APPROVED November 2022

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

Minutes of Meetings
10am Wednesday 22nd June 2022
Gordon Canning Room

Members	**University SFR Committee**	**College SFR Committee**
Mr Edward Keene	Present (Chair)	Present (Chair)
Mr Henry Hodgkins	Present	-
Mr William Marshall	Present	-
Mr Russell Marchant	Present (Vice-Chancellor)	Present (Principal)
Mr Alastair Grizzell	-	Present
Mr Chris Moody	-	Present
In Attendance		
Ms Lynn Forrester-Walker	Present (Chief Operating Officer)	Present (Chief Operating Officer)
Mrs Rosie Scott-Ward (from 11.13am)	Present Pro-Vice-Chancellor)	Present Pro-Vice-Chancellor)
Ms Claire Whitworth	Present (Vice-Principal FE)	Present (Vice-Principal FE)
Ms Lesley Worsfold	Present (Vice-Principal Resources)	Present (Vice-Principal Resources)
Ms Gillian Steels	Present (Clerk to the Board)	Present (Clerk to the Board)
Mr Mark Price	Present 12-12.20 (Vitruvius)	

		ACTION & ACTION DATE
SFR01/06/22	**Apologies** Apologies noted as above. **Quoracy** It was confirmed that the University SFR Committee and the College SFR Committee meetings were quorate.	
SFR02/06/22	**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.	
SFR03/06/22	**Minutes of the Last Meetings** The minutes of the University SFR Committee and the College SFR Committee 3rd May 2022 meetings, were agreed as true records.	
SFR04/06/22	**Matters Arising**	

		ACTION & ACTION DATE
	The Actions Log update, confirming actions were either complete or in train was noted. It was confirmed the Chief Operating Officer and William Marshall had considered the balance sheet. .	
SFR05/06/22	**Monthly Management Accounts – April 2022**	
	The Committee considered the Management Accounts for the 9-month period to end of April 2022. For this period there was a surplus of £4.48m compared to a budgeted surplus of £2.96m. The favourable variance was largely unchanged from previous months and was as a result of lower pay costs due to vacancies and higher than budgeted 'other income' mainly due to additional unplanned funding received in this financial year to support in year and prior year Covid costs and stronger than budget performance in Catering and Equine commercial areas. Cash balances at the month end were £1,780k. The University has an overdraft facility of £1m. The University complies with its bank covenants and is forecast to continue to do so. The reforecast had been reviewed in April and having taken account of the financial impact of the impairment of the current Graze building (£500k) when it is demolished in July 2022 the forecast outturn is a surplus of £1.84m compared to a budget of £1.8m. These management accounts presented the 'Group' position and incorporate all subsidiary activity. It was agreed the new template was helpful. The net assets change over the year was flagged. It was agreed that on Page 8 that the wording over spend/underspend should be amended, potentially to variation, recognising costs might reflect timing, and the need to avoid the information being misinterpreted.	**COO** **Sept 22**
	The Committees reflected on the checks and balances on the Principal's Capital Fund. It was confirmed that a single project of up to £200k was within the approval limits of the Vice-Chancellor and Principal with projects between £200k-£500k subject to SFR approval. It was confirmed that smaller projects were required to meet the usual procurement compliance requirements, such as obtaining 3 quotes/tenders. The Vice-Chancellor and Principal advised that the football pitch developments were being taken forward in this way, and that this project was being considered to see if a milestone report was required.	**COO** **Nov 2022**
	The Committees considered the pension position. It was noted that as the budget was set in July and the actuarial valuation was not available until September unfortunately there was always likely to be variation in the Management Accounts against the budget. It was confirmed that the pension liability was excluded from the covenants by both Lloyds and Triodos.	
	A governor queried the demand for HE bursaries. The Chief Operating Officer advised that the amount this year was lower than the previous year when additional funds had been provided by OfS to support students impacted by Covid. Governors queried whether there was a requirement to submit a return which showed the proportion of student fees spent on student	

