MINUTES OF THE FINANCE AND RESOURCES COMMITTEE MEETING HELD ON 5 OCTOBER 2016

Present

Robert Stubbs Chair
Tony Ward Governor
Meryl White Governor

The quorum for the meeting was three Members.

In attendance

Rachel Davies Interim Principal and Chief Executive
Tony Lawlor Interim Director of Finance
Catherine Parkinson Deputy Principal
Mark Stephenson Clerk to the Corporation

The meeting was held in the Boardroom, the Hub, and started at 5.30 pm

Item Minutes Action

1 Apologies

Apologies for absence had been received from Peter Dale, Paul Pascoe, Chris Holt, and Charlotte Desourdy.

2 Declarations of Interest

Standard declarations of interest were noted by the Clerk, and Members were reminded of the need to declare interests throughout the meeting should they arise.

3 Appointment of Committee Chair and Vice Chair 2016/17

It was noted that Robert Stubbs and Peter Dale held the positions of Chair and Vice Chair respectively in 2015/16. The Clerk invited nominations for the role of Chair, and Robert Stubbs indicated his wish to continue for a further year; there were no further nominations, and, consequently, it was unanimously agreed that Robert Stubbs is appointed as Chair for 2016/17 until 31 July 2017 (the end of his term office). It was suggested and agreed to defer the appointment of the Vice Chair till the next meeting.

RESOLUTION (FR 24/ 16):
Robert Stubbs was appointed as Chair of the Finance and Resources Committee for 2016/17.
4 Minutes of the previous meeting held on 22 June 2016 and any matters arising

The minutes were agreed as a true and correct record and signed by the Chair.

- Item 7: Risk Management – it was confirmed that the name of the College group that oversees risk has been renamed Assurance Group;
- Item 11: VAT – work on the recommendations arising from the report continues; for the purpose of the 2015/16 accounts, any potential refunds are expected to be immaterial;
- Item 13: Committee Work Plan – the reporting arrangements for commercial, sub-contracting, and partnerships activity has been clarified and the Work Plan adjusted accordingly.

5 Determination of Any Other Business

None.

6 Review of the Committee 2015/16

Members received a report that set out a number of questions for the Committee’s consideration of its own performance in 2015/16; this was supported by a tabled paper that included the key priorities / areas for improvement agreed at the September 2015 meeting of the Committee. Additionally, it was noted that the Committee had reviewed its terms of reference at the last meeting.

Some discussion took place about the performance of the Committee, and a number of key points were made:

- General consensus that the Committee has addressed all the priorities identified in September 2015; a number of these will continue into 2016/17;
- The finance team has developed, particularly over the last 6 months under the leadership of the Interim Director of Finance;
- The Search and Governance Committee, with the input of the Chair of this Committee, is recommending a new Governor (with financial / accounting skills) for approval at the forthcoming Board meeting; reference was also made to the availability / eligibility of another individual with similar skills;
- The Chair continues to have regular contact with the Interim Director of Finance – particularly for detailed consideration of budget, cash flow, and property matters;
- Recognition that the Committee (especially through the Chair) and the Board have been directly involved in the financial scrutiny of the Sheffield City Region Area Based Review (ABR) and the associated recommendations.

Priorities for 2016/17:

