

FINANCE, EMPLOYMENT AND GENERAL PURPOSES COMMITTEE
CONFIRMED MINUTES

Date: 23 June 2021
Venue: Zoom (Online Meeting)
Present: Peter Brooks (Chair)
Richard Calvert
Angela Foulkes
John Mothersole
In attendance: Martin Harrison, Executive Director Finance
Andrew Hartley, Executive Director Commercial and Operations
Alison Shillito, Governance Advisor and Clerk to the Governing Body.
Paul Simpson, Executive Director People

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

21/3/1 Welcome, introduction and apologies

- 1.1 The committee received apologies from Stephan Hollingshead and therefore Peter Brooks, Deputy Chair, agreed to chair the meeting. Apologies were also received from Holly Anderson, Beri Hare, Dick Moore and Enya Ritchie. The meeting start was delayed to 08.45, when the committee was quorate.
- 1.2 The committee welcomed John Mothersole to his first meeting as a member of Finance, Employment and General Purposes Committee (FEGP). John joined the committee on 1 April 2021 when he took up appointment as Chair of the Governing Body.
- 1.3 Members noted that agenda item 9, Draft Budget 2021-22, had been circulated after the agenda and other papers. Members confirmed that they had received and read the additional report.

21/3/2 Declarations of interest

- 2.1 The committee noted:
 - Chief Executive and Principal's (CEP) standing declarations as a member of senior staff and a director of the college's wholly owned subsidiary companies. The committee noted that agenda item 13, Subsidiary companies update, related to the declaration. Item 13 was a report for information and the committee agreed that no action was required.
 - John Mothersole's declaration of a family connection to contractors involved in delivering the digital skills network project. This work is referred to in agenda item 10, Capital

Projects. Item 10a was presented for information and the committee agreed that no action was required.

21/3/3 Minutes of the last meeting

- 3.1 The committee approved the minutes of the meeting held on 24 March 2021 as a true record.

21/3/4 Matters Arising & Action Record

- 4.1 The committee considered matters arising from the last meeting and action tracker items and noted that all actions were either considered elsewhere on the agenda or had been completed apart from an update on the impact of the Higher Tier Tribunal decisions on the college's Lennartz claim. The Executive Director of Finance (EDF) presented a confidential report on the issue. The discussion is recorded in a separate confidential minute as it relates to ongoing negotiations.
- 4.4 The committee received the action tracker, agreed that it included all matters arising from the last meeting and approved the removal of actions reported as completed, including that related to minute reference 20/1/5.4 and 20/4/5.2.

21/3/5 People update

- 5.1 Paul Simpson, Executive Director People (EDP) presented the People update including performance against Key Performance Indicators (KPI) for Period 9. The report highlighted the successful implementation of the I-Trent HR system. Payroll, self-service documents and data reports are all running smoothly, and the system provides greater functionality such as a more accurate and efficient online leave booking process

- 5.2 Members considered the report and the main issues discussed were as follows.

Pay award; members queried the impact of the ongoing UCU strike ballot on the college's plans for the 2020-21 pay award. The EDP said that two of the three college recognised trade unions (RTU) had accepted the college's offer and therefore it was fair for the college to go ahead and pay the award in July. College managers continued to discuss local issues with its UCU representatives.

Equality, Diversity and Inclusion (EDI); it was noted that the data on ethnicity by job family showed lower representation of people from diverse ethnic communities in leadership roles. The EDP said that in addressing this,

- the college is clearly positioned as an inclusive employer (with Disability Confident Leader and Investor in Diversity) to attract applicants to an inclusive workplace.
- The recruitment team are using new software to analyse application data by protected characteristic to help target

where in the search and recruitment process action would have most impact.

- The EDI team is already using its engagement with community groups and networks to target recruitment.
- The EDI Board is considering positive action on training for existing staff.