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	support. It was confirmed this was not a requirement, but that some of this information was submitted through the Annual Participation Plan. A governor queried the wording relating to extra heifers and it was confirmed this would be revised. A governor queried how costs relating to fuel increases for transport were being controlled. The Chief Operating Officer advised these were included in ongoing contracts so had not impacted Hartpury this year, but these contracts were being retendered for the new academic year and it was expected costs would increase (this had been incorporated in the budget).	**COO** **July 22**
	The University SFR Committee NOTED the April Management Accounts. **The College SFR Committee NOTED the April Management Accounts.**	
SFR06/06/22	**Draft Budget**	
	The Committees had been provided with the updated draft Budget following the discussions at the May meetings. It was highlighted that the projected surplus for 2022/23 has decreased from £1.134m in the draft reviewed by this Committee in May 2022 to £1.042m – which would be a 2% surplus. The reconciliation for these changes had been provided. The most significant variation was a reduction in expected HE growth. It was noted this was based on acceptances following the passing of the UCAS deadline which had been moved back this year. It was confirmed that Hartpury planned to target potential students at Clearing stage and would continue to keep potential students engaged. The budget now included some new apprenticeship growth, reflected increased milk prices and removed vacant posts. Governors queried whether the HE income projection was a worst-case position. The Chief Operating Officer advised that it was considered to be a realistic position and followed detailed work by the Pro-Vice-Chancellor. The Vice-Chancellor commented that it continued to be an uncertain market. He advised that discussions with the Vice-Chancellor of UWE and GuildHE confirmed this. Governors queried the reason for this. The Vice-Chancellor confirmed that it was in part a Covid legacy – potential students were facing formal exams for the first time, they had suffered disruption to their schooling which had impacted on their readiness for university. Additionally, there was a buoyant jobs market and the cost of living crisis was making some individuals unwilling to take on loans. It was noted that dependence on maintenance support from parents could be challenging due to the economic uncertainties. It was noted that relatively few students got a full maintenance loan, and that the loan was in any case insufficient given rising costs. It was noted that Hartpury was still looking at 5% HE growth which was above the sector, although not in line with target. It was noted that the changes to the repayment levels and amounts for HE Student Funding was reducing potential student confidence in pursuing HE. A governor requested an update on Student Finance from the perspective of a student. The Chief Operating Officer advised she would arrange this, potentially with the SU Manager and the Student Finance Manager.	**COO** **Nov 2022**

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The Committees considered the Farm budget, noting that it did not usually generate a profit. The Chief Operating Officer confirmed that the budget had been subject to challenge. It was noted it did not include pension and NI costs. It was noted that arable farmers expected pressures in the autumn. It was noted forage costs would be kept under review. The Committees were advised that the current feed contract ran until June. It was noted that currently the price of milk was generally increasing. A governor commented on the need to ensure that the overall budget remained the focus during the year and that scrutiny of elements was proportionate.

A governor queried how the new farm team were settling in and the Committees were advised this process was going well and that there was good engagement between farm staff and academic staff which was enhancing the student experience. Health and Safety Training had also recently been undertaken at the farm and work was ongoing to improve wearing of Hartpury clothing to enable clear identification of staff and students.

A governor queried whether the budget for Academic Support had been reduced. The COO advised there had been a reclassification of some of the budget elements but the amount for this area had not been reduced. It was confirmed that the amount invested in maintenance had not reduced, but that some costs had been capitalised. The amount of activity in this area had not decreased.

The Committees considered the 2% set aside for potential a pay award recognising the current cost of living challenges. The Vice-Chancellor and Principal advised that the AoC had just recommended 2.5% with a higher % for low paid staff. It was confirmed Hartpury was not tied to the A0C recommendations and that affordability was a key consideration. A governor noted that some organisations were offering a one-off utility assistance payment and queried if this was an option Hartpury might consider. It was noted that any pay award would be made in January (not backdated) and these issues would be further considered. It was recognised that it was a challenging year for all organisations, with cost of living pressures impacting at an organisational as well as individual level. A governor commented on the need for any pay award to be considered against Hartpury's overall strategy, and highlighted that staffing costs had increased from 45% to 57% over the last ten years. It was recognised that this in part reflected that services such as cleaning had been brought in house, but there was a clear upward direction of travel which was a concern. Options of how to grow, given constraints in FE and HE income, would need to be further considered. It was noted costs had also been impacted by the work to redress HE salaries, which had been highlighted as needing addressing, to support retention and recruitment of HE staff to maintain the quality of the student experience. It was noted that as part of this process HE staff would not be eligible for consideration for a pay award until January 2024.

