

**SPARSHOLT COLLEGE HAMPSHIRE  
MINUTES OF THE MEETING OF THE  
RESOURCES COMMITTEE  
held on 17 November 2016 at 9.30 am**

**<sup>1</sup>PRESENT** Mrs E Bolton (S); Mr M Coombes (E); Mr T Jackson (P); Mr P Lloyd (E)

In attendance: Mr S Cameron, HR Manager (minutes 135-156, 190-198)  
Mr S Horrobin, Director of Finance  
Mr M Simmons, Vice Principal  
Mrs S Willson, Clerk to the Corporation

**APOLOGIES**

135. Apologies were received from Mr A Hoad and Mrs S Shaw.

**DECLARATION OF INTERESTS**

136. There were no interests to declare.

**MINUTES**

137. **Resolved** – that the minutes of the meeting held on 7 June 2016 (Parts 1 and 2) be confirmed and signed as a correct record.

**COLLEGE HEALTHCHECK REPORT**

138. The Committee noted the latest College Healthcheck Report (no. 2016/08). A member sought a clarification of the way in which the accident statistics were described. There were no other matters arising not covered on the agenda.

**HUMAN RESOURCES**

139. The Committee had received the report on Human Resources, providing an update and recommendations on a number of matters.

Staff Remuneration

140. The Principal summarised the information which had been provided to support the Committee to support a discussions of the affordability and merits of awarding staff a cost of living pay award. This included an analysis of staff pay since 2010, confirming how many staff had received any increase in pay, the type of increase received and the time period since an increase was last received. In summary, of 521 staff, 16.5% had no pay award or incremental increase since 2010 and this rose to c30% when measured from 2013. Headline information was also provided in relation to turnover, absence, the cost of an all staff pay award and other options for rewarding staff.

141. The Chairman noted that, while the turnover and absence rates were described as comparing favourably with other colleges, as were staff survey results, how those colleges were performing in terms of financial management and learner achievement might also provide relevant context.

---

<sup>1</sup> (E) = External; (S) = Staff; (C) = Co-opted Committee Member

142. Asked about turnover and absence trends, the HR Manager confirmed that they were analysed on a rolling 12 month basis and had not varied significantly for several years. The HR Manager also highlighted the results of the staff survey comparison with the York College benchmarking which put the College in the top 20% for most indicators.
143. A Member sought confirmation that long serving staff were not disadvantaged if it were the case that new starters were appointed at higher salaries. The Principal explained that this would not normally be the case as new starters were usually appointed at the bottom of their salary band, unless there was a specific recruitment justification for appointing at a higher level/salary.
144. **Resolved** – that the Board of Governors be recommended to note that regrettably a staff pay award was not affordable at this time but that management would continue to report on the budgetary position to establish if there was an affordable mechanism to be decided in 2016/17 for 2017/18 to recognise the professionalism and commitment of staff.

#### Staff Survey

145. Following the presentation of the results of the Staff Survey to the Board of Governors in October, the Principal reported that comparisons with the York College devised benchmarking of 40 colleges showed the College to be in the upper quartile on all measures, other than in “Strategic Communications” which was mid-range and where further activity was underway to address feedback from the College ICE group. College management had also commissioned an independent advisor to seek more feedback from two groups of staff and management would be considering how to take this forward, acknowledging the views of staff around issues such as workload and looking at potential solutions within funding and resourcing constraints.
146. Members discussed the planned activities, with input from the Staff Governor from her experience as a former member of the ICE group and her understanding of some of the challenges in relation to encouraging input from staff. Members also sought confirmation about performance management procedures in relation to supporting development of managers.

#### Pensions

147. The Committee noted that the cost of LGPS pensions for non-teaching staff was likely to show stepped increases up to c£300k over the forthcoming financial years ending 2019/20, with additional costs reasonably expected beyond this point.
148. Legal advice was being obtained from Eversheds Pension Specialists as to options for minimising exposure to LGPS pension cost increases.

#### Leadership and management development

149. The Committee noted that leadership training was being actively pursued in order to develop leadership in supervisory, as well as management, grades. The training covered “Improving Team Performance”, leading to “Being a Leader”. Planned management training also included facilitated discussion targets and mediation skills, having difficult conversations and conducting investigations.

#### English Language Requirement

150. The Committee noted that a management working party was being established to scope the extent of any action required by the College following the Government publishing updated guidance on the English language requirement for public sector workers.

