

**SPARSHOLT COLLEGE HAMPSHIRE  
MINUTES OF THE MEETING OF THE  
RESOURCES COMMITTEE  
held on 17 June 2021 at 9.30 am  
via videoconference**

**<sup>1</sup>PRESENT** 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: J Baker, Vice Principal Curriculum (Sparsholt)  
S Evans, Finance Manager  
S Hermiston, Director of Information & Funding (minutes 179 to 182)  
S Markham, Fusion Property Consultants (minutes 162 to 167)  
B Stokes, Vice Principal Curriculum (Andover)  
A Whitworth, Director of Finance  
S Willson, Clerk to the Corporation

**APOLOGIES**

98. Apologies were received from A Hoad.

**DECLARATION OF INTERESTS**

99. There were no interests to declare.

**MINUTES**

100. **Resolved** – that the minutes of the meeting held on 11 March 2021 (Parts I and 2) be confirmed, with the date of the meeting corrected.

101. There were no other matters arising not covered by items on the agenda.

**PERFORMANCE MONITORING**

Healthcheck Report

102. The committee had received the latest College Healthcheck Report (2021/05) and noted the positive trend in applications for FE and HE.

103. Asked whether there was a potential risk to enrolments from applicants applying to multiple institutions, the Vice Principal Curriculum (Andover) explained that multiple applications had become more common over the last few years but that there had been positive feedback from potential students who had attended recent face-to-face events on campus and there were several more onsite events planned.

**FINANCE**

Management Accounts

104. The committee had received the latest College Group management accounts (to 30 April 2021), together with the ESFA Financial Dashboard.

105. The Director of Finance noted that the May management accounts were being finalised and indicated an end of year forecast closer to break even. Modelling by the Finance team

---

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

- showed that this would result in an ESFA financial health rating of at least ‘Good’. (See also minute 115.)
106. The committee noted that the cash position remained healthy and that all bank covenants were expected to be met.
  107. The Director of Finance responded to a number of questions which had been provided by a member in advance of the meeting in relation to the budget setting process, the level of cash, the accounting of the Genus shares, and variances of staff cost and other operating expenses.
  108. The Director of Finance reminded the committee of the significant financial uncertainties which the College had faced throughout the period of the pandemic and the resulting challenges for budgeting and forecasting. In particular, this had meant there had been less certainty than usual at end of the Autumn term and had interrupted the planned rolling forecast process. The Director of Finance reiterated that she had taken a prudent approach throughout the year, building likely costs into the forecast but not including additional income until it was confirmed.
  109. The Director of Finance also explained that the College had been deliberately increasing its cash levels to be able to make available some match funding for future capital projects. This was a matter which the Resources Committee and the Board could revisit and review as appropriate.
  110. Asked about how the College’s level of depreciation compared to other colleges, the Director of Finance explained that, judged by her experience in the sector, the depreciation level was relatively high but that she had not seen benchmark data. There was an advantage in not having net liabilities in terms of meeting the bank covenant criteria.
  111. The Director of Finance provided additional information about the variances related to Covid-19, noting that the table in the management accounts only included variances since December, and suggesting that more explanation could be added to future management accounts to explain the variance in operating expenses if that was helpful for members.
  112. In discussion, the committee noted that the variances in income which had been explained previously, including factors such as changes in DfE/ESFA funding rules and decisions. The committee also noted that major areas of additional costs had been offset by savings.
  113. The committee confirmed that the new section of the management accounts showing key balance sheets and other ratios was helpful. The Finance Manager noted for the information of the committee that the inclusion of key ratios was also recommended in a Finance Masterclass she had attended and that the key features of the College’s management accounts were in line with the best practice examples given on the course.
  114. In relation to the reporting of proceeds of property sales in the management accounts, it was noted that this had been introduced at the time the properties were sold as the sales had been agreed by the Board on the basis that all the proceeds would be ‘ringfenced’ and invested in capital projects on the College estate. Tracking these in the management accounts provided assurance to the Board.
  115. The Director of Finance confirmed the point raised by a member that the increased value of the Genus shares, as shown in the sensitivity analysis, was required to be accounted for regardless of whether the shares were held or sold. This would be included in the next set of management accounts and would result in a small end of year surplus.

