

**SPARSHOLT COLLEGE HAMPSHIRE  
MINUTES OF THE MEETING OF THE  
RESOURCES COMMITTEE  
held on 17 March 2022 at 09:30  
at Sparsholt College**

**<sup>1</sup>PRESENT** M Coombes (C); J Emm (SCS S) (minutes 17 to 92); T Floyd (E) (to minute 71); N Hopkins (E) (Chair); J Lander (E); J Milburn (P); A Neal (E)).

In attendance: S Cameron, HR Manager (minutes 30-71)  
S Grant, Deputy Principal (to minute 92)  
S Hermiston, Director of Information & Funding (minutes 24-28)  
N Heslop, Director of Finance (to minute 92)  
S Willson, Head of Corporate Governance

#### **DECLARATION OF INTERESTS**

1. Two declarations of interest were made in relation to confidential business and are recorded separately.

#### **MINUTES**

2. **Resolved** – that the minutes of the meeting held on 18 November 2021 (Parts 1 and 2) be confirmed as a correct record.
3. The committee noted that the resolutions of the committee had been implemented and that there were no matters arising not covered elsewhere on the agenda.

#### **FINANCE**

##### Management Accounts

4. The committee had received the latest College Group management accounts (to 31 January 2022) and the Director of Finance highlighted key headlines.
5. The committee noted that the end of year forecast was a surplus of £206k, £69k up on budget and reviewed the key variances year-to-date.
6. The committee discussed with the SLT the impact of staff vacancies and use of agency staff, noting that, while the student experience was being maintained, there were some challenges with the variable quality of agency staff and the impact of other members of staff on staff turnover.

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

7. The Director of Finance responded to members' questions about the accounts, including explaining the way in which management set cost centre staff budgets and accounted for savings as a central provision.
8. The committee discussed the risk of price inflation to key areas of supply and the Principal provided examples of how the farm was seeking to mitigate against the rising costs of fertilizer and pig food by making operational changes.
9. The committee reviewed the latest potential favourable and adverse variances not included in the forecast and the Deputy Principal provided an update on the potential return of summer language school business, explaining that it was unlikely that bookings would be confirmed until June.
10. The Director of Finance advised the committee that he did not anticipate major changes in the February management accounts and that he was confident that an end of year surplus would be achieved and that there were no concerns with cash flow.
11. In relation to future financial reporting, a member questioned whether the College had forward visibility of the service cost element of FRS102 pension costs in order to track the end of year forecast, acknowledging that this would not include pension valuation adjustments. The Director of Finance noted that the AON estimated service cost [*after the meeting confirmed for 21/22 to be £2.8m (£2.6m 20/21)*] was an accounting entry and not an actual cash outflow. The Director of Finance also commented that the ESFA was continuing to use EBITDA as a performance measure.

### Healthcheck Report

12. The committee had received the latest Healthcheck (key performance indicators) report (2 March 2022 issue) and raised a number of questions about the data reported.
13. In response to member's query about HE applications for 2022-23 being reported with a 'red' RAG rating despite overall numbers being up year on year at the end of January and the impact of deferrals from 2021-22, the Deputy Principal reported that the red RAG rating had also been questioned at the recent Curriculum, Employers & Marketing Requirements Committee meeting and explained the factors involved.
14. The Deputy Principal explained that she had identified two risk factors in the application numbers: a smaller proportion of applicants from the Hampshire area and lower levels of conversion to accepted offers, including at the first Offers Holder Day. It was now known that the UCAS application process had been changed this year to replace a universal deadline for accepting offers with a deadline linked to when all institutions applied to by the individual applicant had confirmed or refused an offer. The second Offers Holder Day had seen a higher rate of conversions and the College also had special activities in place to support applicants who had deferred offers. The Deputy Principal confirmed that she would therefore revise the RAG rating at this time to a prudent 'amber'.
15. The committee also discussed A Level applicants to Andover College which were lower than at the same time last year and T Floyd, Chair of the Curriculum, Employers & Marketing Requirements Committee, reported discussions which had taken place at that committee about this challenge. The Deputy Principal highlighted the range of outreach activities which continued to be undertaken with schools and the committee noted some of the challenges,

including competition from other providers and higher grades and enrolments in 2021-22. The Deputy Principal also noted that management was aware and sought to manage the risk that the higher GFE applications could include applicants to multiple providers.

