



HARTPURY

MEETINGS OF THE STRATEGY, FINANCE AND RESOURCES COMMITTEES of HARTPURY UNIVERSITY AND HARTPURY COLLEGE

Minutes of Meetings 10am Wednesday 21st June 2023 Gordon Canning Room

Members

Mr Edward Keene
Mr Henry Hodgkins
Mr William Marshall
Mr Robert Brooks
Professor Andy Collop
Mr Alastair Grizzell
Mr Chris Moody

University SFR Committee

Present (Chair)
Present
Present
Apologies
Present (Vice-Chancellor)
-
Present

College SFR Committee

Present (Chair)
-
-
Present (Principal)
Apologies
Present

In Attendance

Ms Lynn Forrester-Walker
Mrs Rosie Scott-
Ms Claire Whitworth
Ms Lesley Worsfold

Present (Chief Operating Officer)
Apologies (Deputy-Vice-Chancellor)
Present (Deputy-Principal FE)
Present (Deputy-Principal
Resources)

Present (Chief Operating Officer)
Apologies (Deputy-Vice-Chancellor)
Present (Deputy-Principal FE)
Present (Deputy-Principal Resources)

Ms Gillian Steels

Present (Clerk to the Board)

Present (Clerk to the Board)

Mr Iain Williams
Mr Graeme Brooks

Present – items 05-08 inclusive
Present item 09

Head of Finance
Head of Property

		ACTION & ACTION DATE
SFR01/06/23	<p>Apologies Apologies noted as above.</p> <p>Quoracy It was confirmed that the University SFR Committee and the College SFR Committee meetings were quorate.</p>	
SFR02/06/23	<p>Declarations of Interest The Clerk advised that members' interests would be taken as those disclosed in the Register of Members' Interests. It was noted that the Chair, Vice-Chancellor/Principal and Chris Moody were members of both the University and College Boards.</p>	
SFR03/06/23	<p>Minutes of the Last Meetings The minutes of the University SFR Committee and the College SFR Committee 9th May 2023 meetings were agreed as true records.</p>	
SFR04/06/23	<p>Matters Arising The Actions Log update, confirming actions were either complete or in train was noted.</p>	

	<p>Money on Deposit – this was now being used overnight for funds held with Lloyds. Opportunities for the longer term were also being investigated. It was noted that transaction charges were considered to ensure the process was cost effective.</p> <p>Staff Vacancies – it was confirmed there had been some improvement in agriculture FE and catering. More work was ongoing in catering.</p> <p>Special Needs Funding for Support Staff – it was confirmed staff were appointed once funding was confirmed.</p> <p>Surplus Target – it was noted this was set at 5% but had not been achieved for a number of years, and was not the position in the proposed budget. Governors reflected on this and agreed that it was good to have a challenging target. It was noted that this was the first year Hartpury had incorporated a vacancy factor within the budget.</p> <p>It was highlighted that given the Chief Operating Officer’s planned move on from Hartpury that it had been agreed the Head of Finance and Head of Property would additionally attend the SFR meetings for relevant items to provide continuity and resilience and provide assurance to the Committees that the transition was being carefully managed.</p> <p>10.10am The Head of Finance joined the meeting</p>	
SFR05/06/23	<p>Monthly Management Accounts – April</p>	
	<p>The Management Accounts updated on the financial position of the University Group, and enabled the committee to monitor whether financial performance was on track and gain assurance on any areas of potential concern.</p> <p>It was noted that the operating result for the nine months ending April 2023 was a surplus of £2,801k compared to a budgeted surplus of £1,842K. The favourable variance was mostly resulting from higher FE high needs funding from Local Authorities together with lower than budgeted staffing costs mostly as a result of vacancies. A full reforecast had been carried out in January and had been updated in April. This showed a projected surplus of £2,078k compared to an original budget of £1,054k. The accounting treatment of a grant from Hartpury University Charitable Trust to fund accommodation upgrades had increased the forecasted surplus</p> <p>It was confirmed that Cash balances at the month end were £3,477k, that the University had an overdraft facility of £1m and that the University complied with its bank covenants and was forecast to continue to do so.</p>	
	<p>Governors queried the ongoing debit variance relating to transport. It was noted this reflected additional costs and lower student numbers on some routes. Governors queried actions being taken in response and were advised that whilst transport would continue to be subsidised, charges had been increased. A new transport management service, Zeelo, was being used to improve resilience and operational efficiencies.</p>	
	<p>Governors queried when tenants using the Techbox would start to be charged rent, noting the original free use relating to the grant. Governors were advised that charges had to be cost neutral for three years as part of the grant conditions (utility costs were covered through this). The Deputy</p>	

