

**SPARSHOLT COLLEGE HAMPSHIRE
MINUTES OF THE MEETING OF THE
RESOURCES COMMITTEE
held on 12 March 2020 at 9.30 am**

¹PRESENT M Coombes (C) (from minute 24); J Emm (SCS); T Floyd (E) (by telephone); N Hopkins (E); T Jackson (P); A Neal (E).

In attendance: S Cameron, HR Manager (mins 22 to 38)
D Hill, Premises Manager (mins 45 to 54)
J Milburn, Deputy Principal – Curriculum
A Whitworth, Director of Finance
S Willson, Clerk to the Corporation

APOLOGIES AND ATTENDANCE

1. Apologies were received from A Hoad.
2. T Floyd participated in the meeting via teleconferencing and therefore did not count towards the quorum.

DECLARATION OF INTERESTS

3. There were no interests to declare.

MINUTES

4. **Resolved** – that the minutes of the meeting held on 21 November 2019 (Parts 1 and 2) be confirmed.
5. There were no matters arising not covered by items on the agenda.

PERFORMANCE MONITORING

6. The Committee had received the latest College Healthcheck Report (2020/02) and management accounts (to 31 January). Co-opted members had also been provided with the report to the Board of Governors meeting on 24 February on the submission of the Integrated Financial Model for Colleges (IFMC) to the ESFA.
7. The Committee discussed the decline in HE applicants for 2020-21, as compared to the previous year, with the Principal confirming that every effort was being made to support HE recruitment and that internal progression from FE to HE was expected to be up year-on-year.
8. Members also noted that, in contrast, FE applicants were showing an increase year on year at both Sparsholt College and Andover College, although A Level applications had declined. Responding to members' questions, the Deputy Principal – Curriculum reported discussions with schools which suggested a similar number of Year 11s were applying to Andover College but with a higher proportion choosing to study vocational qualifications. Management were reviewing the A Level pathways to see if the offer could be rationalised while not reducing enrolments overall.

¹ (E) = External; (S) = Staff; (C) = Co-opted Committee Member

9. The Director of Finance highlighted a number of key points in the management accounts, noting that a summary three-year trend of debtor balances had been included to respond to an action arising from the December Board of Governors meeting.
10. The Director of Finance also noted that the year-end forecast had improved from the original deficit budget to break-even, with a detailed review of staffing due to report the following month. However, the current forecast outturn did not include the potential impact of CoVID-19, including the risk of the loss of language school and other commercial business and issues such as the impact on the College's catering supplier and risks to income from Halls fees, HE fee income if HE could not be delivered. The Director of Finance explained that the College Group's insurers, Zurich, had confirmed that there were few areas of cover claimable under the current circumstances.
11. In terms of high needs funding, the Director of Finance explained that the internal auditors would be checking evidence of high needs funding being spent appropriately as part of the forthcoming Learner Numbers audit. In response to questions about the impact of any variability in high needs student numbers, it was confirmed that the sessional staff on a variety of hours and staff turnover rates provided a sufficient degree of flexibility to reduce staffing if that was required in the future.
12. The Committee commended the clarity of the management accounts.

BANKING

13. The Committee had received the report of the Director of Finance and Finance Manager on bank arrangements, loans and covenants.
14. The Committee noted the assessment of the covenants and the indications at the time of the meeting that all eight covenants would be met at July 2020, but that they remained challenging whilst the College did not generate large levels of surpluses /cash generation and would continue to be regularly monitored by management.
15. The Committee discussed the recommendation to extend the flexibility for how the College's surplus funds were invested from the current approval to invest with Nat West bank, Handelsbanken and the Nationwide to a wider range of UK regulated banks.
16. Members were supportive of extending the number of banks but suggested that a maximum number of three to six banks be used to keep the processes manageable. It was also noted that the College's use of UK regulated banks took into account protection offered by the Financial Services Compensation Scheme.
17. The Director of Finance explained that consideration was also being given as to whether to select environmental/ethical criteria for investment, even if the interest rates were lower than other deposit accounts. This responded to questions raised at Student Council meeting and reflect choices increasingly being made by some education and publicly funded institutions and by charities.
18. In response, Members were cautious about any move away from security of capital and maximisation of returns as the primary cash investment criteria, while also noting that it would be a reasonable expectation to want to avoid unethical investments where possible. The Committee concluded that more would need to be understood about the options and possible benefits/risks before making a recommendation to the Board.

19. **Resolved** – that the Board approves that the College has the option of investing surplus funds in a wider group of up to six UK regulated banks, to include Barclays, HSBC, Santander and Lloyds.
20. The Director of Finance noted that any new bank accounts signatories might also require the specific approval of the Board.
21. **Resolved** – that further assessment of options to invest in cash accounts with one of the approved banks/building societies on the basis primarily of environmental criteria was required in order to demonstrate that this would be in the best interests of the College.