16. In relation to financial health, the committee noted that the projected ESFA 2022-23 16-19 allocation and the ESFA high needs student places showed a potential improvement of £2.34m compared to 2021-22. There would be additional costs related to increased student numbers and high needs requirements, the additional 40 hours delivery per study programme, as well as due to increases in energy and other costs, but the Director of Finance anticipated a surplus budget in the region of c£400k, subject to the bottom-up budgeting process which had just commenced.

#### Banking arrangements

17. The committee had received the annual report of the Director of Finance on the College's bank loan covenants.
18. The committee noted that the latest modelling of the covenants with the three current lending banks indicated that all covenants would be met at 31 July 2022 with a level of contingency available.
19. The committee also noted that in preparation of the phasing out of LIBOR and replacement by SONIA (Sterling Overnight Index Average) at the end of 2021, the College's loan agreements with the banks had been updated to reference with SONIA or the base rate rather than LIBOR where necessary. Given that the loans with the three banks were all fixed rate/term, this was essentially an administrative exercise.

#### Financial Regulations

20. The committee had received the report of the Director of Finance proposing minor updates to the College Group Financial Regulations to bring the requirements in line with other updates to policies and procedures recently approved by the Board of Governors.
21. The Director of Finance confirmed that there were no other revisions to be recommended at this time, following the comprehensive review of the regulations in 2020, and that the regulations appeared to be operating effectively. However, the SLT was keeping the mileage allowance for expense claims under review given the steep increase in fuel costs.
22. **Resolved** – that the Board of Governors be recommended to approve the updated Financial Regulations at:
  - a) 13.4 (use of the College's Seal)
  - b) 15.1.3, 15.2.2, 15.3.2, Appendix A (gifts and hospitality)
  - c) 14.1.2 (fraud log and risk register)

#### **CURRICULUM CONTRIBUTION**

23. The committee had received the annual report of the Director of Funding & Information on the outcome of the College's curriculum contribution modelling.
24. The Director of Funding & Information set out the key adjustments to the model this year and the headline outcomes. In addition to calculating contribution based on this year's budget and student FTEs, the Director of Funding & Information explained the impact when the model had

been retested with an additional £2m of funding (in line with the projected increase for 2022-23).

25. The committee considered the findings of the contribution analysis, noting the range of factors which informed the contribution by each curriculum area and impact that either increased income and enrolments or management actions could achieve.
26. As in previous years, the model highlighted the importance of the contribution from the Sparsholt College campus (particularly Animal Management, HE and Equine) to maintain the viability of Andover College and the committee noted that, while the contribution by Andover College curriculum areas was improving, A levels remained a challenge (recognising A Level provision required a suitable range of subjects) and that the strategic aims for the campus should continue to be kept under review by the Board.
27. The Director of Funding & Information provided additional explanation in response to queries about the improvement in the contribution from Andover College alongside a decline in class sizes (due to variation in hours of study between different curriculum areas which had an impact on the allocation of staff costs and central overheads), the relevance of investment in new buildings (there was no adjustment to specific curriculum areas for depreciation on new buildings), and the impact of the introduction of T Levels (which was expected to be positive for Andover College, providing class sizes were sufficient, because study hours would be higher).
28. The committee recognised the thoroughness of the modelling and its value in informing decisions about the curriculum offer and delivery, financial planning and value for money. It was noted that the report was also received by the Curriculum, Employers & Market Requirements Committee to inform its review of the three-year curriculum plan. The committee was assured that the curriculum contribution modelling informed further investigation by management and planning of staff and resources costs.

## **HUMAN RESOURCES**

29. The committee had received the report of the Principal and Human Resources Manager updating on Human Resources (HR) matters, including the annual Gender Pay Gap report.

### Recruitment

30. The committee considered updates and proposals in relation to staff recruitment matters, noting with reference to recent AoC reports on staff vacancies and colleges staffing challenges that recruitment was a challenge across the sector.
31. The committee discussed the recruitment challenges in some detail, noting that competing on remuneration levels with other sectors and the higher demand for Learning Support Assistants (LSAs) were particular challenges, as well as the fact that the increase in National Insurance and price inflation would have an impact on members of staff, and discussed a range of ways to attract and support staff.
32. The HR Manager explained the proposed introduction of a Staff Recruitment Incentive Scheme to reward staff for assisting with attracting successful applicants, subject to the terms of the scheme.