	Principal Further Education advised that the tenants brought educational value to Hartpury, and an opportunity for co-development.	
	A governor queried the references to residential occupancy and the Head of Finance clarified that number of individuals in residency was reported, but that numbers paying would be slightly higher. It was suggested this be clarified in future accounts, and in the budget. It was agreed it would be helpful if the approved budget sum included the expectations.	Head of Finance July 23
	The Committees discussed the capital project finance reporting, noting that the key issue was assurance that Hartpury had sufficient funds. It was queried whether the specific funding could be linked to the projects. The Chief Operating Officer agreed to review the table.	COO Nov 2023
	<p>A governor questioned the overspend on the Principal's Capital Fund. It was confirmed SMT were aware of this and were monitoring, it was expected it would be offset by an underspend on the IT equipment Budget.</p> <p>A governor commented that it was helpful that the changes relating to the Charitable Fund position were highlighted. It was confirmed it was to be used for student accommodation refurbishment.</p> <p>It was noted that it was important that the Vice-Chancellor and Principal had been updating on the financial position in Staff Briefings and that it was important staff understood that it was a challenging environment.</p>	
	<p>The University SFR Committee NOTED the April 2023 Management Accounts.</p> <p>The College SFR Committee NOTED the April 2023 Management Accounts.</p>	
SFR06/06/23	Draft Budget	
	<p>Since the draft budget had been considered in May work had been undertaken to finalise it to reflect expected HE numbers, based on the UCAS numbers and the Gloucester Hartpury impact (work on this continued). No other assumptions had changed.</p> <p>The budgeted surplus for 2023/24 was now at £1.024 a very small improvement on the draft budget reviewed in May 2023 (£1.003m) before FRS17 adjustments on a total income of £52.4154, which was a 1.95% (2.11% 2022/23 budget) surplus as a % of income. Staff costs were 57.19% of income (57.64% 2022/23 budget).</p> <p>The key assumptions within the budget were:</p> <p>Income</p> <ul style="list-style-type: none"> • 1.1% growth in HE tuition fee income, with overall HE income up by 3.3% • ESFA 16-18 income reflects allocation and impact of slight rise in funding per student • Apprenticeship income reduced due to lower funding per student 	

- Commercial income including accommodation, catering, bar etc are budgeted to increase reflecting increased charges and activity across commercial areas.
- Government and other grants are down due to an exceptional year in 2022/23 with various unplanned grants etc
- Sports income has reduced due to the establishment of a new joint venture with Gloucester Rugby for the Gloucester Hartpury Premiership Rugby team and therefore no direct income has been included.

Pay

- 2% pay award assumed, plus a budget for academic staff incremental rises
- New posts predominantly in HE due to planned growth in student numbers
- A 1.5% vacancy factor is included

Non-Pay

- Increased marketing budget to drive student recruitment
- Student transport costs have increased in line the forecast for 2022/23 and increased running costs.
- IT spend increased within Admin and Central Services due to increased licenses for new software.

In terms of capital expenditure, it was assumed there would be a £500k Vice-Chancellor/Principal's Capital budget, a £350k IT Capital budget and that other major capital projects in train will continue in line with budget. Cash balances were forecast to drop significantly over the budget year, as Hartpury continued with ambitious capital projects with additions of £15m planned for 2023/24. Although some of this was funded by capital grants £6.7m was funded from cash reserves held at the start of the year. Careful cash management would need to be undertaken at key points throughout 2023/24.

Governors noted the provision of funding for a staff pay award, noting that a decision on any payment would not be made until November/December when recruitment and retention information would be available. Governors recognised that the Cost of Living issues for staff and Hartpury would make it challenging, but the need for any pay award to be sustainable was recognised. It was noted that nearer the time consideration would be given on the way the amount would be used, noting that last year there had been a sliding scale. It was noted that industrial action continued in the sector and that UCU had asked for 15% pay increase. It was noted that a 1% salary increase cost Hartpury £250, 000.

The Deputy Principal Resources advised that work was ongoing on the development of a Professional Services salary scale. The aim was to introduce that from January, the aim was for it to be cost neutral in the first year. It was noted this would also impact on pension costs. The Vice-Chancellor and Principal commented that a Professional Services salary scale was common across the sector and had been flagged in all the staff meetings he had held. The Deputy Principal Resources advised it was also aimed to build in the Real Living Wage in the future.

