

Date	29 January 2018	Clerk to the Corporation
Venue	Board Room, City Campus	Tel: 0114 260 2620 Fax: 0114 260 2601 <u>alison.shillito@sheffcol.ac.uk</u>
Present	Gil Vasey - Chair Angela Foulkes Chris Linacre Anne Wilson	
In attendance	Kate Platts, Executive Director of Finance and Resources Alison Shillito, Clerk to the Corporation	

Minute		Action
18/1/1	Apologies for absence Apologies for absence were received from Jane Jones, Seb Schmolter and Kim Streets. The meeting was confirmed as quorate.	
18/1/2	Minutes of the meetings held on 13 November 2017 and 4 December 2017 and action plan The minutes of the meetings were agreed as an accurate record.	
18/1/3	Declarations of interest Angela Foulkes declared her interest as acting CEO/Principal. The Committee agreed that no action was required for this declaration.	
18/1/4	Matters Arising	
4.1	<u>Action 17/12: Strategic HR developments</u> - the Principal & Acting CEO reported that the Interim HR consultant is working proposals to improve staff performance and engagement. The engagement plan would be brought to the Committee's next meeting. The Joint Consultative Committee is very interested in receiving the proposals for a re-launched plan.	HR Consult. 23 April 2018
4.2	The Committee recommended that the original report of the Learning Together Review had insights that should inform the staff engagement strategy but the Executive would need to consider the benefits and risks of re-launching the LTR and the Speak up and join in initiatives.	
4.3	Work on the reward strategy was pending the appointment and start of the Executive Director of HR and Organisation Development.	
4.4	<u>Action 17/19 refers: format of the monthly management accounts</u> - the Executive Director of Finance and Resources (EDF&R) reported that work was continuing to streamline the production and format of monthly management accounts. The report to the meeting reflected work in progress and she would welcome the Committee's feedback.	
4.5	<u>Minute 17/7/6.1 refers: update on loan covenants</u> - it was reported that the College had received letters from its long term creditors indicating their willingness to continue to support the College for the next year. The	

discussion is recorded in a confidential minute. The Committee thanked the EDF&R for working with Barclays to rebuild positive relationships.

18/1/5 **Monthly Management Accounts - November 2017**

- 5.1 Some parts of the discussion are recorded in a separate confidential minute. The Executive Director of Finance and Resources (EDF&R) presented the accounts as at the end of November 2017 and highlighted the following issues:
- The presentation has been simplified reducing graphics in order to ensure that the information presented is robust.
 - Income and expenditure account is in a good position against budget and profile. The pay budget is on track and non-pay is over-spent. The EDF&R is working with Directors on profiling the income and expenditure more closely to ensure variances are accurate.
 - Long term loans have moved into short term creditors, and therefore the financial health score has moved to inadequate for Period 4 but this will be 'Satisfactory' by the end of the year.
- 5.2 The Committee commented that some of the positive position seemed to be due to cash flow management, which would be a one off saving. Members challenged how certain they could be about the income figures presented and why the cash forecast was lower than budget. The EDF&R responded that there is still risk attaching to some income but Finance managers are routinely challenging Directors to ensure that the forecast is as accurate as possible. The cash forecast is lower than the July budget because of additional costs of the restructure. There were also some additional savings on interest payments not included in the July budget.
- 5.3 It was noted that the P4 accounts still show a significant amount held as a provision for the VAT payment currently being contested at Tribunal (Lennartz case). This is inflating the cash flow shown at P4 but even if the College is required to pay this to HMRC, it will retain sufficient cashflow to meet its obligations February - March 2018.
- 5.4 The Committee challenged why the College was spending more than budgeted on subcontracting when the former CEO had said that the College was reducing reliance on subcontracting. The EDF&R said:
- The College has rationalised its subcontractors but is working with selected subcontractors where this is the most effective way of ensuring that it can use its funding allocation efficiently to meet demand for certain types of education provision.
 - The national apprenticeship provision, secured with the Collab Group, is delivered across the country in partnership. Payments to partner colleges appear as subcontracting payments. The number and geographical distribution of apprentices are not clear when agreements are being concluded so the forecast of how many students the College directly supports or subcontracts varies. The College has revised its model for supporting apprenticeships to improve cost effectiveness provision.
 - The SWFCCP subcontract recruited above target and therefore the payments to the provider from the College's existing grant are higher than forecast. This additional recruitment would benefit the College as the popular provision would help maintain numbers through the demographic downturn.
- 5.5 The Committee noted the report and that the revised three-year plan requested by the Committee was still in preparation. The proposed plan would be considered at a Special Meeting of Governing Body in week commencing 12 February. Some discussion is recorded in a confidential

EDF&R
Feb 2018

minute.