The Vice-Chancellor and Principal confirmed he was open with staff about the challenges facing the sector and Hartpury. He recognised the next few years would be challenging. A governor asked if there were hardship funds for staff. The Vice-Chancellor and Principal advised that it was important that any system was open, equitable and transparent, currently the focus was on

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	encouraging staff to look at savings provided through the benefits package which had been put in place.	
	A governor commented on the challenge to balance the need to maintain the capital resources to deliver an excellent student experience and maintain staff, it was agreed this would be an area for key consideration over the next 3-5years. The Vice-Chancellor and Principal advised that discussions with those in the sector confirmed these were issues all organisations were grappling with. The need for further resources from Treasury at a time when there were demands from all other areas, and the fact that a small number of HE institutions held significant reserves, meant that significant changes to core income were considered unlikely for some time.	
	It was noted that Hartpury's growth over the last five years had given it a more robust position than many institutions, but that growth could not continue exponentially given the constraints of the campus. At this stage the probability of a government Student Numbers Cap was uncertain. The need for Hartpury to focus on diversification of income, as had been discussed at the Away Days was recognised. The Vice-Chancellor and Principal advised that applications for Post Graduate study had increased, but that he considered the cost of living pressures were likely to limit this. Governors queried whether these pressures were also impacting retention and the Vice-Chancellor and Principal advised this was the case. It was noted that in contrast there were 130 students on the FE Accommodation wait list which demonstrated ongoing demand.	
	11.13pm The Pro-Vice-Chancellor joined the meeting.	
	Governors queried whether debt recovery was being impacted by the current economic climate. The Chief Operating Officer advised robust processes were in place, and had been reinforced through a new member of staff, and that currently 97% of student and commercial debt was being recovered. It was confirmed there were staged sanctions in place for student debt.	
	Governors discussed the current cashflow forecast and expressed concern about the impact on cash flow of the ULH build given the timing of the Levelling Up Grant payment. The Chief Operating Officer advised she had undertaken supportive discussions with the Forest of Dean District Council Finance lead and that he had indicated that payments could be made during the life of the project rather than at completion. She advised she would update the cashflow forecast to reflect this for the July Boards. The strong relationships with the Forest of Dean Council were noted.	**COO July 22**
	Governors considered the balance sheet and the impact of the ongoing capital projects which spanned several years. The Chief Operating Officer advised once she had updated the cashflow she would also update the balance sheet.	**COO July 22**
	A governor queried the labels on the cashflow and these were clarified.	
	It was recognised that the current 2% surplus was below the 5% target, but it was agreed the target should be maintained and work continued in the longer term to work towards this. It was recognised that the challenges	

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	experienced during Covid were continuing with the cost of living issues. It was noted that the Treasury suggested a 3% surplus target which was closed to what Hartpury had identified as its projected surplus. Governors queried if the contingency was sufficient. It was noted it was £250k, and that historically this had been more than sufficient. It was confirmed Hartpury had in place strong financial controls which meant the SMT were comfortable with the current level of surplus. It was agreed these aspects should be highlighted to the Boards. The need to continue to look for efficiencies was stressed.	**Chair July 22**
	Governors queried if the interest rates on all the loans were fixed. The Chief Operating Officer advised that all the interest rates on the Lloyds loans were fixed. The interest rates on the Triodos £8m loan would be fixed at the final draw down point. This was expected to occur in August and an Independent Report then provided to the Board or SFR depending on timing.	**COO Sept 22**
	The University and College SFR Committees AGREED to RECOMMEND the Budget to the Boards, subject to the updates to the cashflow and balance sheet and recognising the need to be clear about the challenges in discussions with the Boards.	
SFR07/06/22	**Draft University Financial Plan**	
	The paper put the proposed 2022/23 budget into the wider perspective of the long-term strategic plan, aligned to the delivery of the agreed Strategy to 2025. In Summary the agreed Vision is; • Grow to 5,000 to ensure resilience and critical mass, a 1300 student increase • Plan and deliver a new build program to meet needs • Initiate and deliver a major refurbishment program covering accommodation, teaching and learning spaces, catering and beverage outlets and staff offices The strategic financial plan thus aims to achieve this vision through planned growth in student numbers which was being achieved and 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, thus the plan assumes the delivery or commencement of key capital developments: • New Car Park – agreed budget £2,772,653 inc VAT • New Graze – agreed budget £9,797,819 inc VAT • ULH development - Milestone 3 budget £12,050,585 inc VAT The plan assumes that we will not receive any capital grants to support developments beyond that already secured in 2021/22, no further funding to cover costs and impact of Covid-19 beyond that already received or in the process of being paid and no further philanthropic donations to support on campus developments. The revised financial performance was summarised. It was noted the Strategic Financial Plan would continue to be developed and honed over the early autumn as enrolment progresses, in preparation for the	

