SPARSHOLT COLLEGE HAMPSHIRE
MINUTES OF THE MEETING OF THE
RESOURCES COMMITTEE
held on 16 November 2017 at 9.30 am

[1]PRESENT	Mrs E Bolton (S) (to min 292); Mr M Coombes (E); Mr T Floyd (E); Mr N Hopkins (E); Mr T Jackson (P); Mr P Lloyd (C)
In attendance:	Mr S Cameron, HR Manager (from min 236) Mr S Hermiston, Director of Information & Funding (mins 226 to 249) Mr S Horrobin, Director of Finance S Willson, Clerk to the Corporation

APOLOGIES

206. Apologies were received from A Hoad and S Shaw.

DECLARATION OF INTERESTS

207. In relation to the item on the legal agreement with Westley Enterprises Limited ("Westley"), T Jackson and P Lloyd noted that they were directors of Westley Enterprises Limited ("Westley"). All directorships of Westley were unremunerated and neither individual benefited financially from the activities of Westley.

MINUTES

208. **Resolved –** that the minutes of the meeting held on 27 September 2017 (Parts I and 2) be confirmed, with the addition of T Floyd to the list of attendees, and signed as a correct record.

<u>Banking loans (Min 166/17)</u>

209. The resolution in relation to changes to the agreement and covenants for the existing loan with Barclays Bank was withdrawn in light of the subsequent update from the Director of Finance & Facilities to the Board of Governors at its meeting on 12 October.

COLLEGE HEALTHCHECK REPORT

210. The Committee noted the latest College Healthcheck Report (2017/08) and the Principal summarised the latest information in relation to enrolments for 2017/18, noting that this would be reported in detail in his report to the December meeting of the Board.

211. Responding to a question about the RAG ratings and indicators for internal and external apprenticeships, the Principal agreed to check the ratings had been correctly applied and update in the next report.

212. The Committee discussed the report on staff turnover, noting that the turnover figures appeared to be high given the experiences of Members elsewhere. The Principal pointed out the turnover figures were favourable compared to the rest of sector and explained that the staff survey results were also positive compared to the comparator colleges.

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

213. The Principal proposed that the HR Manager be invited to bring more detailed information on staff turnover to the Committee later in the meeting. [Minutes 263 to 265.]

ANNUAL REPORT AND FINANCIAL STATEMENTS

214. 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 2017.

215. The Director of Finance & Facilities summarised the key headlines in the Financial Statement and reported that no issues had been raised by the Audit Committee or the external audit partner on the statutory accounts at the meeting of the Audit Committee on 14 November. Some minor rewording of the Annual Report had been agreed by the Audit Committee.

216. It was noted that the ESFA had confirmed the financial health rating of "Good" for 2016/17 on the basis of the figures as at June 2017 and that this was also to be tested on the statutory accounts. It was also noted that the College's cash flow forecasts showed that the College was able to pay its debts as they fall due for the foreseeable future, indicating that the College remains a "going concern". This view was supported by the auditors. Additionally, the bank covenants had been audited and there were no breaches.

217. Asked about the figures shown for debtors in the accounts and whether these indicated any underlying issues, the Director of Finance & Facilities explained that the debtor days varied across the year but had remained broadly comparable year on year. Management understood the underlying reasons and had no concerns about the overall level of debt.

218. The Committee discussed the variation in final outcomes between the statutory accounts and the management accounts, with only the former being produced fully under the FRS 102 accounting standard. The Director of Finance & Facilities explained that the statutory accounts included pension and SWAPS related costs which it was not possible to forecast accurately in advance and therefore these were not included in the management accounts in common with most other colleges. However, the management accounts did reflect the accounting of grants under FRS 102.

219. The Committee agreed that the College's financial performance had been effectively managed, exceeding the forecast surplus and strengthening the cash position and achieving net current assets. It was noted that the surplus (or in accounting terms "total comprehensive income") included property sales and that it was important that the Board understood this, particularly in light of the continued disappointment of not having been able to make an all staff cost of living salary increase in 2016/17.

