

SPARSHOLT COLLEGE HAMPSHIRE
MINUTES OF THE MEETING OF THE
RESOURCES COMMITTEE
held on 21 November 2019 at 9.30 am

¹PRESENT M Coombes (C); T Floyd (E); A Hoad (C); N Hopkins (E); T Jackson (P); A Neal (E)

In attendance: S Cameron, HR Manager (mins 203 to 219)
D Hill, Premises Manager (mins 180 – 190)
J Milburn, Deputy Principal – Curriculum (from min 161)
A Whitworth, Director of Finance
S Willson, Clerk to the Corporation

MEMBERSHIP

148. The Committee noted that recruitment was underway for a member of Sparsholt College Services Limited (SCS) staff to join the Board of Governors and be appointed to the Committee and that a vacancy had recently arisen for an external governor member and was due to be considered by the Search Committee.

DECLARATION OF INTERESTS

149. There were no interests to declare.

MINUTES

150. **Resolved** – that the minutes of the meeting held on 13 June 2019 (Parts I and 2) be confirmed.

151. There were no matters arising not covered by items on the agenda.

FINANCIAL PERFORMANCE MONITORING

152. The Committee had received the latest College Healthcheck Report (2019/08) and management accounts (to 30 September), together with the ESFA Finance Dashboard (October 2019).

153. The Principal noted the positive indications for FE and HE enrolments in 2019-20 at this point of the Autumn term in comparison with the same point in the previous year. The Principal also explained the health and safety performance indicator, noting that the new health and safety officer had recognised a strong health and safety culture but had identified improvements to be made in relation to keeping documentation up to date.

154. The Director of Finance introduced the management accounts, explaining that she had made some minor updates to the format of the accounts to make them more user-friendly and would welcome any feedback from Committee and Board members.

155. The Director of Finance highlighted key points, including in relation to income and expenditure, explaining that the lower than budgeted staff costs to date were, in part a result of vacancies and that it would be kept under review whether some of the saving would need to be spent on additional resources later in the year. The new rolling programme of budget reviews with budget holders would commence shortly, prioritising

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

areas with larger budgets and/or where there were likely to be variations. Adjustments to the forecast outturn would be reflected in the monthly management accounts and would build in a degree of prudence.

156. Responding to a member's question, the Director of Finance explained how the underspend was accrued in the accounts and cautioned that there may be an element of delayed spend required.
157. The Director of Finance reported that discussions with the LPGS actuaries had resulted in a decrease in the pension liability valuation (as at 31 July 2019) as a result of agreeing a lower salary increase assumption and this, in turn, had improved the College's unrestricted reserves at 2018-19 year-end.
158. Additionally, College management had agreed to ask the fund to undertake a full covenant assessment to review whether the College's current 'median' risk rating was accurate. The cost of the review to the College was £9k plus VAT, which the Principal commented he had discussed with the Chairman of Governors prior to agreeing it. The Director of Finance emphasised that there was no certainty of a successful outcome, but it had been decided to proceed on the basis that, if the College was judged to have a lower risk than currently, there could be savings of c£120k pa (based on average successful outcomes). The outcome was expected by the end of January and would be reported to the next meeting of the Committee. The Director of Finance also explained that this was in the context of the LGPS triennial review which had indicatively categorised the College as 'medium' risk but this could be rebased.
159. The Committee noted the ESFA financial dashboard and that the ESFA had graded the College's financial health as 'Good' on the basis of the year-end information submitted in July and would confirm the rating once the audited accounts had been submitted.
160. Asked about when the 2020-21 financial plan would next be reviewed and reported, the Director of Finance confirmed that there would be a review in the Spring term, ahead of the new budget being presented in the Summer term. The College would have confirmation of FE grant allocations for 2020-21 in March.

ANNUAL REPORT AND FINANCIAL STATEMENTS

161. The Committee had received the report of the Director of Finance and the draft Annual Report and Financial Statements for the year ended 31 July 2019.
162. The Director of Finance introduced the Financial Statements, explaining that there was small amount of information still to be added but that KPMG had confirmed that no issues were expected in relation to auditing the final matters. The Annual Report and Financial Statements would be finalised and the audit completed prior to approval by the Board of Governors.
163. The Committee noted that the Director of Finance's commentary included an update on the management accounts for the year ending 31 July 2019 and explanation of adjustments and how the statutory financial statements map to the management accounts.
164. The Director of Finance confirmed that internal testing indicated that the bank loan covenants would be met, although this would not be confirmed by the auditors until the final accounts were received. KPMG had confirmed to the Audit Committee the auditor's assessment that the College was a going concern.

165. In discussion, Members sought and received clarifications in relation to the figures for other comprehensive income, including pension adjustments, and lease obligations.
166. The Chair reported that he had been notified by the Chair of the Audit Committee that no issues had been raised on the annual report and financial statements in relation to governance and internal control.
167. **Resolved** – that the Board of Governors be recommended to approve the Annual Report and Financial Statements for the year ended 31 July 2019.