116. Further to the earlier in principle decision by the Board to sell the Genus shares, the Director of Finance went on to explain that the SLT recommended selling the Genus shares now and holding the proceeds to invest in future capital projects. A member provided an update on the value of shares and the assessment of a range of brokers, none of which were advising selling the shares at this time.
117. The committee noted that, while there was no guarantee that the share value would increase, on balance it appeared to be of benefit to the College to continue to hold the shares, at least in the short-term and/or until the sale proceeds were required, and keep monitoring the share price.

#### Budget and Financial Plan

118. The committee had received the draft income and expenditure (I&E) budget for 2021/22 and high-level forecast for the following year, together with the key budgeting assumptions, a summary of changes in the staff costs budget, an assessment of compliance with bank loan covenants, a sensitivity analysis and a cash flow forecast.
119. The Director of Finance highlighted a number of key assumptions, including in relation to Covid-19 and the main income strands.
120. The Director of Finance explained that the ESFA's expectation that colleges should have an EBITDA of around 7% had been considered when devising the budget and that the forecast EBITDA was just over 7%. It was noted that, at Sparsholt College, a small overall surplus produced a high EBITDA because of high depreciation costs.
121. Members discussed the ESFA's approach to EBITDA, one member questioning whether a key performance indicator which excluded interest and depreciation was appropriate.
122. The committee also noted that the budget had not assumed any major capital building projects and would require updating if any of the College's capital funding bids were successful. Minor refurbishments and equipment were included in the capital budget. The committee discussed that, if the College was successful in capital bids, there would likely be a need to continue to generate an operating surplus each year sufficient to provide cash for match-funding.
123. The committee noted that staff costs budgeted included £370k for a potential pay award and for increments and that the SLT recommended reviewing the affordability and approach to pay awards in the Autumn term once enrolment data was confirmed.
124. The Director of Finance explained that the forecast for 2022/23 took a reasonably cautious approach to income and had included a further budget increase of c£335k to fund potential staff pay awards.
125. The committee discussed the ESFA funding rates, noting that the two-year financial plan did not assume any further increase in the base rate and that there had been no indication from the government of a planned increase. Given this, a member noted that a key consideration for the College's strategic and financial plan would be how to continue to afford staff pay awards.
126. Members expressed a range of views about the budget and two-year financial plan. One member was concerned that the budget surplus for 2021/22 and forecast surplus for 2022/23 appeared to be too low given a turnover of c£27m and the positive trend for applications/enrolments, noting that the worst-case budget was a deficit. Other members were content with the level of surplus, given the key budget assumptions and

contingencies and that the budget process was based on reasonable and credible planning assumptions.

127. The Director of Finance summarised the budgeting process, and explained the involvement of the College's cost centre managers and the role of the curriculum planning and staff utilisation analysis. The Finance Manager confirmed that there has been more alignment with the curriculum planning processes this year and that it was intended to enhance this further next year.
128. The Principal commended the work of the Finance team and emphasised the detailed planning in relation to staff posts, the curriculum plan and application/enrolment data. The Principal also noted that consideration was being given to the in-year forecasting process for 2021/22.
129. The Committee Chair acknowledged that the level of surplus was relatively low and could be affected by a small percentage variation but noted that the committee could take assurance from the fact that the budget included some optional costs and the ability to make adjustments once enrolments for 2021/22 were confirmed. It was also noted that the Board had the option of revising the budget in-year if there were significant unexpected developments, such as in relation to Covid-19.
130. **Resolved** – that the Board of Governors be recommended to approve:
  - a) a budget for 2021/22 which shows a surplus of £137k before FRS 102 pension charges or credits, noting that the cash flow will improve over this period, assuming there are no major building projects, and that the budget would be reviewed during the year to ensure a budget surplus was achieved;
  - b) a high-level forecast for 2022/23 before FRS 102 pension charges or credits showing a surplus of £122k;
  - c) a capital spend allocation of £1m (inclusive of VAT) for 2021/22, fully funded by the College.