- Continue to further enhance the financial reporting to ensure appropriate scrutiny and challenge can be provided by the Committee;
- Effectively monitor the budget and cash flow, ensuring re-evaluation of the budget when necessary to identify further cost efficiencies. Also taking a
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<td>longer term view of the budget and difficult future decisions;</td>
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<td>• Adding further support and scrutiny – regular contact / meetings of the Chair of the Finance and Resources Committee and the Interim Director of Finance;</td>
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<td>• Understand and monitor the impact of different strategic options, including commercial development/income generation and potential efficiencies;</td>
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<td>• Review the College’s Estates and Property Strategy to include a scrutiny of the role of the subsidiary companies (reference was made to a previous meeting of a group of Governors to consider capital investment / expenditure matters); it was also noted that the forthcoming Strategic Governor Development event (5 November 2016) is to include presentations relating to estates and pensions.</td>
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<td><strong>RESOLUTION (FR 25/16):</strong></td>
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<td>Members, having reviewed the Committee’s performance in 2015/16, agreed the priorities for 2016/17.</td>
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<td><strong>Corporate Risk Register - Finance and Resources Committee</strong></td>
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<td>Members received and noted a section of the newly-developed Corporate Risk Register that sets out the four risks (that fall within the Committee’s remit), controls, and assurance evidence / level for consideration and review in order to ensure sufficient assurance of risk management is received. Each of the four risks was introduced and explained:</td>
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<td>• Condition / maintenance of College buildings – the planned actions, including the commissioning of a Condition Survey, were highlighted;</td>
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<td>• FRS102 (the new FE / HE SORP) – its potential impact on the College’s accounts and balance sheet in the coming years;</td>
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<td>• Financial / reputational loss as a result of exposure to criminal and civil liability (health and safety);</td>
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<td>• Management Information Systems – three separate College systems (relating to student records, finance, and HR/Payroll) are coming to the end of their lives; potential total replacement costs are estimated to be £250k over 3 years; much preparatory work would be needed.</td>
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<td><strong>RESOLUTION (FR 26/16):</strong></td>
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<td>Members reviewed the risks identified within the Corporate Risk Register that fall within the remit of the Finance and Resources Committee, and concluded that the identified controls aimed at reducing the likelihood / impact are appropriate at this time.</td>
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<td><strong>Draft Management Accounts for year ended 31 July 2016</strong></td>
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|     | Members received and noted a copy of the Management Accounts to 31 July 2016 and an extract from the unaudited Financial Statements; the accounts show a trading deficit of £699k (within the College’s control) and a deficit of £1165k to include the finance charge adjustment pertaining to the LGPS pension. It was noted that there has been a focus on strengthening the balance sheet, and that the
College will be reporting Good Financial Health at the year end.

The position relating to each of the College’s three subsidiaries was summarised:
- DC Teach (a small loss which will be subject to a management adjustment);
- ASDD (the proposed sale of shares and related issues, including the arrangements for the three employees); a meeting is scheduled for next week; and
- Waterdale Training Enterprises; reporting structures and going concern issues need to be considered further.

The Accounts have been audited, but may be adjusted subject to the outcome of a partner review.

Through Members’ questions and discussion, a number of key points were made:
- The Interim Director of Finance continues to work positively and closely with the external auditors; this includes on-going work / checks related to the narrative in the management report;
- There has been much scrutiny of the College’s decision relating to the ABR recommendations; the College can feel positive and confident about its processes;
- A recent meeting with the College’s bankers had been particularly positive; there are no areas of significant concern;
- The College-commissioned internal audit of governance processes during the ABR is progressing with the first of the scheduled interview days having taken place on 4 October 2016 (the second takes place on 18 October 2016).

RESOLUTION (FR 27/16):
Members noted the Management Accounts for the year ended 31 July 2016, and that the College continues to be in Good financial health.

9 Financial Regulations Review

Members received a report that included a copy of the College’s Financial Regulations, which, following review by the Interim Director of Finance, include a number of proposed changes for consideration. Attention was drawn to Appendix 2 of the Report which provided a summary of the key changes, including several new sections.

It was noted that the Regulations have been considered by the Executive and the Chair of the Finance and Resources Committee.

In discussions, there was a suggestion that, in relation to Section 9.26 (Tendering Procedures), the figure relating to procurements (£164,176) should be converted into euros.

RESOLUTION (FR 28/16):
Members noted the revised Financial Regulations and recommended them for Board approval.
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<td><strong>Staff Development Annual Report 2015/16</strong></td>
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Members received a copy of the Staff Development Annual Report 2015/16, which set out a range of key activities and developments that took place during the year.

