

**SPARSHOLT COLLEGE HAMPSHIRE  
MINUTES OF THE MEETING OF THE  
RESOURCES COMMITTEE  
held on 18 November 2021 at 9.30 am  
at Sparsholt College**

<sup>1</sup>**PRESENT** M Coombes (C); J Emm (SCS S) (except minutes 279 to 284); N Hopkins (E) (Chair); J Lander (E); J Milburn (P); A Neal (E).

In attendance: S Cameron, HR Manager (minutes 235-256)  
S Evans, Finance Manager  
S Grant, Deputy Principal (to minute 217)  
N Heslop, Director of Finance  
S Willson, Clerk to the Corporation

#### **APOLOGIES**

211. Apologies were received from T Floyd.

212. The Chair reported that A Hoad had decided to resign as a co-opted member on 17 November 2021 due to his other commitments and expressed gratitude on behalf of the Board of Governors for A Hoad's valuable contributions, both as a member of the committee and, formerly, as governor.

#### **DECLARATION OF INTERESTS**

213. In relation to the HR report, the SCS Staff Governor declared an interest in the proposals relating to staff remuneration. The committee was content for her to participate in this part of the agenda item.

#### **MINUTES**

214. **Resolved** – that the minutes of the meeting held on 17 June 2021 (Parts 1 and 2) be confirmed as a correct record.

#### Banking arrangements (min 134/21)

215. The Director of Finance provided an update regarding the recommendation at the last meeting that the Board of Governors delegate authority to the Chair of Governors and Principal to sign the amended loan agreements with Barclays, Lloyds and NatWest banks in relation to the cessation of LIBOR. Subsequently, Lloyds had confirmed that the bank did not require a variation to its loan agreement and Barclays had not yet confirmed the form of any agreement. [*Addendum – Barclays confirmed on 1 December 2021 that the bank also did not require a variation.*]

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

216. An agreement had been finalised with NatWest, with the College advised by Paris Smith, and the approval of the Chair sought for the Principal and Finance Manager to sign the agreement on behalf of the College (as current authorised signatories with NatWest).

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

## **FINANCE**

### Management Accounts

218. The committee had received the latest College Group management accounts (to 30 September 2021), together with the latest ESFA Financial Dashboard and confirmation of the College's financial health rating.

219. The Director of Finance reported that the management accounts to 31 October were due to be issued to governors shortly and provided a summary of key financial movements since the end of September.

220. The Director of Finance noted that reviews would take place with cost centre managers in December/January to inform the ongoing forecasting against budget.

221. Members sought additional clarity about the debtor and cash balances in the September accounts and whether the high number of vacancy posts suggested that savings could, or should, be made longer term.

222. The Principal confirmed that the staff vacancies were higher than normal partly as a result of seeking additional posts funded by the DfE's English and maths tuition fund. Other vacancies were for posts which were required and management actions were in place to support teaching and learning while the positions were recruited.

223. The Director of Finance explained that the debtor balance in the September accounts was a timing issue relating to the gap between invoicing HE student fees and payment plans being in place, and that the debt had reduced by over £1.2m in October. There were no issues in relation to commercial clients. The Director of Finance further explained that the high cash balance was the result of payments for some capital project costs having been deferred.

224. Asked if capital project costs had been accrued for in the 2020-21 accounts, the Finance Manager confirmed that they had where there was an income and expenditure impact.

225. The committee was satisfied that the variances in the September management accounts were largely the result of the timing factors and noted that the October management accounts would include a year-end forecast.

226. The committee noted that the ESFA had confirmed the College had a financial health rating of 'Outstanding' for 2020-21 based on the July financial return and 'Outstanding' for 2021-22 based on the budget. There were no questions about the ESFA dashboard data.

### Annual Report and Financial Statements

227. 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 2021.

228. The Director of Finance reported that Buzzacott had presented the auditors Post-audit Management Report to the Audit Committee and that there had been no audit qualifications or post audit adjustments required.
229. The Chair of Governors explained that he had been invited to attend the Audit Committee meeting as a guest, along with J Lander, and confirmed that the auditors expected to give a clean audit opinion.
230. The Principal highlighted inclusion in the Annual Report of the College Group's new mission and strategic objectives, together with the main strategic risks.
231. The committee noted that the College Group had ended the year with a pre-FRS102 surplus of £381k, significantly exceeding the original budgeted deficit. Bank loan covenants had been tested internally and audited and were met for 2020-21. No issues had been identified in relation to going concern and a report setting out going concern considerations would be presented to the Board.
232. Asked about the difference between the confirmed end of year position and the indicative figure reported at the October Board meeting, the Director of Finance explained that, during the finalising of the accounts, some items had been identified for inclusion in 2020-21; the main two being costs to the college of the expansion of the LED installation project and reappraising asset life of catering assets. The reduction in catering fixed assets would also result in a reduced depreciation charge in 2021-22.
233. The Finance Manager reported that there were some minor corrections to make to the Annual Report and that a note in the financial statements on expenditure relating to the HE Access and Participation Plan would be added before the final Annual Report and Financial Statements were presented to the Board.
234. **Resolved** – that the Board of Governors be recommended to approve the Annual Report and Financial Statements for the year ended 31 July 2021, subject to the final information being included.