## **FINANCE**

151. The Committee had received the report of the Director of Finance on the in-year financial position 2016/17 and any issues putting the 2-year financial plan at risk.
152. The Committee noted that the high-level reforecast of the 2016/17 Income and Expenditure accounts still indicated that the College would achieve the underlying targeted surplus of c£380k, with an additional gain from the sale of the Westley properties. However, there were pressures around additional staffing resource to improve the quality of provision in one area and temporary additional supervision required on some bus routes.
153. Although HE enrolments had increased overall and fee levels had increased by circa £200k on the previous year, the fee income forecast was below the budgeted increase for 2016/17 and was expected to be lower than expected for 2017/18 as a consequence of the pattern of enrolment. The latest modelling by management indicated a reduction of c£392k for HE fee income for 2017/18, subject to enrolments next year. The 16/18 enrolments in 2016/17 were predicted to be lower than in the previous year in the range 20-40 but it was too early to model the financial impact (until the R04 is finalised at 1 December 2016). It was hoped to be able to minimise any net income reduction through balancing cost reductions. An additional risk for 2017/18 and beyond was the uncertainty over the transition to the Apprenticeship Levy and the adjustment of apprenticeship tariff rates, although the College was also focusing on the opportunities arising from the new arrangements.
154. Other financial risks for 2017/18 were income from the anaerobic digester site and additional pension costs.
155. However, the challenges to the forecast for 2017/18 would be partly mitigated by achieving savings in costs, with a net effect of a high level estimated surplus of c£500k, down from £958k. Asked how achievable the cost savings would be, the Director of Finance pointed to the experience of the last financial year when significant savings had been found.
156. The Chairman reflected on discussions he and the Principal had been having about the future strategies for the College, taking into account the financial challenges, and noted that the SLT would bring forward proposals for the consideration of the Board of Governors in the New Year.

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

157. The Committee had received the report of the Director of Finance as well as the draft Annual Report and Financial Statements for the year ended 31 July 2016.
158. The Director of Finance summarised the key headlines in the Financial Statement and reported that, at its meeting on 15 November, the Audit Committee had agreed some amendments to the Annual Report and that these would be reflected in the Annual Report and Financial Statements to be presented to the Board of Governors.
159. As background, the Director of Finance reported that the SFA had confirmed its assessment of the financial health of the College for 2015/16 at Good (based on the latest outturn forecast year) and for 2016/17 as Good (based on the current budget year).
160. The Director of Finance also tabled a summary of the consolidated statements of comprehensive income year-on-year to explain the differences in the way information was

presented in the statutory accounts and the monthly management accounts, in particular the treatment of pension charges under FRS 102.

161. The Chairman noted that the clear audit opinion for the Annual Report and Financial Statements represented the culmination of a significant focus on the College's finances during 2015/16 and the hard work of the Finance team.
162. **Resolved** – that the Board of Governors be recommended to:
- approve the Annual Report and Financial Statements for the year ended 31 July 2016;
  - agree on the basis of the financial reporting and the auditor's opinion that the College remains a going concern.

### **FEES POLICY**

163. The Committee had received the report of the Principal recommending fees policies for 2017/18 and outlining other fees issues.
164. The Principal explained that some of details of final fees were still be confirmed as they relied on information still to be confirmed by the SFA. However, the report proposed the strategic principles for setting the fees policy. There were no changes proposed to the fees for FE and HE international students from 2016/17 to 2017/28. Transport for all students was proposed to continue to be subsidised at the same levels in order to minimise the cost of transport being a barrier to enrolment for students from low income households.
165. Responding to a Member's question about the fees for College accommodation at Winchester University, the Principal explained the College's arrangement with the University and noted that fees for 2017/18 were still to be advised by the University.
166. **Resolved** – that the Board of Governors be recommended to approve the Fees Policy for 2017/18.

### **CAPITAL EXPENDITURE**

167. The Committee had received the report of the Principal and Director of Finance giving a statement of capital expenditure in 2015/16, an assessment of the impact of that spend and the procedures used to obtain best value for money in the acquisition of the assets.
168. The Principal corrected an error in the detailed breakdown of capital expenditure annexed to the report, noting that a refurbishment spend of £6,709 related to staff and not student facilities as had been indicated.
169. The Committee noted that a total of £4,287k had been spent in 2015/16, against a budget of capital spend £3.722m, and that the impact of this spend was in accordance with the planned impact. The overspend was due to the accounting requirements of both the current and previous catering contracts. The greatest proportion of spend and of transactions was targeted at upgrading student facilities, in line with the College's mission to inspire learners to recognise and achieve their full potential.

