and Safety across the College. The P&ACE said that health and safety KPIs are included in the quarterly business reviews, which hold Directorates and subsidiary companies to account for their performance.
- 12.2

12.3 The Committee noted the report

18/2/13 Procurement procedures and internal controls: corporate purchase cards

13.1 The Committee received the report, which had been prepared in response to a query raised at the joint meeting with Audit and Risk Assurance Committee. It was noted that processes for authorising new corporate purchase cards reported by Internal auditors had changed to ensure segmentation of duties. In addition, the EDF&R had implemented a new process for checking receipts for purchases on College cards. Should card holders fail to submit receipts in a timely manner this may result in the card being suspended or withdrawn.

13.2 There had been an incident where a third party had used the details of a corporate purchase card to make an unauthorized purchase. This was identified in routine checks of statements and the amount had been refunded. The Purchasing Manager is investigating if anything could have been done differently to avoid or reduce the risk of this happening again.

18/2/14 Financial waivers

14.1 The Committee received the report and noted that one of the waivers was for the purchase of an IT solution. It was recommended that procurement of IT systems should always be by tender against a business requirement specification. The P&ACE agreed and said that the purchase covered by the waiver had been for one year while the IT Manager organised a thorough procurement process for all IT procurement based on business requirements, usability and interoperability as well as cost. The Committee welcomed this assurance and endorsed the approval of requests to waiver to Financial Regulations.

18/2/15 Sheffield College Student Trust

15.1 The Committee received the report, noted the annual return information and approved the recommendation that the president or other elected officer of the College Student Union be invited to become a trustee.

18/2/16 Review of meeting / closing remarks

The Committee wished to record a vote of thanks to the Chair of FE&GP as this was his last meeting. The Committee thanked Gil Vasey for his service to the Committee commenting that he had been an influential and effective Chair and governor whose skill, expertise and wisdom had been much appreciated.

18/2/18 Date of next meeting

4 June 2018 at 8.00 am