CAPITAL EXPENDITURE

168. The Committee had received the report of the Principal and Director of Finance giving a statement of capital expenditure in 2018-19, an assessment of the impact of that spend and the procedures used to obtain best value for money in the acquisition of the assets.
169. The Committee noted that a total of £2,195k (on an accounting basis) was spent on capital projects during 2018-19, equivalent to £1,787k against a budget of £1,917k when adjust for major capital projects, and that the impact of the spend was as planned. It was explained that the main component of the capital budget underspend related to planned upgrades to residential halls shower rooms where some works would take place in 2019-20 and subsequent years during times that the halls were not in use.
170. The Committee noted that a significant part of the spend related to grants from the EM3 LEP, match-funded by the College, for Conditions Work and Pathway to the Virtual Campus, and that these and the Equine Centre improvements had previously been reported to the Committee in detail.
171. Reviewing the table of capital projects, a member sought clarity as to whether variances were due to timing or to over/underspend. The Principal confirmed that the majority of projects were complete and the Director of Finance undertook to review whether this could be clarified in future reports.
172. Members also queried whether information was available about the value and depreciation of assets and the Director of Finance explained that, when the College had converted to the FRS102 accounting standard, it had been decided not to continue with revaluing assets. Members discussed the potential benefits and disadvantages to the College's accounts were this to be reintroduced.
173. **Resolved** – that the policy for not undertaking revaluation of College assets be reviewed every three to five years to test whether this remained in the best interest of the College's financial health and management.
174. The Principal reported the possibility that the DfE might decide to reintroduce capital funds for Colleges via the ESFA, with correspondingly less funds available from the LEP, and that this presented both opportunities and risks depending in the policy and criteria for awarding funds in the future.

PROPERTY

175. 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.
176. The Committee noted that there was good progress on a number of project developments, including the Animal Health and Welfare Centre, and that affordability continued to be a

major constraint on capital projects at the current time. Consideration continued to be given to further differentiating the HE student experience of University Centre Sparsholt, both research-based areas and specialist study areas.

177. The Principal confirmed that c£600k of residue net proceeds from the sale of properties (Westley Cottages) continued to be ring-fenced for investment in future capital projects, including as match-funding for grants and commented that the reconciliation of the balance was regularly reported to the Board.
178. The Committee noted that Ecotricity had confirmed it had enacted 'Lawful Commencement of Planning' by setting-out a series of stakes in the Garstons grass paddock area along the route of the roadway planned to link the Garstons Road to Westley Lane.
179. The Committee noted that discussions with Test Valley Borough Council (TVBC) and Simply Health concerning the possible development of the 'Andover Cultural Quarter' and the Andover College campus continued. A number of governors had attended a master planning session as part of the consultation process. Members discussed the extent of dependence and risk associated with the partnership and the potential availability of LEP discretionary capital funding and noted that a session was planned for a Governors' Seminar/Board meeting on the College's strategy for the Andover College campus.
180. Given the likely timescale of the Andover redevelopment, it was noted that it would be likely to need to replace the roof of the Andover 'Arts' Building within the 2020-21 Property Strategy at an indicative cost of c£170k. Members were supportive of the need to maintain the current estate, given that this supported recruitment and the learner/student experience. Responding to a Member's caution about costs associated with asbestos removal, the Principal explained that asbestos had been surveyed and removed from the campus some years ago but undertook to check that this was definitely the case for the Arts Building.

Animal Health and Welfare Centre

181. The Deputy Principal – Curriculum, as project lead, provided a report on progress with the Animal Management Centre development, including the key project milestones, building plans and notes of the design progress meeting held on 17 October. Members were reminded that the project was funded to deliver more research opportunities for HE students and Apprenticeships and, in doing so, would improve the facilities for the animals and the FE learners' experience.
182. The Deputy Principal – Curriculum explained the changes to the building plans since last presented to governors and confirmed that the planning application had been submitted. The consultation closed on 4 December. Sparsholt Parish Council members had been given a tour of the site and that their feedback was very positive and a visit had also been offered to Councillor Caroline Horrill. Although the planning submission had been 3 weeks later than originally planned, the project phasing had been adjusted to maintain the key completion dates and the College would be tendering the construction imminently. The only planning enquiry to date related to drainage.
183. Members noted that particular attention was being given to the M&E specifications, to ensure the temperatures could be controlled depending on the species housed in each area, and to the costings by the QS because of the specialist nature of the build and fit out in different areas of the centre.

184. Asked by a Member if there were greener energy options for the new building, the Deputy Principal – Curriculum explained that the site currently used LGP but the project was taking into account the possibility in the future of mains gas (linked to the anaerobic digester project) and exploring the potential use of energy from the PV panels installed on campus (but not owned by the College).

185. The Committee noted the progress to date.

ENVIRONMENTAL SUSTAINABILITY

186. The Committee had received the report of the Principal and Premises Manager on progress with the Environmental Policy and related College objectives.