Through Members’ questions and discussion, a number of key points were made:

- A significant amount of activity has taken place with a strong focus on strategic priorities for example maths and English delivery; coaching, leadership and management; and essential training (safeguarding, Prevent, data protection and health and safety);
- Level 5 teaching qualifications – over 91% of teaching staff hold this qualification with plans in place for the remainder; it was suggested that such figures are tabulated to enable trend comparisons in future reports; the same recommendation applies to the College’s financial investment in staff development with comparisons to AoC guidelines;
- The focus going forward will be the impact of staff development activity on student performance.

**RESOLUTION (FR 29/16):**
Members noted the Staff Development Annual Report 2015/16, in particular the range of activity undertaken in relation to the College’s strategic priorities.

| 11   | **Property and Estates Strategy - Monitoring Report** |

A report that provided an update on a range of College property and estates matters was introduced.

It was noted that a number of key developments are in progress or have been concluded, including the sale of the shares in Arthur Street (Doncaster) Developments (ASDD), the successful completion of the Ice House Project at High Melton, and the tender / appointment of a planned preventative maintenance contractor for the College’s high value mechanical and electrical installations.

**RESOLUTION (FR 30/16):**
Members noted the contents of the report, in particular the significant range of activity currently being undertaken.

| 12   | **Commercial Development and Opportunities Annual Report 2015/16** |

Members received and noted a report that provided a summary of the range of commercial development opportunities and activities, especially those taking place at the High Melton site. Activities include FootGolf, a partnership with Sprotbrough Crusaders Junior Football Club, and Christmas bookings / wedding receptions and associated promotions (through the Stables); proposals for working with the Forest School are seen as particularly positive.

Through Members’ questions and discussion, a number of key points were made:

- Important that the figures show a balance of income and associated
expenditure e.g. an increase in income (from £45k to £59k) for internal transport should be put against any increase in costs to show the net effect;

- A £20K investment in the refurbishment of the bridal suite would seem to be appropriate given the likely demand and extra income created; however, it is also important to consider the wider implications / potential other costs such as external lighting improvements, broadband;

- Good range of initiatives, but strategically there needs to be further detailed consideration of the College’s mission and potential drift into non-core activity; important to look at the whole picture;

- Potential involvement of College students in the running of the hotel operations through creative links with curriculum teams;

- General agreement that such commercial activity / estates matters are considered at the Strategic Governor Development event.

RESOLUTION (FR 31/16):
Members noted the contents of the report and recognised the need for more strategic debate about such commercial activities in the context of the College’s mission.

13 Implications of ABR and Strategic Options Process

Nothing further to report at this time.

14 National Policy Update/ Feedback from Events

It is recognised that the introduction of the new Apprenticeship Levy next year will have a significant impact on the College; whilst it is a great opportunity, it is important that consideration is given to the associated risks.

Reference was made to a potential presentation to the Board by Hilary Drabble, who is currently doing some work for the College.

15 Any Other Business

None

16 Items for feedback to Board

- Robert Stubbs appointed as Chair until 31 July 2017; the appointment of a vice chair was deferred to the next meeting;
- Review of Committee undertaken – priorities for 2016/17 agreed;
- New-format risk register introduced; four key strategic risks considered;
- Management Accounts for year ended 31 July 2016 – audit, but subject to final checks; deficit expected;
- Financial Regulations reviewed and recommended for Board approval;
- Staff Development Annual report – recognition of wide range of activity focusing on strategic priorities such as English and maths;
- Property and estates – much work being done, including progress towards
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<td>the sale of shares and property and capital projects;</td>
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<td></td>
<td>• Commercial opportunities - wide range of activity; important to consider as part of overall College mission / strategic direction;</td>
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<td>• Introduction of the Apprenticeship Levy in 2017 – great opportunity for the College.</td>
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### 17 Date and Time of Next Meeting

The Chair indicated that he would no longer be available at the time scheduled for the next meeting (Wednesday 23 November 2016 at 5.30pm); it was suggested and agreed that the availability of Committee Members for other time slots on the same day (say 10.00am and 1.00pm) is established.

The meeting closed at 6.58pm.

**Mark Stephenson**  
**Clerk to the Corporation**

Signed: .................................................. (Chair)        Date: .........................