## **CAPITAL EXPENDITURE**

235. The committee had received the report of the Director of Finance and Finance Manager giving a statement of capital expenditure in 2020-21, in order to demonstrate the impact of the spend and the procedures used to obtain best value for money in the acquisition of assets. The report included a detailed summary of all general, LEP EM3 funded and ESFA capital grant funded expenditure and an explanation of any significant variances.
236. The committee noted that a total of £3.9m was spent during 2020-21, including general College funded capital spend of c£511k against a budget of £800k. The underspend included a net £197k of projects where were unable to be started/fully completed and had rolled over into 2021-22. These projects were now either completed or well underway. A further £114k of capital expenditure was spent on match funding the LEP EM3 capital grant for Digital Response to Covid-19. Projects had significantly enhanced the student experience and contributed to efficiencies on the College estate.
237. Asked about the approach to classifying spend as capital expenditure, the Director of Finance explained the internal processes, giving the examples that assets over an individual cost of c£1k

and/or capital works which extended the value or asset life were likely to be classified as capital expenditure.

238. The Director of Finance explained that, given some of the spend had been impacted by the pandemic and projects rolled into the current year, the following year's report to the committee would cover both 2020-21 and 2021-22.

## **HUMAN RESOURCES**

239. The committee had received the report of the Principal and Human Resources Manager updating on Human Resources (HR) matters, including staff remuneration.
240. The committee considered the matters reported and noted that managers continued to regularly review, and as necessary amend, the College Group's COVID risk assessment and associated procedures. As of the date of the meeting, 20 College Group staff had reported a positive test result in the period from 1 September 2021. There had been no very serious cases of illness among College Group staff, although two members of staff were experiencing Long Covid and a member of Aramark staff had been seriously unwell and was now recuperating.
241. The committee noted that the College Group continued to participate in the government's Kick Start Scheme and that 3 of the 6 placements had led to permanent offers of employment being made.
242. The committee reviewed the update on Gender Pay Gap Data, noting that the data compared extremely positively to comparative national data and that of other local colleges, land-based colleges and other local public sector employers.
243. The committee discussed the results of the Staff Survey conducted in June 2021, and the follow up actions taken by the SLT with the ICE Group and groups of staff, noting that the survey had been a worthwhile process in helping to understand and respond to staff feedback. The Staff Mental Wellbeing Survey would be conducted between 22 November and 03 December 2021.
244. Asked by the Staff Governor about whether more could be done to alert staff to the notes of the ICE Group and other communications, the Principal explained that a Sharepoint staff platform was in development to replace the old intranet and that this would be promoted more widely. In addition, the SLT would be looking at ways to engage more staff with the staff briefings and members of the SLT were attending staff team meetings.
245. It was also noted that Staff Association and Staff Recognition Awards had been relaunched, with a high level of engagement, and that the College had submitted the FE Workforce Data collection return and obtained Bronze Award in respect of the Armed Forces Covenant and would be seeking to obtain Silver.

## Policies

246. The HR Manager explained the context to the proposed Substance Use and Misuse Policy for Staff, which had been developed on the advice of Warner Goodman (employment advisors) to separate the learner and staff policies. The policy was based on a model provided by Warner Goodman with a number of additions proposed by the HR Manager informed by experience and existing procedures at the College.

247. **Resolved** – that the Substance Use & Misuse Policy (Staff) be recommended to the Board of Governors for approval, subject to consultation with the ICE Group.
248. The HR Manager set out the SLT’s recommendation that the approach for drafting a new policy for carers’ leave, once legislation to give carers a new right to one week of unpaid leave each year to carry out caring responsibilities was enacted, would be that any time taken should be on an unpaid basis to be consistent with other College HR policies.
249. Asked whether there was an agreed definition of ‘carer’, the HR Manager explained that it was expected that the government would clarify this in the legislation. It was also noted there would need to be clarity between this and emergency family leave.
250. The committee endorsed the proposed approach.
251. The committee also noted that the government was currently consulting on making the right to request flexible working a day one right, rather than as currently only coming into effect after 26 weeks’ employment. If confirmed, this would require an update to the Flexible Working Policy.

### Staff remuneration

252. The Director of Finance summarised the SLT’s recommendations in relation to a staff pay award in 2021-22, explaining that the SLT supported paying an award in line with the budget and had given careful consideration to constructing an award which would be affordable in future years, as well as in the current year, and would also support recruitment and retention and ensure the salary bands met the increased rates for the National Living Wage and the National Minimum Wage which would come into force in April 2022.
253. The proposal, having modelled costs and assessed the financial sustainability of a pay increase, was for a £1,000 salary award on a FTE basis for College Group staff, made up of a £700 FTE consolidated uplift from 1 January 2022 and a £300 unconsolidated payment in the December 2021 salary payment. Taken together with standard incremental salary increases (not including vacancies and estimated sessional costs, this resulted in an annualised cost of c£500k in future years. For 2020-21, the proposals would result in £77k more than budgeted staff costs but staff costs in the first months of the year were under budget by considerably more than this amount.
254. The committee discussed the proposals, seeking additional information and clarification, including in relation to the best ways to support recruitment where there was strong market competition and the contract position for residential wardens.
255. Members were supportive of the proposed pay award but cautioned that care should be taken when announcing the award to avoid building up an expectation of a Christmas payment year on year as this would not always be possible or appropriate.
256. **Resolved** – that the Board of Governors be recommended to approve that:
- a) all spinal salary points be increased by £700 from 1 January 2022 and a one-off payment of £300 per FTE (pro-rated for part-time staff) to be made to staff as set out in the report in the December 2021 salary payment.
  - b) the incremental review date for staff paid on the business support scale be brought forward on an ongoing basis from 1 April to 1 January to align with other College Group staff and managers.