Remote working; the meeting considered the opportunities for longer term changes to working patterns once pandemic restrictions are removed. The EDP said that the college has a staff working group developing a model for flexible and remote working. The initial focus is on teachers and the model will be driven by the needs of students and the curriculum. The pandemic has meant that the college has already equipped all staff who can work remotely. Members commented that treating staff differently for mobile working could raise issues of equity even if there are objective reasons for the decisions based on role and circumstances. The EDP said that managers are sensitive to this. The working group is already seeking and using staff feedback on their experience and preference and there would be further consultation and piloting of changes before making long term workforce changes.

- 5.3 The committee received the report, welcomed the assurance and the streamlined format, combining KPIs and update in one report.

21/3/6 Subcontracting policy 2021-22 and update

- 6.1 Andrew Hartley, Executive Director Commercial and Operations (EDCO) presented the review of the subcontracting policy and proposals for policy updates. Members noted that the ESFA continues to set increasingly stringent requirements for subcontracting and welcomed the analysis of the latest regulatory changes and how the college is meeting them.
- 6.2 Members considered the report and agreed that the main reasons for the college subcontracting had not changed. The main issues discussed were variances in subcontractor performance and the discussion is recorded in a separate confidential minute for reasons of commercial sensitivity.
- 6.3 Members received the report and were satisfied that the college is managing its subcontracting relationships in line with the rationale approved by the Governing Body and paying strict attention to the quality of subcontracted provision. The committee approved the revised policy, as presented with the report, on behalf of the Governing Body.

21/3/7 Student Financial Support Policy: review and re-approval 2021-22 update

- 7.1 The EDCO presented the report on the review of the operation of the Student Financial Support Policy and changes proposed for 2021-22 to improve its effectiveness in supporting students to stay in education and achieve their qualification aims.

- 7.2 Governors considered the report and the main issue discussed was the increase in the amount of bursary available to students from low income households. The EDCO said that the pandemic had shown that students from less well-off homes were most likely to be disadvantaged educationally by not having access to their own digital device and internet. The college had worked with charities to address this in the pandemic. The proposed increase in the bursary was intended to address this in the longer term as the college will continue to use online and blended learning to enhance learning opportunities.
- 7.3 The committee received the report and approved the revised Student Financial Support Policy on behalf of the Governing Body.

21/3/8 Finance update

- 8.1 The EDF, presented a report on performance against finance KPI at Period 9 (to 31 May 2021) and the college's forecast outturn position. It was noted that commercial income was below budget, but this had been offset by savings on non-pay. The college is forecasting that it will provide at least 90% of its Adult Education Budget (AEB) contract and therefore that income should be secure. Spending on pay is above budget, because of the additional teaching provided under the small group tuition funding provided in-year by government. The forecast is for a positive outturn, including the additional capital funding the received under the Further Education Capital Allocation (FECA)
- 8.2 The committee considered how the college recognises deferred capital grants on its balance sheet. The committee noted that the approach adopted by the college in 2017 (ARAC minute reference 17/2/5) of recognising the whole grant in the year(s) when work is completed, is out of line with sector practice and does not match how the balance sheet shows depreciation. The EDF said changing practice to recognise the grant over the life of the capital asset would have a negative impact on the college's balance sheet and was not recommended at the current time but will be kept under review.
- 8.3 The committee received the report.

21/3/9 Draft Budget 2021-22

- 9.1 The EDF presented the proposed budget for 2021-22 for the committee to consider and advise the GB.
- 9.2 Members noted that the budget was based on the outcomes of the period 9 business review and planning process. Income lines had been developed with curriculum leaders based on their assessment of the prospects for recruitment, internal progression and retention in 2021-22. Members commented that where there are risks to income streams, the budget should be accompanied

by a narrative to explain this and detail the mitigating actions should the income not be fully achieved.