#### Banking arrangements

131. The committee had received the report of the Director of Finance on bank loan agreements due to the pending cessation of LIBOR (London Interbank Offered Rate).
132. The committee noted that, by the end of December 2021, it was expected that LIBOR would be phased out and replaced by SONIA (Sterling Overnight Index Average). Due to this, the College's loan agreements with the three lending banks would need to be updated to reference either SONIA or the Base Rate rather than LIBOR.
133. The committee noted that, given that the loans with the three banks were all fixed rate/term, this was an administrative exercise. All other aspects of the agreements would remain unchanged and this did not provide an opportunity to renegotiate terms. Given the timeframe proposed by the banks, an approvals method would be required to enable the agreements to be signed over the summer if required.
134. **Resolved** – that the Board of Governors be recommended to delegate authority to the Chair of Governors and Principal to sign the amended loan agreements (letters of variation) with Barclays, Lloyds and Nat West banks in relation to the cessation of LIBOR.

#### Tender Waivers

135. The committee had received the annual report of the Director of Finance and Finance & Procurement Officer on the tender waivers process, noting that there had been 12 waivers agreed by the Principal and Director of Finance from April 2020 to March 2021 on the basis that the purchases represented best value for the College. This was a similar level to the previous year (11).
136. Responding to a question for further information about the reported tender waiver in August 2020 for desktop computers, monitors and laptops, the Director of Finance and Deputy Principal explained that the main factor had been the urgency of the purchase to meet the deadline for spending the funding to provide IT support during the pandemic and that costs were benchmarked to confirm value-for-money. Subsequent purchases of IT equipment during 2020/21 had been tendered.
137. Asked by the Staff Governor whether three quotes were required for purchases/tenders, the Director of Finance confirmed that this was generally the preferred approach but might not be possible depending on the individual circumstances. In addition, spot purchases could be made via the use of purchasing consortiums.
138. Under the authority defined by the Financial Regulations, the Committee was asked to approve four tender waivers which would be required for the following year above £100k.
139. **Resolved** – that the following tender waivers be approved:
- a) University of Winchester, Halls of Residence fee of c£272k;
  - b) Pig feed from ABN of c£170k;
  - c) Pig feed and farm supplies from procurement consortium, Anglian Farmers, of c£150k;
  - d) Awarding Bodies: City and Guilds (c£350k), Pearsons (c£140k) and the University of Portsmouth (c £110k).

## **HUMAN RESOURCES**

140. The committee had received the report of the Principal and Human Resources Manager updating on Human Resources (HR) matters, including staff remuneration, and the Principal highlighted key points in the absence of the HR Manager.

### Covid-19

141. The committee noted that college managers continue to regularly review, and as necessary amend, the College's COVID risk assessment and associated procedures, and that staff continued to be strongly encouraged to be vaccinated and to participate in self-testing.
142. There have been 17 members of staff who have tested positive for Covid-19, with one of these identified as a possible case of workplace transmission and reported under RIDDOR regulations to the HSE.

### Staff Remuneration

143. The committee considered the SLT's recommendation to go ahead with the budgeted one-off payment to staff in July, which followed the pay award in April and had been deferred until it was certain that the affordability criteria would be met. It had now been confirmed that bank covenants would not be breached and the ESFA financial health rating for 2020/21 would be at least 'Good'.
144. **Resolved** – that the Board of Governors be recommended to approve a one-off payment of £200 per FTE (pro-rated for part-time staff) to be made to staff as set out in the report in the July 2021 salary payment.
145. Committee members referred back to the discussion of the 2021/22 budget and the strategy for staff remuneration, noting the desire of the SLT to provide an annual pay award so that salaries could be maintained at a reasonably competitive level going forward, and the question about how to plan for this financially in the context of ESFA funding base rates not being increased and to manage expectations.
146. The Principal suggested that the Autumn term would normally be the best point of the year to review staff remuneration, with a decision at the December Board of Governors meeting to take into account confirmed enrolments and other relevant funding factors. There was a discussion about the date any annual award would be implemented, with a suggestion of January, on the basis of a December decision and to avoid back-dating as standard.
147. The committee agreed that proposals for a pay award within the budgeted costs to be approved by the Board of Governors be considered in the Autumn term.
148. The Principal also noted that consideration was being given to a job evaluation review, followed by external benchmarking, and the staff cost budget for 2021/22 took this into account. A member noted experience from elsewhere that job evaluation exercises usually resulted in an overall increase in staff costs.
149. The committee asked that future staff costs and turnover key performance indicators include a breakdown between the Sparsholt and Andover campuses and that there were different considerations for different categories of staff posts and between GFE and land-based colleges.
150. A member sought confirmation that staff were paid at least the living wage (£8.91) from April 2021. The Principal confirmed that the pay award in April had ensured that all College Group roles (with the exception of student casuals) were paid more than the National Minimum Wage (NMW) rates and that over 23 year olds were paid at least the National Living Wage (NLW).