- c) that Scale 3 point 12 be amended from £9.00 per hour to £9.18 per hour.
- d) that the annual salaries on the salary scales be divisible by 3 for payroll purposes.

## PROPERTY & SUSTAINABILITY

### Property Strategy

- 257. The committee had received the report of the Principal together with the draft Property Strategy 2021-22 to 2026-27.
- 258. The Principal set out the context for the proposed Property Strategy which had been commissioned from Fusion Project Management Ltd, with additional information provided from third parties, including condition data from the College's FECDC Survey, Rekan Survey and the Arcadis Survey of the Andover campus and parts of the Sparsholt campus and consultation with College Group staff. The Property Strategy was intended to support the College's strategic ambitions for growth and for curriculum delivery, as well as sustainability objectives.
- 259. The Principal explained that the purpose of the Property Strategy was to provide the framework for future property related decisions and recommendations. It was recognised that due to the historical lack of capital funding in the sector, and the unknown impact of Covid-19 on public finances, the timescales for implementing investment in the estate would in part be influenced by the availability of, and access to, capital funding.
- 260. The next phase of the work would be to consider with the Board how to finance the goals of the Property Strategy and it would be necessary to retain some flexibility to respond to opportunities for external funding as they arose. Financing of the strategy was recognised as a risk in the strategic risk register and the Principal proposed that the January Governors' Seminar include a session on the financing of future capital projects and the Board's associated risk appetite.
- 261. The committee had a wide-ranging and detailed discussion about the draft Property Strategy, particularly in relation to the extent to which proposed capital projects could or should be costed in the strategy document in order for the strategy to be agreed by the Board and shared externally, and the extent to which the strategy supported the drive for growth.
- 262. Matters relating to how the Property Strategy linked to the Sustainability Strategy and early engagement with local councils and planning departments were also discussed.
- 263. On the basis that the Principal undertook to revisit with Fusion the costing of capital projects and how these were presented either in, or alongside, the strategy document, the committee agreed that the Property Strategy be recommended to the Board on the basis that it supported the College's curriculum vision and strategic priorities and that there would be further opportunities to consider the financing and delivery of the strategy.
- 264. **Resolved** – the draft Property Strategy be updated to reflect the committee's discussions and recommended to the Board of Governors for approval as being fit for purpose to support the College's curriculum vision and strategic objectives.

## Sustainability

265. The committee had received the report of the Principal on progress with the Sustainability Strategy and Climate Action Roadmap, together with the College's first Streamlined Energy and Carbon Report (SECR), the annual data on energy and water usage, and the updated Environmental Policy.
266. The report also included the risk register dashboard for risk 14, 'The College fails to identify, understand and /or respond to climate change potential threats and opportunities', which had been added since the register was reviewed by the Board in October.
267. The Sustainability Strategy had been updated to note the actions completed in 2021 and in progress in 2021-22 and was proposed for republication. The planned activities were embedded in the Climate Action Roadmap and progress reported to the committee termly.
268. **Resolved** – that the Board of Governors be recommended to approve the updated Sustainability Strategy for publication.
269. The committee noted the progress report on the Climate Action Roadmap and that the scoring differentiated between actions which were completed and actions which, by their nature, would continue to run throughout the journey to new zero. The Principal gave examples of some of the specific challenges for the College in relation to carbon (and methane) reduction, such as not being on mains gas and having a dairy herd, and the actions which were being planned.
270. Asked about student engagement, the Principal confirmed that there was a high level of interest from students in environmental matters and specific initiatives were in place to involve students. There was also an objective to embed a 'green' module in every qualification by September 2023.
271. The committee noted that the new annual SECR was designed to increase awareness of energy costs, provide data to support the adoption of energy efficiency measures, and to help organisations to reduce their impact on climate change. The report would be published on the website. The College had set itself a number of targets to further reduce Scope 2 emissions, reduce WEEE waste (Waste Electrical & Electronic Equipment), and reduce water emissions.
272. The committee noted that the Environmental Policy had been updated to better reflect the College's sustainability pledge.
273. **Resolved** – that the revised Environmental Policy be recommended to the Board of Governors for approval.

## **SPARSHOLT COLLEGE SERVICES**

274. The committee had received the latest Sparsholt College Services Limited (SCS) management accounts (to 30 September 2021) for information.
275. The meeting ended at 12.30 pm. Confidential items were discussed and are recorded separately.