- 9.3 The committee welcomed that the draft budget has been based on a sound curriculum plan informed by local demographics, market share, current applications and historic performance. Members noted that, excluding the pension adjustment values, the budget resulted in a small deficit and members wanted to know how this would be funded. The EDF said that this was due to depreciation cost related to capital projects completed in 2020-21.
- 9.4 Members also asked about the ratio of staff pay to turnover generated by the draft budget. The EDF said that under this budget, the ratio would continue to drop from around 67% to 65.9%. This is only just above the FE Commissioner benchmark of 65%, and well below the National FE College Median (about 69% in 2020-21).
- 9.5 The committee was satisfied that the draft budget presented is realistic and prudent and agreed to recommend approval to the Governing Body and the following

ACTIONS

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|---|-------|--------|
| a) provide a narrative with the draft budget for the Governing Body; | EDF | 7.7.21 |
| b) ask the IFMC working group to review the draft College Financial Forecasting Return and advise the GB on its behalf. | Clerk | 1.7.21 |

21/3/10 Capital Projects updates

- 10.1 The committee received two updates covering
- a) A progress report on completion of capital projects in 2020-21 and
 - b) Proposals for capital projects for inclusion in the 2021-22 budget.
- 10.2 Regarding 2020-21 capital projects, the committee noted that the college is in the process of finalising a lease for additional space. The EDCO confirmed that the lease would be conditional on Sheffield City Council approving the change of use for the building. Regarding completion of the LEP Sector Skills Project, the college is continuing to work with the contract manager and partners to minimise the impact of the sale of Liberty Steel on the completion of the project.
- 10.3 Members noted that the FECA grant had enabled the college to complete around £2m of additional capital projects in 2020-21. The works will be completed by the deadline set by the Department for Education. This was very good news for the college and its students. The committee recognised that the Estates team had done a very good job on planning and delivering the additional works in a tight timescale and thanked the Estates Team for their hard work in achieving this.

- 10.4 Regarding 2021-22, the committee asked about the volume of maintenance backlog remaining. The EDCO said that the college benefits from a modern estate so does not tend to carry the maintenance burden of an older estate. The findings of a recent conditions survey had helped set the priorities for using the FECA grant to best effect and address the highest priority estates maintenance issues. The Estates team had also used the survey to plan a new three year costed maintenance schedule to avoid a backlog accumulating in future.
- 10.5 Members asked if there were works or equipment that the ELT had decided to exclude from the capital plan for 2021-22 that might limit future development. The EDF said that around £900K of bids had not been included on the basis that the business benefits for students and staff did not justify the proposed costs, or they were not sufficiently strong to make them a priority for 2021-22. The ELT would hold some of these proposals in reserve should further funding become available in-year and/or to reconsider as part of a longer term development investment strategy for curriculum areas in future years.
- 10.6 The committee noted the updates, endorsed the proposed priorities for 2021-22 capital projects and agreed

ACTION;

Include assurance on completion of planned maintenance programme and backlog of maintenance issues (if any) in routine reporting on progress against the Estates Strategy.

EDCO 24.11.21

21/3/11 Health and Safety update

- 11.1 The EDCO introduced the report noting that the new Interim Head of Health and Safety, John Bacon, had started work since the last meeting. It was also noted, that, since circulation of the report, there had been a reportable accident in a workshop when a student had injured themselves during training.
- 11.2 The committee considered the report and the main issue discussed was the college's progress on addressing the actions raised in the recent Fire Risk Assessment (FRA). Members wanted to know how governors would be assured that the risks identified in the FRA are being managed and reduced by prompt completion of the work. The EDCO said that works on all the high priority actions had already been completed.
- 11.3 It was noted that the Estates Team is responsible for completing most of the works arising from the FRA. The process for monitoring completion of the work plan was that the Interim Head of Health and Safety would be regularly checking completion of all the works against the agreed deadlines and standards. The Head of Estates and Head of Health and Safety report to the EDCO on completion of the actions or any delays. The EDCO would include an update in his termly reports to FEGP on Health and Safety and highlight variances against the plan. The committee would receive further formal assurance from the

follow-up FRA planned for 2021-22. ARAC had also requested sight of the termly updates to fulfil its assurance role.