### Wellbeing

151. The committee noted the update on the approach to staff well-being, including the relaunch of the Staff Association to plan and support social events and other activities.

### Staff Survey

152. The committee noted confirmation that the staff survey was being conducted between 14-28 June 2021 and the questions which had been included. These included some questions which were based on the Ofsted survey, plus additional questions which could be benchmarked with other colleges.

### Long Service Awards

153. The committee noted the approach being taken to implementing the updated Long Service Awards Policy and to making awards to those staff who had already achieved the new long service thresholds, which has been agreed with ICE (Informing & Consulting Employees) group.

### Kick Start

154. The committee noted the update on the participation of the College in the government's Kick Start Scheme and that little interest had been received.
155. Asked by the Staff Governor how the Kick Start positions had been identified and whether there was a negative impact on existing part-time staff's ability to work additional hours in other departments, the Principal explained that the posts had been discussed with the relevant manager and were intended to be in addition to existing staff capacity.

## **PROPERTY & SUSTAINABILITY**

### 2020/21 Property Strategy

156. The committee had received the report of the Principal on progress with and developments to the Property Strategy 2020/21.
157. The Principal highlighted key points in the report, including in relation to the Animal Management Centre redevelopment, which was at final snagging stage, and upgrades of the Halls of Residence. The Chair of Governors had approved an increase in capital spend in 2020/21 in order that the refurbishment works could take place, having received confirmation that there would not be a detrimental impact on the College's financial position.
158. The Principal also confirmed that the College had not yet received a response to the FE Capital Transformation Fund or T Level Capital Transformation Fund bids.
159. A member emphasised the strategic need to continue to prioritise establishing a HE centre even if the current bid for FE Capital Transformation Fund bid, which would enable more differentiation of FE and HE facilities, was not successful.

### 2021/22 Property Strategy

160. The Principal explained that she had instigated a full review of the property strategy and had commissioned Fusion Property Consultancy to research and draft a strategy which was responsive to the strategic opportunities and wider vision for the College and its curriculum and would provide a framework for future capital investment decisions and grant funding applications.
161. The Principal explained the process and reasons for selecting Fusion and Fusion's capability summary and the proposal had been provided to the committee for information.
162. Stuart Markham of Fusion Property Consultancy gave a presentation to the committee, summarising the sector policy and funding context for the review and the methodology and approach.
163. The committee discussed with S Markham the planned stakeholder consultation, which it was intended would include discussion with the planning authorities, and the methodology and approach, suggesting that the strategy differentiated between teaching buildings and practical facilities such as the farm and equine centre.

164. Responding to the Committee Chair's question, S Markham gave a high-level assessment of the Sparsholt and Andover campuses and where the possible priorities were for redevelopment.
165. Asked about the possible constraints presented by the funding uncertainties, S Markham explained that this was not unique in the sector and that the composition and diversity of the College's estate would be likely to result in some variations and flexibility in the scale and timing of elements of the property strategy, so that the College could respond to funding opportunities as they arose.
166. The committee noted that it was proposed to present the new property strategy for approval at the October meeting of the Board of Governors and acknowledged that was a challenging timeframe given the complexity of the College estate and depending on the availability of stakeholders. The Principal agreed to keep progress under review and to update the Chair if it became necessary to extend the timeframe but noted that the aim was for the new strategy to be approved before the next round of DfE capital funding applications.
167. The committee thanked S Markham for his presentation and endorsed the planned approach to the property strategy review.