33. The Chair noted that the SCS Board of Directors had reviewed the proposed scheme and was content that it also be applied to SCS employees once approved of the Board of Governors.
34. **Resolved:** that, subject to finalisation following consultation with the ICE Group, the Board of Governors be recommended to approve the introduction of the new Staff Recruitment Incentive Scheme on the basis that the SLT agree and report to the committee annually the amount payable to members of staff under the scheme.
35. The committee noted the actions being taken to streamline recruitment processes and reviewed the proposals for revising the College Group apprenticeship remuneration structure.
36. The committee reviewed the proposed changes to remuneration of apprenticeships which sought to address challenges in recruiting apprentices to work at the College. The proposed new model was founded on the College's existing pay structure and intended to be straightforward to explain to applicants.
37. **Resolved** – that the Board of Governors be recommended to approve a new remuneration structure for apprenticeships to be based on applying a percentage multiplier (under 100%) to the rate for an equivalent permanent staff role, with authority delegated to the Principal to determine the percentage of the relevant hourly rate to be paid in year 1 and year 2 at the point of the apprenticeship being advertised.
38. The committee noted that the College Group's participation in the Government's now closed Kickstart Scheme had resulted in six placements, 3 of whom had so far been offered permanent positions and one had moved on to an apprenticeship programme.
39. The committee considered the update on the application of market supplements and proposals to increase the limits to payments to give management the ability to respond to the competitive job market in the coming months. The Principal reported that the number of market supplements agreed was currently 38, out of a total limit of 40, across the College Group.
40. Responding to a members' questions, it was confirmed that this equated to less than 10% of College Group staff and that, where a market supplement was assessed as potentially necessary, posts were advertised with market supplements available for exceptional applicants.
41. The SCS Board had agreed the proposals, subject to approval by the Board of Governors.
42. **Resolved** – that the Board of Governors be recommended to approve that the number of market supplements the Principal & SCS Chief Executive had authority to approve be increased from 40 to 50 posts and that the total maximum yearly spend by the College Group on market supplements be increased from £150k to £200k per annum, with the proviso that the maximum value for any individual market supplement remained £7.5k per annum per post.

#### Retention and resilience

43. The committee noted the review undertaken by the SLT of job evaluation schemes and discussed the proposal to proceed with moving to the detailed planning state of implementing a job evaluation scheme for the College Group.
44. Members sought further information about the proposals to assure the committee that the job evaluation exercise would be in the overall interests of the college, discussing with SLT

members and the HR Manager the reasons for recommending the job evaluation scheme at this time and the mitigation of potential risks in relation to staff retention and remuneration. It was noted that there would be some upfront work to ensure that all job descriptions were up-to-date and that the consultants would be engaged to conduct the job evaluations and to train some key staff to undertake job evaluations of new posts in the future. It was also noted that the process would need to be thoughtfully communicated to staff, including defining any parameters in relation to remuneration. The next stage would be the detailed planning and staff consultation, and this would inform the timetable for implementation. Once the jobs had been re-evaluated and any adjustments made in relation to internal comparators, this would enable the College to conduct more informed comparisons with market data when reviewing staff remuneration.

- 45. In relation to financial forecasting, the impact of any changes as a result of the job re-evaluation would not take place before 2022-23 and may fall into 2023-24.
- 46. Members acknowledged the drivers for implementing a formalised job evaluation scheme and were reassured that the SLT recognised the potential risks, including in relation to budgeting implications.
- 47. **Resolved** – that the Board of Governors be recommend to endorse the SLT’s proposal that the College Group implements the Further Education Development and Role Analysis (FEDRA) job evaluation scheme provided by Educational Competencies Consortium Ltd (ECC).
- 48. The committee reviewed proposals to revise the notice periods for certain categories of new members of staff, which had also been reviewed and agreed where relevant by the SCS Board. Members noted that an increase from one to two months, rather than to three months, was being recommended so as not to be significantly out of line with other employers and have a negative impact on recruitment as a result. The HR Manager also clarified that the notice periods applied after probation has been successfully completed.
- 49. **Resolved** – that, subject to consultation with the ICE Group and appropriate trade unions, the Board of Governors be recommended to approve that notice periods for new staff in specific College Groups staffing groups be revised as follows:

| Staff Group  | Current notice period | Proposed revised notice period   |
|--|-----------------------|--|
| Non-academic facing business support staff on Scale 6 or below   | 1 Month               | 2 Months   |
| Academic Managers and Academic Related Business Support Managers | 3 months              | 3 months expiring at the end of an academic term. (For the purposes of notice, the Spring term ending on 30 April, Summer term ending on 31 July, and the Autumn term ending on 31 December. |

- 50. The committee noted that the College was leading an employer sabbatical project funded by the Department for Education Skills Accelerator with a consortium of other FE colleges and that twenty-four members of academic staff would undertake an industry placement for up to ten day. The learning from the placement would inform review of the curriculum content and learning materials.

### Employment law/ statutory updates

51. The committee noted several updates, including in relation to National Insurance contributions and the Government’s consultation on reforms to the Flexible Working Regulations 2014.

### Wellbeing

52. The committee noted the latest updates on the College’s respond to changes of Government policy and guidance under its ‘Living with Covid’ strategies. The SLT continued to have in place a College Group wide Covid-19 risk assessment which was regularly reviewed. Responding to a member’s question, the Principal confirmed the College had sufficient supplies of test kits for staff if needed.
53. The committee noted the summary of results from the latest mental wellbeing survey which had been conducted in November and December and enabled management to plan and assess actions to support staff’s wellbeing. The response rate had been c60%. There were no headline issues identified and the full results were due to be reviewed by the ICE Group and the Health & Wellbeing Working Group.
54. Responding to a member’s observation that 60% of staff overall had agreed that they felt useful often or all of the time, meaning 40% did not, the HR Manager explained for assurance that this survey was about the individual’s feelings about life in general, not just their working experience, and did not include those who had confirmed that they felt useful some of the time.
55. The committee noted that the main annual staff survey was planned to be undertaken in June, using the same questions as the 2021 survey.
56. They noted the summary of social and leisure activities offered to staff via the relaunched Staff Association.
57. The committee noted the guidance which had been issued to staff and managers in relation to the conflict in the Ukraine.

### Gender Pay Gap

58. The committee considered the results of the Gender Pay Gap reporting and noted that the College report would be published on the College website by the statutory deadline.
59. The HR Manager highlighted that both the College and SCS continued to maintain better Gender Pay Gap outcomes than the sector and the ONS national data. The only downward movement since 2021 had been the median gender pay gap for College management staff but this tended to fluctuate due to the small number of managers and changes to gender in some posts. The HR Manager confirmed that no underlying discrimination or other issues had been identified requiring further investigation.

### Informing and consulting employees

60. The committee received proposals for additional SLT representatives on the ICE Group so that management representatives were able to answer a wider range of detailed queries during the meeting.

61. **Resolved** – that the Board of Governors be recommended that the management representatives on the ICE Group be expanded to include the Vice Principals Curriculum (for Sparsholt and Andover).

#### E-Safety & Digital Communications Policy (Staff)

62. The committee had received the proposed revisions to the E-Safety & Digital Communication Policy (Staff), together with a cover report from the Vice Principal Curriculum (Andover), and the Principal outlined two further clarifications which would ensure consistency with updates agreed to the student version of the policy which had been reviewed by the Quality & Standards Committee.
63. Asked whether there was a policy in place to set out similar requirements for governors in relation to protection the reputation of the College, the Head of Corporate Governance explained that the Code of Conduct for Governors and Co-opted Committee set out a general duty to promote and protect the reputation of the College and undertook to review if further measures were required.
64. **Resolved** – that the Board of Governors be recommended to approve the E-Safety and Digital Communications Policy (Staff).

