

SPARSHOLT COLLEGE HAMPSHIRE
MINUTES OF THE MEETING OF THE
RESOURCES COMMITTEE
held on 19 November 2020 at 9.30 am
via videoconference

¹PRESENT M Coombes (C); J Emm (SCS S); T Floyd (E); N Hopkins (E) (Chair); J Lander (E); J Milburn (P); A Neal (E).

In attendance: S Cameron, HR Manager (from min 209)
S Evans, Finance Manager
D Hill, Premises Manager (mins 185 to 200)
A Whitworth, Director of Finance
S Willson, Clerk to the Corporation

APOLOGIES

148. Apologies were received from A Hoad.

DECLARATION OF INTERESTS

149. In relation to the HR report, the SCS Staff Governor explained that she had a personal interest in the long service recognition scheme for SCS employees, as a current SCS staff member who had served over 20 years for the College Group. The committee was content for her to participate in this part of the agenda item.
150. A further declaration of interest was made in relation to confidential business and is recorded separately.

MINUTES

151. **Resolved** – that the minutes of the meeting held on 11 June 2020 (Parts I and 2) be confirmed.
152. There were no other matters arising not covered by items on the agenda.

PERFORMANCE MONITORING

Healthcheck Report

153. The committee had received the latest College Healthcheck Report (2020/08).
154. The Committee Chair highlighted the positive outcome for HE enrolments.
155. Responding to a member's question about the accident data trend, the Deputy Principal Corporate explained that there had been a shift when the way that accidents were classified and reported had been changed.
156. A member also raised a query about the student attendance data for English and maths and the Principal confirmed that a report about this was due to be considered by the Quality & Standards Committee.

¹ (E) = External; (SCS S) = Sparsholt College Services Ltd Staff; (C) = Co-opted committee Member

FINANCE

Management Accounts

157. The committee had received the latest College Group management accounts (to 30 September).
158. The Director of Finance drew the committee's attention to the income and expenditure statement and to the graph showing the latest cash balance forecast to July 2021 compared to cashflow over the previous three years.
159. The committee noted the management accounts and that the substantive discussion about the 2020-21 finances would take place under the following agenda item.

2020/21 Budget

160. The committee had received the report of the Director of Finance presenting a revised income and expenditure budget for 2020/21. The Board of Governors had requested that an updated budget be presented in the Autumn term because of the degree of uncertainty in the some of the budget assumptions due to the Covid-19 pandemic at the point the 2020/21 budget had been approved in July.
161. It was noted that the budget deficit was reduced from c£1.7m to £1.2m in light of the outcome of student enrolments and more clarity on areas of additional costs resulting from the pandemic. The budget assumed continuing disruption until the end of the spring term 2021 and the sensitivity analysis highlighted areas for potential favourable and adverse variances going forward.
162. The Director of Finance reported the latest position regarding pre-emptive discussions with the banks about a potential breach of the College's bank loan covenants if the year-end outturn was a deficit of more than £1m. The committee was reassured by confirmation that Lloyds and Natwest banks had confirmed they would not look for the loans to be repaid and noted that discussions were continuing with Barclays which had indicated that, while the bank did not wish to penalise colleges for the impact of the pandemic, it would want to enable this through revising its covenants. The Director of Finance had explained to Barclays that the Board of Governors would want to avoid a renegotiation which resulted in the bank having security over the College's assets because of the need to have the flexibility to manage and develop the College's estate in the interests of its educational mission.
163. The committee was encouraged by the reduction in the budget deficit at this point of the year and noted that there was some potential to achieve a better than budgeted year-end outturn and avoid breaching the covenants, subject to the financial impact of further lockdowns and extended disruption beyond spring 2021.
164. Responding to a member's question about the sensitivity analysis the Director of Finance explained that the final position for the 2019/20 the Adult Education Budget (AEB) was in the process of being confirmed with the external auditors because there was a higher than usual level of complexity due to the impact of the pandemic. There was a possible upside of c£140k for 2020/21 which was not currently included in the revised budget. The Director of Finance also confirmed that funding via Hampshire County Council (HCC) towards the extra costs of student bus provision which resulted from Covid-19 safety measures was confirmed on a half-termly basis (c£35k) and had therefore be included in the revised budget for the autumn term only. HCC were supportive of the College but dependent on central government funding for the income.

