

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

¹PRESENT J Emm (SCS S) (to minute 243); T Floyd (E); N Hopkins (E) (Chair); J Lander (E); J Milburn (P); A Neal (E); P Jordan (E).

In attendance: S Cameron, HR Manager (minutes 211-232 & 236-248)
S Evans, Finance Manager (to minute 243)
S Grant, Deputy Principal
N Heslop, Director of Finance
J Payne, Director of Estates (minutes 197-218)
S Willson, Head of Corporate Governance

MEMBERSHIP

163. It was noted that M Coombes had completed his term of office as a co-opted member of the committee and the Chair recorded the gratitude of the College to M Coombes for his substantial contribution to the College's governance over a number of years.

DECLARATION OF INTERESTS

164. J Lander drew the attention of the committee in relation to property matters to his previously declared interest that his daughter-in-law was a non-executive board member of the Office for Students.
165. J Emm drew the attention of the committee to the relevance of proposals in the HR Report to members of her team.
166. In relation to consideration of the College Group Annual Report and Financial Statements, the College Group register of interests recorded that N Hopkins, J Milburn and A Neal were directors of one or more of the College's subsidiary companies.
167. There were no actions required as a result and no other interests to declare.

MINUTES

168. **Resolved** – that the minutes of the meeting held on 16 June 2022 (Parts 1 and 2) be confirmed as a correct record.
169. The committee had approved by written resolution on 6 July 2022 a tender waiver of £150k for IT related equipment from supplier, Dell, under the authority delegated to the committee in the Financial Regulations. The details had not been available at the time the Tender Waivers report was presented to the committee on 16 June. A summary of the key supporting reasons

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

was provided and it was noted that some of the costs related to equipment for delivering T Levels.

170. Property (minutes 147 & 149/22): The Principal reported to the committee that the bid to the Office for Students (OfS) capital fund for £3.95m to build an HE facility had been successful. The OfS had requested that the outcome was kept confidential within the College until announced by the OfS, but the first payment had been received by the College. Management had submitted an application to the EM3 Local Enterprise Partnership (LEP) for further funding of £1.5m for the project. [*Minute confidential until OfS announcement.*]
171. The Principal reported that Test Valley Borough Council had confirmed a £200k contribution to demolition costs associated with expansion of the Andover College Technology & Skills Centre, as part of the council's levelling up monies from UK Shared Prosperity Fund.
172. The committee noted that the other resolutions of the committee had been implemented and that there were no matters arising not covered elsewhere on the agenda.

HEALTHCHECK REPORT

173. It was noted that the latest Healthcheck report (2022-07) had been issued to governors via email and would be on the agenda at the December Board of Governors meeting.
174. The Principal explained that the report included new data on T Level recruitment and that the reporting of Health & Safety data had been revised to differentiate falls from horses between 'near misses' and 'accidents' to enable clearer monitoring.

FINANCE

Management Accounts

175. The committee had received the latest College Group management accounts (to 30 September 2022).
176. The Director of Finance highlighted key headlines from the management accounts, explaining variations and sensitivities at this point of the financial year. The key balance sheet and other ratios continued to be met.
177. The Director of Finance also explained that the cash flow forecast was indicative given that the capital project costs were being finalised and there were likely to be inflationary pressures on construction costs. To assist with monitoring, future management accounts would track cash from grants for capital projects.
178. Responding to questions, the Director of Finance confirmed that £100k was held for operational capital contingency and explained variations in the planned operational capital spend in response to changing operational priorities.
179. The Director of Finance provided an update on banking arrangements, noting that the College had opened a 35-day notice interest account with Nationwide and was exploring a higher interest account with Handelsbanken.
180. The committee discussed the opportunities available in the current banking market for gaining interest on cash holdings and endorsed the modelling of options to commit some cash for a longer period to gain a higher interest rate. It was noted that the current

constraints defined in the Financial Regulations included investing for a period of up to 12 months and a maximum deposit of £5m with any one organisation. It was suggested that the banking arrangements be summarised in the management accounts.