HUMAN RESOURCES

22. The Committee had received the report updating on Human Resources (HR) matters, including staff remuneration, Gender Pay Gap reporting and employment-related legislative changes.
23. The Committee welcomed confirmation that the ICE Group now had full membership from both the College and Sparsholt College Services (SCS) and noted that, subject to the outcome of discussions with the ICE Group, it was intended to conduct a College Group Staff Survey around Easter time and for an addition survey specifically on staff wellbeing to be launched at the 2020 staff summer conference.
24. Responding to the Staff Member’s feedback about the staff survey, the Principal and Deputy Principal – Curriculum agreed that consideration would be given as to balancing the benefits of having departmental level data with providing staff confidence in their anonymity in order to maximise the number of returns.

Staff Remuneration

25. The Committee noted the advice of the Principal that, in reviewing the budgetary position for the current year, it was not affordable at the current time to award staff a cost of living pay award notwithstanding the mutual desire of the SLT and Governors to implement this as soon as possible. With this in mind, an increase in staff pay related costs had been included in the two year financial plans submitted to the ESFA. However, the Principal highlighted that the financial plans would need to be kept under review given the uncertainty about the possible adverse financial impact of the CoVID-19 situation
26. In terms of the timing of a decision about staff remuneration, it was noted that, although the budget was approved in July, it was prudent to confirm decisions about staff remuneration around December once there was more certainty about enrolments in the Autumn term. The Committee endorsed this approach and also agreed that the Committee and the Board should return to an annual review of staff remuneration.
27. **Resolved** – that the Board of Governors be recommended that it was not affordable at this time to award staff a cost of living pay award and that future affordability be reviewed annually in the Autumn term.

Legislative updates

28. The HR Manager summarised the updates in relation to legislative changes to the National Living Wage and the National Minimum Wage from 1 April 2020, Parental Bereavement

Leave from 6 April 2020 and requirements in relation to employment contracts (Statement of Particulars). It was noted that the SCS Board would be asked to approve the related recommendations in relation to SCS employees.

29. The Board noted the review being undertaken with Warner Goodman of the content of the Employment Statement of Particulars for College Group staff to ensure the College Group's documentation is legally compliant and that any resulting actions would be implemented by the HR team. The HR Manager confirmed that, in addition to applying to new starters, existing members of staff could request the new version of their Statement of Particulars.
30. Responding to a Member's question, the HR Manager explained that it was planned to further review the pay scale during the next year, including ensuring appropriate progression.
31. **Resolved** – that the Board of Governors be recommended to approve to amend the College Group Pay Scale so that incremental points 13 and 14 were incorporated into Scale 3 in order that no member of staff would be paid less than the statutory National Living Wage and the National Minimum Wage rates.
32. **Resolved** – that the Board of Governors be recommended to approve that Statutory Parental Bereavement Leave for the College Group be paid at full pay for week one and week two.

Gender Pay Gap

33. The Committee noted the gender pay gap analysis for the College, SCS and the College Group as a whole and that the gender pay gap had reduced. The College's data was also significantly better than the national data reported in 2019. The HR Manager reported that the College and SCS gender pay gap reports would be published ahead of the statutory deadline.

Marketing Supplements

34. In response to a query raised at the previous meeting of the Committee, the HR Manager had sought legal advice on the College's position and the Committee noted the reported advice that the College did not have a legal obligation to continue to pay an individual a market supplement should a review of the market conclude the continuation to be unnecessary.

PENSIONS

35. The Committee had received the annual report of the Director of Finance and HR Manager on the College Group's pension schemes and LGPS Discretions Policy.
36. The Committee noted the key developments, including the increase in the Local Government Pension Scheme (LGPS) employer rate arising from the latest LGPS triennial review and that the pension contributions were lower than would otherwise been the case because of the re-categorisation of the College as 'low risk' following a full Employer Covenant Assessment. It was also noted that the amount of the College's Teachers Pension Scheme (TPS) grant payments to 31 March 2021 had been confirmed in ESFA funding letters. The AOC's advice was that colleges were likely to continue to receive the TPS increase beyond 31 March, in some form.

37. In relation to the establishment of SCS and new starters being eligible for the NEST scheme in place of LGPS, the Committee noted that the actual employer pension costs saving from 1 February 2019 to 31 January 2020 was £23,887 and expected to continue to increase. Asked about the apparently relatedly low proportion of SCS new starters joining the scheme and whether this suggested any underlying issues, the HR Manager explained that the staff numbers included sessional staff and casual staff (such as student ambassadors) who had traditionally low pension uptake.
38. **Resolved** – that the Board of Governors be recommended to approve the LGPS Discretions Policy be approved without amendment.