#### **PENSIONS**

65. The committee had received the annual report of the Director of Finance and HR Manager on the College Group's pension schemes and Local Government Pension Scheme (LGPS) Discretions Policy.
66. It was noted that the employer's contribution rate for the LGPS increased to 21.8% from April 2020 and would continue at this level until the rates were reviewed again in March 2023. In the meantime, the Hampshire Pension Fund had confirmed in February that the College had maintained its 'low risk' classification from the 2019 review which the committee commended.
67. The employer contribution rate for the Teachers' Pension Scheme (TPS) was still fixed at 23.68% until April 2024 and the Department for Education had confirmed an increased grant for 2022/23 to cover the rate rise from 2019. There was no confirmation of a grant for colleges beyond 2022/23 and therefore the Director of Finance explained the grant was therefore not being included in high level annual forecasts after this period, although it was thought unlikely the policy would change before the next rate review in September 2024.
68. The committee noted that SCS's employer contribution rate for the NEST scheme remained at 5% and that SCS's first pension auto-enrolment process was planned to take place in May 2022. The committee endorsed encouraging staff not to opt out of the pension scheme and the HR Manager provided assurance about the planned communications.
69. The committee noted that the estimated savings achieved by the College Group since 2019 through the introduction of an alternative to LGPS for new starters to SCS were slightly below the original projections but were on a trajectory to save £240k per annum by year four which was a worthwhile contribution to the financial health of the College.
70. Reviewing the LGPS Discretions Policy, a member queried the reason why the approvals procedure for the discretion in relation to flexible retirement arrangements differed from that of the procedure for agreeing the other discretions. The Principal and HR Manager undertook to review this outside of the meeting and report to the Board of Governors.



71. **Resolved** - that the Board of Governors be recommended to approve the LGPS Discretions Policy be approved without amendment, subject to clarification to the Board of the query at minute 70.

*[Addendum: the approval of flexible retirement arrangements was judged by the Principal and HR Manager to be appropriate to delegate to the Principal because there was no direct financial impact on the College from flexible retirement, unlike the other LGPS discretions. The impact would be operational and the factors to consider were consistent with normal management decision-making.]*

## **PROPERTY & SUSTAINABILITY**

### Property Strategy

72. The committee had received the report of the Principal on progress with delivering the Property Strategy 2021-22 to 2026-27.
73. The Principal reported that the four bids to the T Level Capital Fund had been submitted by the deadline 11 March 2022, following approval to submit by the Board at a special meeting on 4 March 2022. The project costs submitted to the DfE were the same as those set out in the report to the committee and the total College match funding from cash reserves was within the upper limit set by the Board and would not deteriorate the College's key financial health measures. The costs for the land-based T level project included both the new dairy facilities and conversion of the old dairy building into an agri-tech centre, including a wet lab and a technology classroom.
74. Responding to a member's query, the Principal confirmed that the T Level Capital Fund requirements allowed for the College's match funding to be over 50%.
75. The committee noted the update on the redevelopment of the Andover College campus and progress of the Andover Town Centre project.
76. The committee also noted the confirmation that the Animal Health and Welfare Centre had been handed over by the contractors, with majority of the snagging works completed. At this point, there was a project underspend of £18k but it was anticipated that these monies would be required to resolve any final snagging identified now that the centre was in operational use.
77. The committee noted the progress report on a number of small works capital projects funded via the annual capital expenditure allocation which provided enhanced residential, learning and wellbeing facilities to support the student experience.

### Sustainability

78. The committee had received the report of the Principal on progress with the Sustainability Strategy and Climate Action Roadmap, including information about the DfE's draft strategy on 'Sustainability and Climate Change'.
79. The committee noted the progress on planned sustainability actions and environmental improvements in 2021/22. The Principal also highlighted consideration being given to more use of sustainable energy sources, including battery storage of solar panel energy, installation of air sourced heat pumps and potential for installing wind turbines. The College had also recently received enquiries about the planning in place for an anaerobic digester.

80. The committee endorsed the Principal’s proposal to replace reporting on progress with the Climate Action Roadmap with reporting on the key action areas set out in the DfE strategy, once published, noting that many of the Climate Action Roadmap initiatives had been achieved and that the remaining key areas of activity would be captured within the new reporting.

#### **SPARSHOLT COLLEGE SERVICES**

81. The committee had received the latest Sparsholt College Services Limited (SCS) management accounts (to 31 January 2022) for information.
82. The meeting ended at 12:30. Confidential items were discussed and are recorded separately.