## PROPERTY

### Property Strategy

170. The Committee had received the report of the Principal providing a revised Three-Year Property Strategy and an update on progress with property matters in 2016/17.
171. Key points included the opening of the Andover Technology and Future Skills Centre and planning permission being granted to Ecotricity for the anaerobic digester and Hampshire Centre for the Demonstration of Renewable Technologies. The budget for the building had been increased by £500k as result of a successful ESIF bid with Future South (a low carbon economy public-private partnership).
172. Discussing the timetable for the project, the Principal confirmed that he was confident that the travel plan required under the S106 planning agreement could be provided and explained that Ecotricity, as the operator, would be responsible for setting up and managing a local liaison group.
173. The Principal explained the basis of the recommendation to waive the requirement under the Financial Regulations to tender the contract for construction of the Hampshire Renewable Technology Centre, noting the tight project timescale which was required to meet the LEP funding deadline and the track record of the firm which management wished to appoint in successfully delivering two other projects for the College. The costs to which the firm would be working could be benchmarked as value for money and College management would confirm, in advance of signing the contract with the building firm, that the procurement process was acceptable in relation to the EM3 LEP and Future South funding or OJEU requirements.
174. Responding to a Member's question, the Principal confirmed that management intended to use the same project management company as for the Andover Technology and Future Skills Centre but would tender future contracts to ensure value for money.
175. **Resolved** – that the Board of Governors be recommended to agree that the normal requirement to tender a building firm to construct the Hampshire Renewable Technology Centre be waived, subject to confirmation of the LEP and Future South requirements.
176. The Committee noted the update on the anticipated sale prices for the sale of No 1 Westley Cottage and the Westley Bungalow. As agreed when the Property Strategy was approved by the Board of Governors in October, the cash from the sales would be spent on capital projects, subject to the approval of business cases, except for the sum of £120,000 plus VAT to be spent, as previously agreed, on the Equine Centre stables and reception.
177. Following the in principal approval of the Board of Governors to the sale of the other three Westley Cottages, College management was now recommending the sale of one of these three properties in order to release more cash for investment in capital projects. This was on the basis of management's assessment that the additional sale would not lead to the bank covenants being breached.
178. **Resolved** – that the Board of Governors be recommended to agree the sale of one further Westley Cottage.
179. The Committee noted that Stihl had decided not to go ahead with the previously agreed proposal for a Demonstration Building at Horticulture because the estimated refurbishment costs had come out significantly higher than originally forecast. Discussions

with Stihl were ongoing to try to identify a suitable location for a separate and smaller wooden style building.

180. It was also noted that College management had obtained a valuation for the potential sale of Cricklade House/the Music Academy at Andover College but had decided that there was not currently a strong business case for proceeding with a potential sale at the current time. The Deputy Principal explained that this would be kept under review depending, for example, of the availability of match funding because the building would be likely to become less fit-for-purpose with time.

## **ENVIRONMENTAL SUSTAINABILITY**

181. The Committee had received the report of the Director of Finance and the College Building Surveyor on progress with the Sustainability Strategy, including the annual report on energy performance for 2015/16.
182. It was noted that the unit rates for electricity, mains gas and LPG remained the same in 2016/17 but that work would continue to obtain efficiencies in consumption. Oil costs continued to rise in 2016/17. A Member suggested that College management investigate heat pump technology and installation.
183. Asked about water collection, the Principal confirmed that water was collected and re-used at the Engineering Building and the Portway Stadium but that there were potential health/water hygiene reasons and set-up costs which limited water collection elsewhere.
184. Members asked how involved the wider staff community was in managing energy consumption and the Staff Governor confirmed that members of staff received information from the Property team via communication meetings and emails.
185. The Committee welcomed the excellent reductions in cost and consumption achieved by the energy management set out in the report but requested that future reports to the Committee present the information in a higher level summary format, with headlines of performance against the strategy, less detail and few appendices, and, if possible, diagrams/graphics to show trend and other key data.

## **TENDER WAIVERS**

186. The Committee had received the annual report of the Director of Finance on waiver of the tender process defined in the Financial Regulations.
187. There had been 5 tender waivers in 2015/16, which was broadly in line with previous years. In each case, the Principal and/or Director of Finance had been content that best value had been achieved for the College.
188. Responding to the Chairman's question about the supply of paper, the Director of Finance confirmed that he was satisfied that purchases were based on sufficient quotes and benchmarking of alternative suppliers.
189. The meeting ended at 12.45 pm. Confidential items were discussed and recorded separately.