#### Sustainability Strategy

168. The committee had received the report of the Principal which set out the context for the development of a new Sustainability Strategy and the proposed strategy, together with a summary of progress on the Climate Action Roadmap and correspondence confirming that the College had signed up to the SDG (Sustainable Development Goals) Accord.
169. The Principal noted that the proposed update of the AOC Code of Good Governance identified the need for a robust sustainability strategy and listed a number of key actions for colleges.
170. The committee noted that the Sustainability Strategy had been developed in collaboration with the internal Green College group. The section on planned activities would be embedded in the Climate Action Roadmap to provide an action plan which could be monitored by the committee.
171. The committee noted progress with the Climate Action Roadmap and that the Red rating referred to insufficient progress at this point and did not indicate that initiative could not be achieved.
172. Asked whether measurable milestones would be defined, the Principal confirmed that there were plans to collect retrospective data and set quantifiable targets.
173. The committee also noted that the Sustainability Strategy included goals linked to the Climate Change Act (2050 target) and that the SLT recognised there was further work required to evidence the current activities taking place and the other activities required to address all 17 SDG goals.
174. **Resolved** – that the Board of Governors be recommended to approve the new College Group Sustainability Strategy.

## **POLICIES & GOVERNANCE**

### HR Policies Review

175. The committee had received the report of the Principal and HR Manager which summarised progress with the review of employment related College Group policies and presented eight updated policies to recommend to the Board.
176. It was noted that the advice received from the College’s lawyers, Warner Goodman, had been incorporated in the policies. The Clerk reported that Warner Goodman had confirmed that there was no risk to the organisation of having College Group policies which covered both College and SCS employees (and were approved/adopted by both the Board of Governors and Sparsholt College Services Ltd (SCS) Board) providing that the respective employer responsibilities were clear in the policies.
177. Responding to a member’s question about how the policies were communicated to staff and were there more informal ways to present some of the information, the Principal explained that key policies were highlighted during the induction process and also policies published on the intranet, with significant changes highlighted in staff briefings. Although it was recognised that there were a large number of policies and the content was formally worded, the Deputy Principal explained that operational experiences had demonstrated the policies were necessary and in the interests of the College community.
178. **Resolved** – that the Board of Governors be recommended to approve the following College Group policies:
- a) Bullying & Harassment (updated)
  - b) Disciplinary (updated)
  - c) Flexible Working (updated)
  - d) Grievance (updated)
  - e) Recruitment (updated)
  - f) Redeployment (reviewed, no changes)
  - g) Redundancy (updated)
  - h) Salary Policy (reviewed, no changes)

### IT Policy

179. The committee had received the report of the Director of Information and Funding on the review of the IT Policy which aimed to improve the security of the College Group’s IT estate and data, to improve the understanding of the College Group community of their respective obligations and to support the College’s intention to become Cyber Essentials certified.
180. The Director of Information and Funding confirmed that recommendations from Warner Goodman provided during the review of HR policies had been incorporated in the updated policy, other than in relation to banning students from accessing personal accounts because of the need to support the student experience on campus, particularly for residential students. The banning of personal accounts was not a legal requirement.
181. The Director of Information and Funding summarised the steps being taken by the College to achieve the Cyber Essentials accreditation which was a new condition of funding,

including regarding implementing MFA (Multi-Factor Authentication) in line with both Cyber Essentials and the College's insurance policy requirements.

182. **Resolved** – that the revised IT Policy, incorporating the IT Acceptable Use Policy, be recommended to the Board of Governors for approval.

#### Committee Performance Review

183. The committee had received the report of the Clerk to the Corporation which provided information to inform the Committee's annual review of its performance and terms of reference.
184. The Committee Chair sought feedback from committee and SLT members, noting that the agendas were usually fairly extensive but covered relevant and necessary business given the college governance and funding regime. In discussion, members suggested constituting 'task and finish' working groups from time to time for major tasks, such as the review of the property strategy, and further streamlining of the content of reports to avoid repetition.
185. The committee confirmed its assessment that the committee was operating effectively and delivering its terms of reference and thanked College management and the Clerk for supporting its work.
186. The Clerk had reviewed the terms of reference in light of the draft revised AOC Colleges Code of Good Governance and proposed a number of updates, noting that these would be finalised once the final version of the revised code was published.
187. **Resolved** – that the Board of Governors be recommended to approve the revised terms of reference of the committee, subject to final review by the Clerk to the Corporation when the revised Code of Good Governance was published.

#### **SPARSHOLT COLLEGE SERVICES**

188. The committee had received the latest Sparsholt College Services Limited (SCS) management accounts (to 30 April) for information. There were no matters which required discussion under confidential cover.
189. The meeting ended at 12.50 pm. Confidential items were discussed and are recorded separately.