The Vice-Chancellor and Principal advised that the AoC continued to make the case to government for more funding. The challenge of retaining A'level staff against potentially higher salaries in schools was noted.

It was noted that the introduction of a vacancy factor within the budget would help to make performance against the budget clearer.

Governors queried any expected pension cost increases. The Chief Operating Officer advised that any known changes were built into the budget. The TPS (Teacher's Pension Scheme) was due for review in 2024 and any changes would have a significant impact on the sector if additional funds were not provided by government. Local Government Pension Scheme costs were unchanged at this point.

The financial sustainability challenges across the university and college sector were discussed.

Governors questioned whether catering costs had been increased. The Deputy Principal Resources advised that Hartpury was working with a catering consultant to look at prices, work was also ongoing with the Student Union. It was confirmed prices had increased this year to reflect increased costs. The Deputy Principal Resources advised that the 2024/25 accommodation and catering price was just being reviewed. The option of reviewing the price in year was considered, but it was agreed this would not be fair. It was noted that Hartpury had increased the license requirement to 40 weeks for FE students. Governors questioned whether Hartpury was having to make any contribution for CityHeart and was advised that no contribution had been budgeted.

It was confirmed that informal processes were in place to help support any student who might be suffering from an undeclared eating disorder.

A governor requested that the lines for cleaning and utilities be split in future and it was confirmed this would be done.

Governors queried if there were car parking charges in place. It was confirmed these were in place, except at Equine.

The Chair thanked the Team for their work on the budget.

Head of Finance
Sept 23

The Committees APPROVED the draft budget for RECOMMENDING to the University and College Boards.

SFR0/06/23

Draft University Financial Plan

The report put the proposed 2023/24 budget into the wider perspective of the long-term strategic plan. The strategic financial plan aimed to achieve planned growth in student numbers and deliver commensurate development of the facilities on site to accommodate the growth. The plan was caveated that all aspects of the underpinning infrastructure were needed to be able to facilitate the growth in numbers. The plan assumed that Hartpury will not receive any capital grants to support developments beyond that already secured in 2022/23, and no further philanthropic donations to support on campus developments. The revised financial performance was summarised.

	<p>It was confirmed that the plan built in some HE growth, no FE growth and built in some inflation. It was recognised it was at a high level given the range of unknowns. SMT was currently modelling a range of different options which included reviewing the cost base and considering best means to grow income.</p> <p>It was confirmed that it included the Veterinary Nursing and ULH Capital Projects. It was confirmed it included an allowance for a pay award based on current staff figures</p> <p>It was noted that to make a 5% surplus Hartpury would need to find £2.5M.</p> <p>Governors reflected on the need to ensure that growth improved the financial position. The Vice-Chancellor and Principal commented that it was a complex picture with all aspects being carefully weighed by the SMT. The challenge of GE fees having remained static for an extended period was recognised. It was confirmed the cost base and ways to increase commercial income and international income were being carefully considered. It was confirmed risks were also being reflected on. The Vice-Chancellor and Principal commented that going forward each area needed a strong commercial focus.</p> <p>Governors recognised that Hartpury was still cash generative and had made significant investment in capital projects which was very positive.</p> <p>The Vice-Chancellor and Principal confirmed that the updated plan, following the further review of options by the SMT, would come to the Committee and the Board in November when the Annual Accounts and submission to OfS were considered.</p> <p>It was confirmed that the aim was for the plan to be realistic. It was agreed the Risk Register should be updated for when the Plan was reviewed in November, and noted that at this stage it was only indicative. It was agreed it was required only at the final stage.</p>	<p>COO Nov 2023</p>
	<p>The University SFR Committee NOTED the Draft University Financial Plan.</p> <p>The College SFR Committee NOTED the Update.</p>	
<p>SFR08/06/23</p>	<p>Draft ESFA Financial Plan</p> <p>It was noted that the Colleges' Financial Forecast Return (CFFR), a copy of the full return is available on the governors' website, provides in a single model the forecast out-turn for 2022/23, the budget for 2023/24 and a forecast budget for 2024/25 for Hartpury College. It was confirmed that for Hartpury College, due to the legal and financial set up of the Hartpury University Group, this was a relatively simple return. The College directly receives only ESFA income and a small amount of tuition fee income. Costs are limited to teaching staff and their related pension and direct teaching non-pay, with the share of all other overhead costs being a single amount.</p> <p>It was highlighted that the 2022/23 figures reflected a subset of the April 2023 reforecast figures from the management accounts, which in turn were based upon the budget approved by the Board in July 2022. The 2023/24</p>	

budget was a subset of the budget paper (agenda item 6) and for the forecast budget for 2024/25 this was a subset of the Draft University Financial Plan (agenda item 7).