220. The Chairman asked the Director of Finance & Facilities to relay the gratitude of the Resources Committee to the Finance team for their work on the accounts. The Committee also recognised the efforts made by management in achieving savings in operating expenses and additional income in 2016/17.

221. **Resolved –** that the Board of Governors be recommended to:

- approve the Annual Report and Financial Statements for the year ended 31 July 2017;
- agree on the basis of the financial reporting and the auditor's opinion that the College remains a going concern.

CAPITAL EXPENDITURE

222. The Committee had received the report of the Principal and Director of Finance & Facilities giving a statement of capital expenditure in 2016/17, an assessment of the impact of that spend and the procedures used to obtain best value for money in the acquisition of the assets.

223. It was reported that the annual Tender Waiver report would be presented in June 2018, aligned to the Procurement report to the Audit Committee in the same month.

224. The Director of Finance & Facilities reported that tighter financial controls and reporting had been introduced for capital spend, with weekly monitoring.

225. The Committee noted that a total of £1,460k was spend during 2016/17, £874k of which was general capital spending (against a budget of £950k) and the remainder related to projects approved separately, and that the impact of this spend was reported to be as planned. The bulk of general capital spend was on “essential replacement” or “upgrading student facilities”.

226. Asked about the process for deciding capital spend, the Director of Finance & Facilities confirmed that the SLT decided by assessing bids submitted by managers on the basis of need and value to College activity.

227. Responding to a question about VAT payments of £33k in 2015/16 relating to the Engineering Building, the Director of Finance & Facilities explained that the College carried out an annual test to ensure that usage of the building was in line with requirements. Normally usage was planned so that VAT was not payable but in that year there had been changes to funding rules for L3 adult provision which had resulted in adult learners having to pay fees and therefore this usage of the building was classified as “commercial” and VAT had to be paid on that element of the capital spend. The Principal confirmed that the teaching uses of the building had since been changed so that there was no VAT liability going forward.

PROPERTY

228. 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 2017/18.

229. The Committee noted good progress on a number of property matters during the summer 2017 and the ongoing and busy schedule of property maintenance.

230. The Principal confirmed that the Hampshire Centre for the Demonstration of Renewable Technologies (Education Building) could not go ahead as planned without Ecotricity proceeding with the anaerobic digester and that the Board would be required to approve the final budget and funding.

231. The Principal explained the proposal to sell the Music Academy and Premises Bungalow buildings at Andover College and to relocate the Music curriculum into the main body of the College near to the Performance and Creative Arts areas. The sale of the buildings would provide funds, and possible opportunities for match funding, to move Music, improve student relaxation areas and replace the flat roof membrane on the Middle Block. In 2016, as previously reported to the Board, the College had received an indicative value of £600k for the site.

232. The Principal also reported that Andover Town Council had designated all the Andover College buildings as “assets of community value” under the Localism Act. The Principal

explained that the Localism Act means that the community had a "right to bid" when the assets were put up for sale and the required procedures and timetable (up to six months) would be required to be followed.

233. A Member raised a concern as to whether extending communal student social areas at Andover College would attract unwelcomed visitors. The Principal noted that security of the Andover campus buildings was being kept under review and that this would be considered as part of any new plans.

234. The Committee discussed the value of the site and sought more information about the marketing advice previously received by management and whether the buildings had been valued based on current uses or development options. The Director of Finance & Facilities confirmed that the previous indicative value had been given by commercial estate agents on the basis of their discussions with a developer. The Principal explained that the Music Academy was classified as a "building of historic interest" and that the site of the Premises Bungalow might have more development opportunity.

235. The Committee noted that the Board had an obligation to achieve the best possible value for money for any asset sale and requested that management obtain updated and independent advice on the best way to obtain maximum income from sale of the buildings.

236. **Resolved** – that the Board of Governors be recommended to agree in principle to marketing for sale the Music Academy (Cricklade House) and Premises Bungalow at Andover College on the basis that management commission advice on the options for the site and its value.

FEES POLICY

237. The Committee had received the report of the Principal recommending fees policies for 2018/19.

238. The Policy covered the adherence to funding policy for FE and HE where fees were prescribed and recommended the wider fees policy for approval.