FINANCIAL REGULATIONS

39. The Committee had received the report of the Director of Finance on the review of the Financial Regulations and related policies, together with the proposed new Financial Regulations.
40. The Director of Finance explained that the extensive review undertaken by her and her team had taken into account financial regulations for other colleges and publicly funded organisations and considered benchmarking data in relation to the financial limits. To streamline policies, it had been decided to combine the two parts of the existing Financial Regulations, as well as the separate Procurement Policy and Expenses Policy.
41. The Director of Finance also explained that the related procedures were in the process of being reviewed where more detail is required for day-to-day operational management and would be approved by the Principal and SLT and then issued to staff
42. The Finance Manager highlighted the main changes, including an increase to the minimum levels of spend requiring quotes and tenders, and noted that the proposed updates to expenses subsistence limits would also be taken to the ICE Group for consideration. The increase to the limit for gifts and hospitality would also require the relevant appendix of the Staff Charter and Code of Conduct to be updated. Director of Finance also explained that the section on the College's register of interests would be expanded to include 'other staff members as requested' in order to assist the College to comply with HE accrediting bodies' requirements.
43. Responding to member's feedback, the Director of Finance and Finance Manager also undertook to revise the section on the authority to open and close bank accounts in order to require the agreement of both the Principal and Director of Finance.
44. **Resolved** – that the Board of Governors be recommended to approve the revised Financial Regulations (incorporating the Procurement Policy and Expenses Policy), with the amendments noted.

PROPERTY

45. The Committee had received the report of the Principal on progress with the Property Strategy in 2019-20, including a project progress report on the Animal Health and Welfare Centre development.
46. The Committee noted good progress on a number of property developments, although affordability continued to be a major constraint on capital projects at the current time.

The Principal highlighted that there may need to be a commitment to before 1 August planned 2020-21 spending on improvements to the residential halls in order that the work could be carried out over the summer.

47. The Principal also noted the intention to replace the roof of the Andover College 'Arts' building during 2020-21 and the Premises Manager explained roofing with a suitable specification and a five-year warranty, expected to last at least 10-15 years, had been identified. Members endorsed the management plans given the evidence of the current state of the roof and that the potential redevelopment of the whole site as part of the Andover Cultural Quarter development was not imminent.
48. The Committee noted that the Board of Governors had approved, having considered the strategic objectives and the College's financial position, that College officers submit a bid to the EM3 LEP for a new HE building with a budget of c£4m and a grant intervention rate of 79%. This was an 'in principle' approval to go ahead with seeking funding, with specific proposals to return to the Board for consideration and approval should LEP funding be confirmed as available.
49. A member noted that, while there were valid reasons for investing in differentiated HE facilities to support the HE strategy and the amount of College cash contribution was relatively small, caution should continue to be exercised when planning the project because of the relatively small size of the HE cohort.

Animal Health and Welfare Centre

50. The Committee noted the update on the Animal Health and Welfare Research Centre project and that this followed approval of the Board of Governors in February to extend the total budget (including VAT and fees) to £2.358m. The additional spend was planned to be financed from the remaining proceeds of previous property sales with £180k remaining unallocated.
51. The Deputy Principal – Curriculum confirmed that the main contractor had been appointed and that, although the start date had been moved from 2 March to 24 March, the overall project was on course to be completed on time.
52. A member stressed the need for close management of the income and expenditure related to the project in the 2019-20 and 2020-21 financial years to take into account capital creditors and current ratios in the College's accounts and the 2019-20 financial outturn.

COLLEGE GROUP POLICIES

Security Policy

53. The Committee had received the draft new Security Policy and Procedures which the Principal explained was intended to provide a policy statement for the College Group and document the key security practices which were already in place. The policy also linked to existing policies, such as Health & Safety, Safeguarding and IT/online policies.
54. Members welcomed the policy and the recent enhancements to security measures for the College community (such as the electronic gates at Andover College), offering a number of drafting points to be addressed in the final version.

Staff E-Safety and Online Communications Policy

55. The Committee had received the report of the Deputy Principal – Curriculum and accompanying proposed new Staff E-Safety and Online Communications Policy which was proposed to replace the existing E-Safety Policy and Social Media Policy.
56. The Deputy Principal – Curriculum explained that the policy had been revised by the Safeguarding Working Group and the Wellbeing Committee and that points raised by Warner Goodman as part of the ongoing review of HR related policies had been incorporated in the new policy. Additionally, the policy reflected requirements of the Cyber Essentials schedule which the ESFA required the College to meet for 2020-21.
57. In response to discussion about the wording of the section on Personal Information, the Committee asked that it be revised to take into account the fact that some staff will have industry contacts in their sectors or other contacts that they deal with both through their college work and in a personal context. It was also agreed that the section on Social Media be amended to allow for members of the SLT to use social media channels to promote the interests of the College.
58. It was noted that a separate version of the new policy would be created for Students and a minor update made to the Staff Code of Conduct (Appendix 1) to cross reference the new staff policy.
59. **Resolved** – that the Board of Governors be recommended to approve the Staff E-Safety and Online Communications Policy (incorporating the previous E-Safety Policy and Social Media Policy), with the agreed revisions.
60. Members also made a number of observations in relation to Appendix 1 of the Staff Charter and Code of Conduct and it was noted that the full Staff Charter and Code of Conduct was due for review and would be presented to the Committee.
61. The meeting ended at 12.55 pm. Confidential items were discussed and are recorded separately.