It was confirmed that the plan indicated that the financial health of Hartpury College was Outstanding.

It was noted income was based on predicted student numbers and incorporated a pay award and a share of operating expenditure as previously agreed.

It was confirmed that the SMT met annually with ESFA and ensured the were briefed on the agreed relationship between the college and the university, and the transfer of funds.

It was noted that there was a low level of apprenticeship income and adult education and training income, reflecting the shape and focus of the organisation. The Deputy Principal Further Education flagged that the number of apprentices had increased, but that funding per apprentice had halved from £10k to £5k. Discussions were ongoing at a sector level on increasing this.

It was confirmed the college was considering options to increase income. The need to consider how any increase in A'levels and sport would impact on the balance of the organisation was being considered, recognised the higher funding for agricultural students. The T'level transition would potentially bring higher funding, but would not be suitable for all students. Options to grow level 2 provision were being considered. The need to respond once there was clarity on qualifications that were being defunded was noted.

Governors considered whether a 2% pay award was realistic. The Chief Operating Officer highlighted the sensitivity analysis. It was noted that only academic FE staff were incorporated within the figures. It was agreed that the sentence relating to upwards pressures should be revised to include the phrase "but increasingly more difficult".

It was agreed that the challenges to the FE sector needed to be highlighted through government lobbying.

**COO July 23
Complete**

The College SFR Committee APPROVED the Draft ESFA Financial Plan for RECOMMENDING to the College Board.

The University SFR Committee NOTED the Update

11.30am The Head of Finance left the meeting

11.30am The Head of Property joined the meeting

SFR09/06/23

Confidential ITEM Commercially Sensitive – Restricted 3 years

The Capital Report was NOTED.

SFR10/06/23	Confidential Item Commercially Sensitive – Restricted 2 years	
SFR 11/06/23	Committee Self-Assessment, Review of Terms of Reference and Agenda Cycle	
	<p>The Committees self-assessed their performance, considered whether they had met the terms of reference and considered any changes required to the Terms of reference or the agenda cycle.</p> <p>It was noted that the formats of the Terms of reference had been amended to make them easier to refer to.</p> <p>It was agreed to add the following to the College Terms of reference:</p> <p>NB following the reclassification of colleges as within the public sector in November 2022 it is highlighted that there are additional college requirements relating to:</p> <ul style="list-style-type: none"> Write off and losses Special payments, including severance, compensation and ex-gratia payments Indemnities and guarantees and letters of comfort Asset disposals Senior pay <p>Which need to be understood within any approval processes by the Committee</p> <p>to reflect the reclassification of colleges as within the public sector.</p> <p>The Committees AGREED the self-assessment and confirmed that the committees had met their requirements, noting that reporting on sustainability, international and Digital Strategy did not take place this year. This had been discussed in year and reporting agreed to take place in 2023/24 when revised processes and new staff etc in place.</p> <p>Agenda Cycle</p> <p>The proposals to clarify working and streamline the amount of information sent to the Board were agreed:</p> <ul style="list-style-type: none"> Capital Projects Stage 4 –post project to go to SFR only Financial Regulations –to go annually with authority to approve delegated to the Committees, subject to key changes being highlighted to Board where they impact Board authority. Slavery & Human Trafficking Statement - approval is delegated to the Committees. EDI Report approval is delegated to the Committees. People Performance Development Report - approval is delegated to the Committee. <p>It was confirmed the reports would still be made available to the Board, but not as a formal part of the papers, and that presentations on key aspects would be brought to the Boards.</p>	
SFR 12/06/23	Policy Update	
	The Committees had been updated, in line with requirements within the Instrument & Articles/Articles of Association with updates on the arrangements for	

	<ul style="list-style-type: none"> (i) obtaining the views of staff and students on the determination and period review of the educational character and mission of the Institution and the oversight of its activities (ii) assessing reputation of the institution and views of stakeholders <p>Minor changes were highlighted.</p>	
	<p>The University and College SFR Committees APPROVED the Arrangements for Obtaining views of Staff & Student and assess reputation of Institution and views of Stakeholders.</p>	
SFR13/06/23	Any Other Business	
	<p>Economic Impact Survey – this was scheduled for the summer. TEF (Teaching Excellence Framework) – outcome expected July/August</p>	
	<p>Dates of future meetings were noted.</p>	

The meeting closed at 12 noon

CHAIR APPROVED JULY 2023