165. The Director of Finance also provided figures for the other potential favourable and adverse income and expenditure variances summarised in the report.
166. Given these continuing uncertainties, the committee agreed that the revised budget of £1.2m presented a prudent and reasonable judgement at this time.
167. In response to a member's question as to whether the committee could be assured about the longer-term cash position, the Director of Finance explained that the next set of management accounts would include a cash flow forecast to July 2022 based on the two year financial plan assuming a small surplus outturn in 2021/22. The current forecast was for c£5m cash at the end of July 2021 based on the £1.2m deficit budget and this would be expected to increase slightly in the following year. The Director of Finance went on to explain the accounting of the significant LEP and ESFA grants and the impact on the cash position in 2019/20 and 2020/21.
168. The Director of Finance also stated that, given the significant level of capital depreciation, the College had the ability to improve its cash position through reducing capital spend below £1.9m.
169. The committee acknowledged this as a contingency option but was content that the cash position remained satisfactory and recognised the continuing need to maintain the College's estate.
170. The committee noted that the revised budget still included an amount for a staff salaries increase in line with previous consideration by the Board and taking into account the number of years since staff had last received a cost of living pay rise. The committee agreed the continued to desire to enable a pay rise but noted that this remained subject to affordability criteria, including in relation to the bank covenants.
171. At a member's request, the Director of Finance undertook to provide an earnings before interest, tax, depreciation and amortisation (EBITA) calculation as a performance measure.
172. Asked about the take up of rooms in the halls of residence, the Deputy Principal – Corporate confirmed that, although Covid-19 safety measures had reduced the numbers of available rooms, the College had been able to accommodate students' requests and there was no current waiting list.
173. The Deputy Principal - Corporate reported that there had been an increase in eligible applications from HE students for bursaries and, that as a result, the committee was asked to recommend to the Board an additional £50k for the bursaries fund.
174. **Resolved** – that the Board of Governors be recommended:
 - a) To approve a revised budget for 2020/21, which shows a deficit of c£1.2m before FRS 102 pension charges or credits: noting that the associated cash flow would deteriorate over this period, but the College did not expect to need any overdrafts or additional loans.
 - b) To note that this budget would still lead to a technical breach of the current bank loan covenants, but that the banks had indicated that this was unlikely to result in the loans needing to be repaid. The Nat West and Lloyds banks had sent emails to that effect and it was hoped that Barclays bank will do similarly before the December Board meeting.
 - c) To approve an additional £50k within the revised budget for the HE bursaries fund.

ANNUAL REPORT AND FINANCIAL STATEMENTS

175. 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 2020.
176. The Director of Finance drew the committee's attention to key points in the financial statements, noting that it was likely that the AEB income would need to be adjusted upwards in the final accounts to be presented to the Board.
177. The committee noted that it was expected that the ESFA financial health rating for 2019/20 would be 'good' or 'outstanding'.
178. The Director of Finance explained that the auditors had asked that she present a report at the December Board of Governors meeting summarising relevant information to inform consideration of the College as a going concern.
179. The Director of Finance provided responses to a number of queries from members about the financial statements, explaining the increase in pension liabilities since the previous year and noting that this might improve by July 2021. The pension position was relevant to the Barclays' bank covenant but would not trigger a breach at the current levels. The ESFA's financial health model excluded pensions.
180. The Director of Finance went on to provide more information in relation to the interest rates for loans (note 18) and changes to other income since the previous year (note 5). The Director of Finance also confirmed that it was not currently planned to revalue the College's property estate and noted related considerations about the impact on depreciation and pension liabilities.
181. There was a discussion about the accounting requirements for stating the value of shares (the College held a small investment in Genus PLC – note 13). The Director of Finance and Finance Manager undertook to check the accounting policies.
182. 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.
183. **Resolved** – that the Board of Governors be recommended to approve the Annual Report and Financial Statements for the year ended 31 July 2020.

CAPITAL EXPENDITURE

184. The committee had received the report of the Director of Finance and Principal giving a statement of capital expenditure in 2019/20, in order to demonstrate the impact of the spend and the procedures used to obtain best value for money in the acquisition of assets.
185. The committee noted that a total of £1,408k was spent during 2019/20 (general capital spend was c£810k) and that the impact of this spend was confirmed to be as planned. In addition, capital assets with a value of £107k were donated to the College.

PROPERTY

186. The committee had received the report of the Principal on progress with the Property Strategy in 2020/21, including a project progress report on the Animal Health and Welfare Centre development.
187. The committee noted that there was good progress on a number of property developments. A Further Education Capital Allocation (FECA) grant of £820k had been confirmed and had contributed substantially to a number of key maintenance works,

including the replacement of the roof of the Andover ‘Arts’ building and upgrades to halls of residence. The SLT had also revisited the list of capital bid proposals for 2020/21 and identified a number of high priority projects eligible for the remaining grant monies to be spent by the deadline of 31 March 2021. There had been insufficient funding to replace the ‘temporary’ classrooms but these had undergone some refurbishment.