18/1/6 Budget process and timetable for 2017/18

- 6.1 The Executive Director of Finance and Resources (EDF&R) presented the outline budget process and timetable for 2017/18 that would generate the curriculum plan and draft budget during April and May. The draft budget would be submitted to the Committee on 4 June for initial comment with a view to the Committee receiving the final draft at its meeting on 2 July.
- 6.2 The Committee asked what had been changed in the process to make the resulting budget more accurate. The Acting CEO said that in the last few years the forecast income had been based on a computer model that was largely developed and owned by one person. It worked on averages for predicting the amount of funding that certain numbers of students would generate. Much of the process had been top-down and not well understood by curriculum directorates. In the revised business planning process, the College would be using a forecasting model that could predict much more accurately the amount of funding generated by a mix of types of student. Curriculum Directors would be well supported to consider their curriculum offer, courses rolling forward, new opportunities and inefficient provision. They would set realistic targets at course level for recruitment, retention and achievement and would be responsible for delivering these.
- 6.3 The Committee challenged that it had yet to see evidence of how the College would achieve the level of cost savings needed to cover the rising costs of employment and another reduction in grant funding next year. The EDF&R said that all directors - curriculum and support - had been challenged to make a 5% saving on costs in-year. So far, the savings proposed amounted to around 3%. Business meetings would be more rigorous with all departments about delivering efficiency savings. There were opportunities for catering and other services to perform more efficiently. Business review meetings would be pressing hard to secure a credible and prudent budget of income and cost savings. They would also generate a more accurate picture of how all parts of the organisation are performing for each budget period so that performance data can be summarised onto an A3 report.
- 6.4 The Committee noted the report.

18/1/7 Employment and General Purposes - Draft Cycle of Business

- 7.1 The Acting CEO introduced the report, a scheme for the routine work of the Committee over the year. Much of the business in the 'Finance' column had been regularly addressed but business items for Employment and other matters had been via ad-hoc reports presented by the Executive Director of HR under the heading of Strategic Developments.
- 7.2 The Committee considered the draft and asked for the following changes:
 - Add a report on 'Cashflow' to the routine business for the January meeting agenda. Clerk - ongoing
 - Termly update from the Health and Safety Manager should come to FE&GP rather than Audit and Risk Assurance.
 - The Committee should receive reports on the performance data and forecasts generated by the Business Review meetings and business planning process. EDF&R April 2018
 - The Employment strand should be backed by a set of standard KPIs EDHROD July 2018

that the Committee can monitor. This would be a matter for the ED HR&OD to address.

- 7.3 The Committee requested the cycle be amended to reflect its comments and that the Clerk should use this in preparing draft agenda for the year and the Committee would review its effectiveness at the end of the calendar year. Clerk
July
2018

18/1/8 Subsidiary companies

- 8.1 The Committee received an oral report on the operation of the subsidiary companies. It was reported that the Executive Leadership Team would be reviewing the purposes, costs and benefits of continuing to provide certain services via its group structure. The initial focus of the review would be an options appraisal of SMS Ltd and SSL Ltd and the results of this would be presented to the Committee's April meeting. The review of STS Ltd would consider how to improve the quality and consistency of the quality of the service teaching provided by the company. CEO
April
2018
- 8.2 The Committee noted the report and looked forward to receiving the outcomes of the review in due course.

18/1/9 Procurement procedures and internal controls: corporate purchase cards

- 9.1 The EDF&R reported that following the recommendations of the internal audit additional safeguards had been put in place to ensure that all orders for new purchase cards were signed off by the EDF&R and that monthly accounts of purchases were also countersigned. This segmentation of duties had been fully implemented and the EDF&R was satisfied that the internal controls of purchase cards were robust. The College only has ten card holders currently, most of whom are in purchasing functions in Finance, Catering and Nursery. Corporate purchase cards are an efficient way of making small purchases but there are no pressing reasons to expand the number of card holders currently.
- 9.2 The Committee noted the report and asked for a written report on the effectiveness of the internal controls. EDF&R
April
2018

18/1/10 Approval of waivers to the Financial Regulations

- 10.1 The Committee noted the waivers of Financial Regulations requiring full tender processes for procurement. The Committee noted that the Financial Regulations on obtaining three quotes or commissioning a full tender were in place for good reason to ensure value for money in procurement.
- 10.2 The EDF&R agreed to ensure that members of the Executive Team were aware of the thresholds regulating purchasing and the requirement to secure pre-approval for purchasing where there was good reason to waive the requirements. In future the waivers should be presented in a table format EDF&R
ongoing

18/1/11 Any other business

- 11.1 The Committee noted an item of future business that is reported in a confidential minute.

18/1/12 Review of the meeting

The Chair invited members to comment on the meeting.

17/7/13 Date of next meeting

Monday 23 April 2018 at 8.00 am in the Boardroom, City Campus.