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	OfS financial return for submission in December 2022. It was flagged that the aspects relating to Hartpury College had been extracted for inclusion in the financial return required by the ESFA in July 2022 (agenda Item 8).	
	It was confirmed that the Plan was similar to that considered at the previous meeting, but reflecting the revised budget and reflecting it through the next five years. It demonstrated a tough five years were expected, which expected growth to be achieved, but reflected the capping of the HE and FE funding. It was confirmed the plan would be reviewed once it was known if Hartpury would be granted Small Specialist Institute funding and whether Foundation Year fees funding was to be reduced as expected. It was confirmed the Levelling Up Funding was included. The payroll to income percentage was considered and the need to work to contain growth in this area was stressed. The Pro-Vice-Chancellor confirmed further work was to be undertaken in the autumn to grow the curriculum without growing payroll. Governors queried whether the energy crisis was sufficiently reflected in the figures. The Chief Operating Officer advised that the new power line would reduce some costs. Governors commented that scenario planning would be helpful to allow testing of the plan. The Chief Operating Officer advised this would be provided in November. She noted that this was reflected in the ESFA item (agenda item 8). It was stressed that Hartpury needed a balanced budget as a minimum and needed to continue to invest. Governors recognised that Hartpury now had £20m of new assets which was a positive development.	
	The Committees NOTED the Finance Plan and that it would be updated in November.	
SFR 08/06/22	**Draft ESFA Financial Plan**	
	It was noted that the College's Financial Forecast Return (CFFR), a copy of the full return was available on the governors' website, provided in a single model the forecast outturn for 2021/22, the budget for 2022/23 and a forecast budget for 2023/24 for Hartpury College. 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. It was noted that in completing the model, the 2021/22 figures reflected a subset of the April 2022 reforecast figures from the Management Accounts, which in turn are based upon the budget approved by Corporation in July 2021. The 2022/23 budget was a subset of the budget paper at item 6 and for the forecast budget for 2023/24 this was a subset of the Financial Strategic Plan at item 7.	

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	The plan indicates that the financial health of Hartpury College is **Outstanding both utilising the previous health measures and the newly proposed measures**. **The Committees considered the ESFA Return. The College SFR Committee RECOMMENDED it to the FE Board. The University SFR Committee NOTED the Report**.	
SFR 09/06/22	**Pension Update**	
	The Chief Operating Officer advised she had been seeking a specialist to advise on this but to date proposed quotes were not considered proportionate. It was suggested that instead contact was made with organisations who had implemented alternative pension schemes to understand implications and impact. It was noted that withdrawal from the TPS scheme would impact on recruitment and was not being considered. It was noted that any change to pension schemes would need to be subject to very careful consideration to avoid triggering liabilities.	**COO** **Nov 2022**
	It was recognised that the pension issue was a sector one and that AoC was monitoring.	
	The Update and Proposed Approach was NOTED.	
SFR 10/06/22	**Policy Update – International Fees FE**	
	The Updated FE International Fees Policy was considered.	
	The Updated FE International Fees Policy was APPROVED by the College SFR Committee.	
	Confidential Item – 3 years Commercial Sensitivity	
SFR11/06/22	**Capital Project Report**	
	Confidential Item – 3 years Commercial Sensitivity	
SFR12/06/22	**OFS Capital Bid**	
SFR 13/06/22	**Animal – Milestone 1 Update Report**	
SFR14/06/22	**Any Other Business**	
	The upcoming Equestrian events were highlighted.	
SFR15/065/22	**Dates of future meetings** 14th November 2022	

The meeting closed at 12.20pm and was followed with a walk round Graze

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