181. The committee noted that the management accounts continued to track the cash realised from the sale of properties some years previously; the tracking having provided assurance to the Board that the cash was used to fund the development of the estate, for example for match-funding. The Director of Finance undertook to look at allocating the amount remaining to one of the new capital projects.
182. The Director of Finance reported that he was working with a number of energy advisers to identify the best electricity contract option to select in the interests of the College's financial health when the current contract ended in December.

ESFA Financial Dashboard

183. The committee noted the confirmation from the ESFA of the latest financial health grades for the College based on the College Financial Forecasting Return (CFFR) 2022-2024: Outstanding for 2021-22 and Outstanding for 2022-23. The latest ESFA's 'college governing body financial dashboard' would be presented to the Board when available.
184. The Director of Finance reported that the ESFA was reviewing the financial health assessment criteria and that having bank loans would be likely to lower the rating in the future.

Annual Report and Financial Statements

185. 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 2022.
186. The Director of Finance explained that there were some minor changes to be made and that the 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.
187. The Director of Finance reported that Buzzacott had presented the auditor's Post-audit Management Report to the Audit Committee and expected to give an unqualified audit opinion.
188. The Chair of Governors confirmed that the Chair of the Audit Committee had written to him to confirm the committee had been satisfied with the auditor's report and would be recommending approval of the Annual Report and Financial Statements to the Board.
189. The committee noted the new reporting requirement in relation transactions involving wholly owned subsidiary companies and discussed the Local Government Pension Scheme actuarial assumptions, noting that the auditors had requested that the medium-term assumptions regarding inflation be updated.
190. Responding to members' questions, the Director of Finance explained the reporting of staff costs in note 7 of the Financial Statements and confirmed that additional text would be added to provide context about changes to SLT post holders during the year.

191. In addition to the assurance provided by the ESFA financial health grades, the committee noted that the bank loan covenants for 2021-22 had been tested internally and by the auditors and there were no breaches. A summary of going concern matters would be presented to the Board.
192. **Resolved** – that the Board of Governors be recommended to approve the Annual Report and Financial Statements for the year ended 31 July 2022, with the updates as reported at the Audit and Resources committee meetings.

CAPITAL EXPENDITURE

193. The committee had received the report of the Director of Finance and Finance Manager giving a statement of capital expenditure in 2021-22, in order to demonstrate the impact of the spend and the procedures used to obtain best value for money in the acquisition of assets.
194. It was noted that there had been some movement in capital spend between financial years due to timing and resources constraints for completing some projects. These were detailed in the report.
195. The committee also noted the update on the spend on the Animal Health & Welfare Centre capital project and the delay caused to completion of defects due to the main contractor entering administration. The new, significantly improved facilities were now in use by students and offered an enhanced student experience and opportunities for HE research.
196. Responding to a member's question, the Deputy Principal explained the capital funding from the OfS and the Finance Manager gave examples of how the funds had been spent to support HE provision.

PROPERTY & SUSTAINABILITY

Property Strategy

197. The committee had received the report of the Principal on progress with delivering the Property Strategy 2021-22 to 2026-27. The delivery of the T levels capital projects was covered under a separate report.
198. The Principal highlighted key points from the report in relation to the priorities for each of the Sparsholt and Andover campuses, noting the balanced approach to investing to support the student experience at Andover in the context of the ambition for future redevelopment of the campus.
199. An update on the funding of a new HE building on the Sparsholt campus had been noted earlier in the meeting. The Principal confirmed that there was no match funding requirement from the College.
200. The committee noted the update on the development of 16+ SEND provision in the form of an independent hub aimed at students with more complex needs from September 2023, supported by a £550k grant from Hampshire County Council (HCC).
201. The committee also noted the progress report on small work capital projects funded by the annual capital expenditure allocation.