188. The Principal reported continued discussion with Test Valley Borough Council (TVBC) regarding the Andover town centre redevelopment project in light of the impact on the economic impact of the Covid-19 pandemic. The Premises Manager assured the committee that property maintenance of Andover College was continuing to be undertaken in the meantime so that the buildings remained safe and compliant with relevant legislation.
189. The Principal noted that the Animal Health & Welfare Centre project had continued to make good progress against the revised timeline. Subsequent to the report being issued, however, the Principal explained that national restrictions required by the avian flu outbreak had necessitated closing of access to one part of the site. The LEP had been notified of the resulting expected delay to the timetable and understood the exceptional reasons.
190. The Principal explained that the design of the ‘tropical zone’ had required revision to ensure that it was a workable space for student groups, with the newly appointed Animal Management Centre Manager having highlighted issues with temperature control. Challenged as to whether these design requirements could have been identified earlier in the project, the Principal explained the context and the measures subsequently taken.
191. The Principal highlighted the continuing objective to deliver new differentiated HE study facilities and noted that funded options would be reviewed again when the new skills strategy was available from the EM3 LEP. The Institute of Technology submission would also support the development of a new HE building if successful.
192. The committee noted the update on the Digital Enablement Collaborative bid which would support the College in delivering digital interventions to modernise, protect and increase the flexibility of the digital estate. This enabled learning to be delivered in bubbles and remotely when appropriate and necessary.
193. The committee also noted the extension of the Public Sector Decarbonisation Scheme (PSDS), delivered by Salix, which provided a grant to finance up to 100% of the costs of capital energy-savings projects and the College’s bid for £473k to fund LED lighting with a projected annual energy saving of £123k. The upgrades were required to be delivered by September 2021.

ENVIRONMENTAL SUSTAINABILITY

194. The committee had received the report of the Principal and Premises Manager on progress with the Environmental Policy and related College objectives, including the new Climate Action Road Map.
195. The committee noted that the College continued to make progress with its environmental management system (EMS) objectives and targets, as set out in the College’s strategic plan. During 2019/20, overall energy consumption had reduced and overall water usage had improved. Although controlling costs remained a challenge, the overall impact of any cost increases in utilities was modest due to good management practice and entering new contracts, such as ‘blend and extend’.

196. The Principal explained how the College was responding to the Climate Commission for UK Higher and Further Education's goal to tackle climate change. The College was aiming through its new road map of actions to be confirmed to have met the expectations of an 'established' college and then aim towards being recognised as a 'leading' college. The College's 'Green Group' had been re-engaged and the Student Councils/Association were also being asked to develop and enact environmental initiatives.
197. Asked whether alternative 'green' sources of energy, such as wind power or air source heat pumps were being considered, the Premises Manager explained that some years previously the College had unsuccessfully sought planning permission for a wind turbine. The College was making use of SALIX grants to fund transfer to LED lighting on the Sparsholt College campus (the Andover College having already moved to LED). Once this work was completed, the next aim was to introduce electric car charging points.
198. The Principal noted Winchester City Council's (WCC) target to achieve carbon neutrality by 2024 and reported that she was a member of WCC's climate emergency group. The local agenda might provide an opportunity to revisit a wind turbine.
199. The Premises Manager noted that the College had previously been the recipient of a WCC green business award and could consider entering the Green Gown Awards (for universities and colleges) in the future.
200. Responding to a member's observation about student transport, the Premises Manager explained that by transporting students by bus/coach, the carbon produced was less than if those students travelled by car. There was an ambition for the bus companies to introduce electric powered coaches in the future. It was also noted that blended learning reduced travel requirements.

INSTITUTE OF TECHNOLOGY

201. The committee had received the report of the Deputy Principal – Corporate summarising a proposed submission to the Department for Education (DfE) to compete for Institute of Technology (IoT) capital funding and IoT status.
 - 1.1. The committee noted that the Eligibility and Visioning document for a 'Clean Growth' IoT, supported by the Enterprise EM3 LEP, would be the first part of a two-tiered competitive process and was required to be submitted by mid-December 2020. College management had commissioned the former Principal, T Jackson, to assist in identifying delivery partners and developing the bid.
202. Responding to a member's question, the Deputy Principal – Corporate explained that IoTs usually received capital funding to provide new buildings or refurbishment works across the partnership with a high five-year target for participating learners. The IoT submission would require the involvement of at least one university; however, they would be unlikely to have a delivery obligation.
203. Members were supportive of the strategic fit and noted the potential benefits to the College. The Deputy Principal – Corporate cautioned that there were other LEP districts resubmitting bids in this round and that the chances of a successful bid first time were low.
204. The committee noted that there would be a requirement to commit considerable staff time to developing the project if the go ahead to proceed to the second phase is granted.
205. **Resolved** – that the Board of Governors be recommended to agree to the submission of a first stage application for a Sparsholt College led Institute of Technology.