239. The Committee noted an error in the report at 4.6 and the Principal agreed to amend this for the report to the Board.

240. **Resolved** – that the Board of Governors be recommended to approve the Fees Policy for 2018/19.

DATA PROTECTION

241. The Committee had received the report of the Director Information & Funding on preparation for the introduction of the General Data Protection Regulation (GDPR) on 25 May 2018.

242. The report summarised the main changes required of the College in relation to data compliance, noting that it would be mandatory to report a data breach to the Information Commissioner's Office (ICO) within 72 hours (where it is likely to result in a risk to the rights and freedoms of individuals) and that the new legislation increased the maximum fine for a data breach from £500k to the highest of €20m or 4% of global turnover. In general terms, there was also more emphasis on organisations ensuring that all data collected and held was for a good reason, and that the reason had not expired.

243. Organisations were also required to appoint a Data Protection Officer who would have responsibility for the College's compliance with the GDPR. Taking into account the

requirement to have an individual who reported to the highest level of management and the knowledge and expertise needed, it had been decided to appoint the Director of Information & Funding to this role and this would be included in the revised Data Protection Policy to be presented to the Board in March. Best practice was not to have an individual with a vested interest in finding the organisation was compliant with GDPR legislation and the Director of Information & Funding would need to distance himself from the IT and MIS departments under his responsibility in this regard and to be protected from being dismissed or penalised for performing his tasks.

244. As a result of GDPR it was necessary to revisit all data and information collection procedures and storage arrangements to ensure compliance with the new requirements. However, the Director of Information & Funding reported that current practice in data collection, processing, storage and security in the College was good and compliance should be achieved by reinforcement rather than overhaul of practice once the detailed actions had been undertaken.

245. The Principal reported that the Audit Committee had agreed to recommend to the Board an internal audit on data protection as part of the internal audit plan for 2017/18.

246. Members asked if the College would require new consent forms to be completed in order to contact ex-students or to otherwise use data already held by the College and the Director of Information & Governance explained his understanding from advice from the ICO and training courses that it was not necessary to seek agreements in relation for historical data (to be "backward compliant"). There was a judgement to be made about the perceived level of upset caused by using data and the College already exercised caution in using historical data.

247. Members gave examples of consents which were being sought be other organisations and expressed the view that the College should have procedures in place so as to not knowingly intend to break the regulations.

248. The Director of Information & Funding agreed to seek further advice on the issue of using historical data and whether it was necessary to obtain new consents before May. Consents which were compliant with GDPR were already in place for students enrolled from 2017/18.

249. Asked if compliance with GDPR was included on the College's risk register, the Principal explained there was an overarching risk in relation to legal compliance and agreed to revise the text to reflect the introduction of GDPR.

250. **Resolved** – that the Board of Governors be advised that College management were putting in place policies, procedures and systems to ensure that the College would fulfil its obligations under the new GDPR legislation and that a report and revised Data Protection Policy would be presented to the Board in March.

WESTLEY ENTERPRISES

251. The Committee had received a draft new legal agreement which sought to update the existing agreements which were in place between the College and its subsidiary company, Westley Enterprises Limited ("Westley"), following the review which had been undertaken of Westley's activities and which had been reported to the previous meeting of the Committee. Copies of the four existing agreements (which related to the lease (of Westley Court), use of College facilities, rights to use the Equine Centre and outsourcing of

administration, finance, management functions and staff of Westley activities) had also been provided to the Committee.

252. The new agreement had been drafted by P Lloyd at the request of the College and P Lloyd explained the key points. The agreement before the Board reflected an initial review undertaken by P Lloyd with the Director of Finance & Facilities, Finance Manager and the Clerk to the Corporation.

253. The agreement updated key information, such as renewing the lease and revising the fees payable to the College, as well as introducing new protections in relation to insurances, compliance, indemnity for the directors of Westley.

254. P Lloyd pointed out that the reference to the Facilities Agreement at 2.6 should be corrected to the Management Agreement.

255. The Committee noted that the agreement had been reviewed and approved by the Westley Board of Directors.

256. **Resolved** – that the Board of Governors be recommended to approve the new legal agreement with the amendment noted at 2.6.