11.4 A member asked if any further consideration had been given to requiring staff to be vaccinated against COVID-19. The EDP said that the college is disseminating information to staff and students about local vaccination availability. The college did not consider it proportionate to require staff to provide a vaccination passport or similar.

11.5 The committee received the report and welcomed the assurance.

21/3/12 Loan update

12.1 The EDF presented an update on changes to the basis for calculating interest payments on the college's current loans and an update on appraising the options for maturing loans. It was noted that with the phasing out of the London Inter-Bank Offered Rate (LIBOR), interest on the college's long term borrowing would automatically switch to the Bank of England Base Rate. As commercial negotiations are in progress, the discussion of this item is recorded in a separate confidential minute.

12.4 The committee received the report and members were assured that the college is making good progress on finalising options for the maturing loans. The committee agreed

ACTION; senior managers to consider the options appraisal and bring a recommendation to FEGP Committee for approval in September 2021.

EDF 15.9.21

21/3/13 Subsidiary companies update from board meetings held on 9 June 2021

13.1 The committee received the report on recent meetings noting that the annual schedule of meetings of the company boards had operated and reported effectively in 2020-21.

21/3/14 Committee Self-Assessment 2020-21

14.1 The Clerk presented the first draft of the committee self-assessment for 2020-21. Members commented that they were satisfied with timely receipt of papers and that the committee had fulfilled its remit. There had been continuous development during the year in reports being more streamlined and focusing on the most important information for governors. Agendas remain very busy, with developments in finance, health and safety and the increased scrutiny of sustainability and environmental issues. It was suggested that it might be useful to set aside time periodically for a more detailed discussion on finance and estates strategy.

14.2 The committee approved the self-assessment as presented.

21/3/15 Committee Work Plan 2021-22

- 15.1 The committee approved the FEGP Work Plan for 2021-22, as presented.

21/3/16 Terms of Reference 2021-22

- 16.1 The Clerk presented the proposed Terms of Reference for 2021-22, including a change arising from an improvement action in the committee self-assessment, that the committee make explicit that its remit includes oversight of action on the Streamlined Energy and Carbon Reporting (SECR) regulations.
- 16.2 Members agreed that, with the addition of a clause on sustainability and the environment, the Terms of Reference remained appropriate for 2021-22. The committee agreed to recommend approval to the Governing Body of the revised Terms of Reference, as presented in the report.

21/3/17 Review of meeting and closing remarks

- 17.1 Members commented that it had been an effective meeting, monitoring progress on key safety actions for staff and students. The committee had received good assurance on the college's financial outturn and budget for 2021-22. The college is consistently achieving good-outstanding financial health against the main indicators and this is important for its long term success and sustainability.
- 17.2 The risks areas identified for further assurance were:
- **ESFA College Financial Forecasting Return**, urgent action to complete and review the draft return prior to GB in July; EDF 1.7.21
 - **Fire Risk Assessment**, members wanted to receive a further update in September and a follow-up visit in 2021-22, giving assurance on timely completion of the actions arising from the Fire Risk Assessment; EDCO 15.9.21
 - **Maturing loans**, in September, FEGP Committee would want to see firm proposals for the college's maturing loans; EDF 15.9.21
 - **Maintenance plan**, a request for routine estates reporting to include assurance that the college is addressing maintenance issues in line with the new three year plan and the estimated value of outstanding maintenance. This is to support managers to manage the risk of the college accumulating a maintenance backlog. EDCO 24.11.21

21/3/18 Proposed dates and times of next meetings

- 15 September 2021 at 08.30 – 10.30
24 November 2021 at 08.30 – 10.00 (joint meeting with ARAC)
16 March 2021 at 08.30 – 10.30
22 June 2021 at 08.30 – 10.30