STUDENT FEES AND FINANCIAL SUPPORT

206. The committee had received the report of the Deputy Principal – Corporate setting out proposed arrangements for learner/student support arrangements for enrolments in 2021/22, together with the FE Bursary Policy 2021/22. The Board of Governors had approved HE student fees at its meeting in October.
207. The Deputy Principal – Corporate noted that the proposed arrangements complied with ESFA funding requirements where fees were prescribed. In relation to adult fees for ESFA co-funded qualifications, the Deputy Principal – Corporate assured the committee about the approach taken.
208. **Resolved** – that the Board of Governors be recommended to approve the financial support arrangements for enrolments in 2021-22 and FE Bursary Policy 2021/22.

HUMAN RESOURCES

209. The committee had received the report of the Principal and Human Resources Manager updating on Human Resources (HR) matters, including staff remuneration and reward, Covid-19 work force matters, and legislative and policy developments.
210. It was noted that consideration of the 2020/21 staff remuneration budget had taken place under the Finance agenda item.
211. The committee confirmed that, following consideration of the 2019/20 accounts and the expected confirmation of compliance with the bank covenants and a positive ESFA financial health rating for 2019/20 a one-off payment of up to £260 per fte approved by the Board in July could go ahead in December.
212. **Resolved** – that a one-off payment of £250/260 fte be made to staff on the basis of the criteria set out in the report in the December 2020 payroll.
213. Members discussed the proposed changes to the College Group’s long service award scheme which currently recognised long service of 25 years with a certificate and award of £250 in store vouchers. It was noted that the proposals had been benchmarked against comparative organisations and considered by the College and Sparsholt College Services Ltd (SCS) ICE Group and by the SCS Board of Directors. The scheme took into account HMRC rules. There would be some minimal additional tax costs to the College Group on gifts/reception costs.
214. Noting her personal interest, the SCS Staff Governor queried whether there would be any retrospective awards for staff who had already passed one of the milestones. The HR Manager recognised that this required consideration and undertook to explore this further with the SLT.
215. **Resolved** – that the Board of Governors approve that the long service award scheme be updated as follows:

15 Years	2 days extra leave in anniversary year (pro rata)
20 Years	Anniversary gift eg college rose/plant or college produce hamper or gym membership + 2 days extra leave in anniversary year (pro rata)
25 Years	£250 gift voucher + gift of choice from agreed selection eg engraved glasses
30 Years	Engraved glasses
40 Years	Engraved glasses

All recipients to receive certificate/personal letter from the Principal/SCS Chief Executive and/or Chair of Governors/Chair of SCS and be invited to an annual celebration of long service event in their anniversary year.
Annual celebration of long service. Early evening catered event for all those celebrating a long service milestone during the academic year. To include representation from SLT and Governors. Possible performance from Music Academy or Drama and Dance Academy students from Andover College.

216. The HR Manager provided an update on Covid-19 related workforce matters, including a small number of positive Covid-19 tests among staff members and small numbers of staff self-isolating for various reasons. It was confirmed that no members of staff were seriously unwell with Covid. The College had also arranged for staff to be able to opt-in to a flu vaccine offer.
217. The HR Manager confirmed that managers were regularly reviewing and, if necessary, amending Covid-19 risk assessments and associated procedures. In addition, the Principal reported that measures had been taken to respond to feedback from the ICE Group, including the deconstruction of one of the smoking shelters and the provision of more Covid-safe indoor facilities for students during breaks due to the cold weather.
218. The committee noted that a staff survey was being undertaken during November to monitor staff wellbeing as part of the College Group's Health & Wellbeing strategy. The survey had been launched three days previously and had a 41% response rate so far. [An email to all College Group staff had set out the timetable and process for reviewing and reporting the survey results.]
219. In relation to Brexit, the committee noted that the College held a tier 2 sponsorship licence to enable it to employ staff from outside the UK subject to the rules of the new points-based immigration scheme. SCS was not included in the licence and it had been decided that a licence for SCS was not required at this time.
220. The committee noted that the College would be participating in the Government's Kick Start scheme launching in November 2020, working with Hampshire Chamber of Commerce. Asked whether the national Kick Start scheme would have an impact on apprenticeships, the Deputy Principal – Corporate explained that there had been minimal adoption of the scheme in the marketplace, so it was not expected to have any impact.
221. The HR Manager reported two complex HR cases and confirmed that these were being managed with due care and attention, including in relation to the College's reputation.

SPARSHOLT COLLEGE SERVICES

222. The committee had received the latest Sparsholt College Services Limited (SCS) management accounts (to 30 September) for information. There were no matters which required discussion under confidential cover.
223. The Chair of Governor noted that the annual budgeted pensions saving (linked to individual posts) to the College Group under the SCS arrangements was c£140k.
224. The meeting ended at 12.30 pm. Confidential items were discussed and are recorded separately.