187. The Committee commended the progress that the College was making with all of its EMS (Environment Management Strategy) objectives and targets, with all teams/departments contributing towards sustainability and the achievement of environmental impact measures, including in relation to controlling energy costs and reducing the College's carbon footprint. There had been some positive successes in reducing water usage during the last year and more were planned.

188. The Premises Manager explained that the College was investigating energy contracts based on variable usage/rates and the use of pulse meters, to evidence whether this would provide greater value for money.

189. It was also noted that the cost and local waste infrastructure made recycling of the majority of the College's waste non-viable at the current time and waste of a combustible nature was sent to the Southampton waste incinerator to be combusted and to generate power.

190. In discussion, members highlighted Government central policy in relation to reducing use of gas and the recent Solent area nitrate-neutral requirement for property development.

STUDENT FEES AND FINANCIAL SUPPORT

191. The Committee had received the report of the Deputy Principal – Corporate setting out proposed arrangements for learner/student fees and support arrangements for enrolments in 2020-21, together with the FE Bursary Policy 2020-21.

192. The Principal summarised the key changes from the current arrangements, noting the proposal to raise the bursary family income cap by £960 and to increase the residential halls fees for newer halls by 3% but marginally reduce fees for the 'standard' accommodation offer. There were no changes proposed to the HE tuition fees or fees for overseas students. It was noted that fees for adults were regulated and would be finalised once ESFA direction on this had been received.

193. Asked if the College had experienced difficulties which had been reported nationally about overseas students enrolling in education to obtain a visa and then dropping out, the Deputy Principal Curriculum confirmed that the College had not experienced this problem².

194. It was noted that the transport costs would be reported to the Resources Committee in the Spring term after completion of a tender for new bus/coach contracts. The intention was

² The College complies with Tier 4 Visa rules and student attendance is monitored and reported as required.

to continue to subsidise costs, if necessary, to prevent transport being a barrier to enrolment for learners from low income households.

195. The Director of Finance highlighted requirements in the Tenancy Act which necessitated changes to the College's approach to holding deposits for onsite accommodation and suggested that the policy as currently drafted in the report required further revision.
196. **Resolved** – that the Board of Governors be recommended to approve the fees and financial support arrangements for enrolments in 2020-21, subject to confirmation of the policy in relation to residential deposits.

COUNTER FRAUD STRATEGY

197. The Committee had received the proposed Counter Fraud Strategy which the Director of Finance explained had been developed in response to the requirements of the ESFA Audit Code of Practice and drew together the policies and procedures already in place in the College which promoted and supported the prevention of fraud.
198. The Director of Finance explained that the strategy document also included an action plan which prioritised development of staff communication and training and the introduction of a fraud risk register.
199. The Director of Finance reported that the strategy had been presented to the Audit Committee for information and that, following points raised by Audit Committee members, it was proposed to add the subheading 'Reporting', alongside 'Investigation', in the table of policies and procedures and to remove a reference to the Audit Committee in relation to monitoring of the new fraud risk register.
200. Asked about how management would engage staff and support them to become aware of risk factors and identify potential fraud, the Director of Finance explained that there would be training during staff induction and then around once a year with the use of practical examples to related to College activities. A Member gave the example of his company which trained staff via webinars.
201. Members agreed that the strategy be reviewed at least every three years by the Committee, with the Audit Committee also given the opportunity to input, and reported to the Board.
202. **Resolved** – that the Board of Governors be recommended to approve the Counter Fraud Strategy, as amended.

HUMAN RESOURCES

203. The Committee had received the report updating on Human Resources (HR) matters, including remuneration, Teachers' Pension Scheme (TPS) costs, the launch of the new HR Self Service facility, leadership and management training and the staff survey.
204. The Principal commended the HR team for managing the introduction of the new 'self-serve' additional module to the CHRIS HR 21 system which provided self-service access to staff and managers to electronic pay and holiday records.
205. The Principal also noted that the College had signed up to the AOC Mental Health Charter and would be presenting a Wellbeing Strategy to the Board.

206. Members noted that College officers were considering the best tool for a staff survey to replace the survey last undertaken in 2017/18 with consideration including a standardised survey developed by Ofsted to use as part of inspections and a survey research tool (Warwick-Edinburgh Mental Wellbeing Scales) developed to understand the mental wellbeing of the population and used in workplaces to inform wellbeing/training interventions.

Staff Remuneration

207. The Committee noted the advice of the Principal that it was not affordable at the current time to award staff a cost of living pay award but that prospects for reintroducing a pay award, including considering pay policy options, looked more promising, given the announcements on 31 August 2019 of increases to base rate funding for FE colleges. In the meantime, the Committee agreed that the financial conditions set by the Board in July to pay a one-off award in December had been met.
208. **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 to note the Committee approved implementation of the previously determined resolution of the Board and subsequent approval by the Chair of Governors to pay an unconsolidated one-off payment in December to qualifying staff at the amount and on the basis of the methodology previously agreed.
209. The Committee confirmed that it was content for the Principal to announce the payment to staff and to decide the most appropriate timing of the announcement.
210. The meeting ended at 12.55 pm. Confidential items were discussed and are recorded separately.