ENVIRONMENTAL SUSTAINABILITY

257. 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 2016/17.

258. The Director of Finance & Facilities highlighted key points, noting that the increased costs of the College's electricity and gas provision and the associated benefits of reducing usage.

259. The Committee welcomed the report and the College's ongoing commitment to sustainability and the environment, including the ongoing reduction of co2 and spend on energy consumption and waste management.

260. During the discussion the Committee sought further explanations about energy usage at the Portway Stadium, maintenance of boilers and other works and figures in relation to carbon footprint and use of fuel oil. In relation to the report high risk of boiler failure at a number of buildings, the Principal explained that there were contingency plans in place for heating the buildings in the event of a boiler not working and that spend on renewing boilers was assessed against other priorities across the College and kept under review.

261. The Committee agreed to the request of the Director of Finance & Facilities to schedule the annual report in the Spring term going forward.

HUMAN RESOURCES

262. The Committee had received the report updating on Human Resources (HR) matters, including remuneration and the latest staff survey.

263. Following the question which had arisen earlier in the meeting, the HR Manager tabled additional information in relating to staff turnover, broken down into management, teaching and support staff for the College, with comparative data for the FE sector overall and in the South East (AOC data). The figures showed that the College's turnover was lower overall and for management and support staff and c3% higher for teaching staff compared to the sector but c2.5% lower for teaching staff compared to the South East.

264. The HR Manager also reported national labour data showed the private sectors as a whole at 34% and the public sector as a whole at 14%, although it was recognised this was a less meaningful comparison as it encompassed all sectors and all roles.

265. Members discussed the information, noting that colleges were needing to commit considerable time and resources to recruitment and speculating that the turnover rates might be associated with under funding and economic factors impacting on staff.

Staff Remuneration

266. The Principal confirmed that the SLT had reviewed the budgetary position and that it was still not considered affordable to give a cost of living pay rise to staff as the latest enrolment figures had not material improved the position in relation to the 2017/18 budget. The Principal suggested that the position in relation to the Two Year Financial Plan and the affordability of a staff cost of living award continued to be reviewed.

267. The Committee again noted that the last salary award to all staff was made in 2010 and confirmed the previously stated view of the Board that the College would want to make a salary increase, as soon as the College could afford to do so. It might be necessary to consider options such as a small award or an award conditional on a defined financial outturn.

268. A Member asked if there was a summary of the views expressed at exit interviews, including in relation remuneration, and the HR Manager undertook to include this in a future HR report to the Committee.

269. As the outturn of 2016/17 was nearly finalised, the Principal confirmed that it would be financially feasible to confirm the decision of the Board to award a bonus payment to staff on the basis agreed at the meeting of the Board on 6 July 2017.

270. **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 that the previously determined resolution of the Board to pay an unconsolidated bonus in December to qualifying staff at the amount and on the basis of the methodology previously agreed would be implemented.

Staff Survey

271. Members discussed the summary report of the staff survey results which was based on questions selected from a list compiled by York College in order that benchmark data from other colleges could be used. The report used the benchmark data from the previous year, which confirmed that the College was in the upper quartile of those within the benchmarking group, and College management would assess the results again when the latest benchmarking data was made available.

272. The results were broadly comparable to the previous year, with a continuing trend of lower results from the Sparsholt campus and particularly the Sparsholt teaching staff. The report noted the actions taken into terms of communication and discussing results and follow up actions.

273. The Committee discussed the lower results at Sparsholt, noting the importance of the teaching staff to the success of the College and questioning whether there was anything underlying the results which could have an adverse impact on the delivery of the curriculum. The Principal provided an explanation of some of the reasons behind the results and agreed the need to continue to follow these up, while noting that there was not necessarily a link between the feedback in the survey and quality of delivery.

274. A Member suggested that staff recognising that their views were taken into account benefited staff morale and suggested that College management considered a range of opportunities to ask staff for their views and then be seen to act on them.

275. The meeting ended at 1.00 pm. Confidential items were discussed and are recorded separately.