Major Capital Expenditure

202. The committee had received the report of the Principal and Director of Estates updating on delivery of major capital projects. The figure at 1.2 and 3.2 of the report was corrected to £2,413k.
203. Members recognised the significant capital projects programme and sought assurance about the leadership and project management resources in place to deliver the programme successfully.
204. The Director of Estates outlined his areas of expertise and responsibility and summarised the project management structure, including the role of Fusion Project Management and the approach which had been taken to appointing the design team and bringing in specialist expertise as required. The Director of Estates also highlighted the identification of critical paths for each project and gave examples of some of key milestones.
205. Members sought further information about milestone activities, discussing the planning process and timeframe. It was recognised that some timescales were tight, and the Director of Estates confirmed that critical paths were being kept under review and contingency planning was taking place.
206. The Director of Estates summarised progress in each area and explained the selection of contractors which were familiar with the campuses/buildings and the benefit of Fusion’s knowledge of delivering T Level facilities for other colleges.
207. Responding to a members’ questions about the level of risk in the supply chain and the timings for confirmation of tender costs, the Director of Estates confirmed that this was being monitored closely and tested with suppliers. The levels of risk varied and alternative supplies were being sought where relevant.
208. The Director of Finance provided the project start dates at which points the designs would be completed and the tenders returned, noting that the costs at this point would have a level of contingency:
 - a. Andover Digital and Nursing classroom refit - February 2023
 - b. Sparsholt New Dairy - March 2023
 - c. Andover Future Skills Building Extension - April 2023
 - d. Sparsholt Beef Barn - May 2023
 - e. Sparsholt Agricultural Lab refurbishment - August 2023
209. It was noted that that regular reports were being provided to the Department for Education in line with the T Level capital grant conditions, as well as monthly to the SLT.
210. The Finance Manager explained that management tracked allocation of costs relating to the T Levels facilities between the T Levels specialist equipment allocation and the T Levels capital grants.
211. The committee noted the report of overall good progress across the projects with the current focus on ensuring that engagement with all stakeholders was achieved and that projects could be completed within the projected timescale and on budget.
212. It was noted the new HE building was a two-year project and that reporting would follow to the committee as this project progressed.

Sustainability

213. The committee had received the report of the Principal on progress with the Sustainability Strategy for reaching net-zero emissions for scope 1 and 2 by 2030, including the annual Streamlined Energy and Carbon Reporting (SECR) and utilities data monitoring.
214. The Principal highlighted that progress was reported against the DfE's key action areas in the DfE Sustainability and Climate Change Strategy and gave examples from the RAG rated action plan.
215. Members discussed a range of points, including aims for electric vehicle charging points for staff on campus and benefits achieved through the installation of LED lighting. Projected annual savings from 1,208,658 kwh to 222,934 kwh gave an efficiency reduction of 82% for lighting.
216. The Director of Estates summarised the SECR and utilities data monitoring outcomes, noting the trends and explaining that there would be benefits in the future to enhancing the current building management systems to provide more detailed live monitoring of energy usage and differentiate of controls between buildings.
217. Members discussed the particular challenges presented by a 24/7 all year-round land-based campus operation and examples of actions under review to further reduce energy usage, such as installation of solar energy battery storage and the addition of new solar panels on new buildings.
218. The Principal provided an update on approaches from a number of organisations interested in developing anaerobic digester facilities on the Sparsholt campus. Discussions were exploratory at this stage.

HUMAN RESOURCES

219. The committee had received the report of the Principal and Human Resources Manager updating on Human Resources (HR) matters, including staff remuneration and HR policy.
220. The Principal provided an update on considerations for the staff pay award for 2022-23 and the committee agreed the SLT's approach to consultation, noting that an update would follow to the Board.
221. It was noted that the proposals for adjusting salary scales to meet National Minimum Wage rates would require further review in the context of the staff pay award consultation and the uplift to National Minimum Wage rates announced from April 2023.
222. The committee noted the update on strike action co-ordinated by the UCE between 18-20 October 2022.
223. The committee reviewed a comprehensive summary of the results of the 2022 staff survey, including the benchmarking with other colleges and noting the results had been shared with the ICE Group. Members sought further information about feedback from teams in specific areas and the actions arising, and were assured by the commitment of SLT members to use the survey results productively to listen to staff, identify where improvements could be made, and track progress. It was also noted that the annual staff mental wellbeing survey would be conducted shortly.
224. The HR Manager highlighted the update on staff resourcing and some of the activities and interventions undertaken to recruit new staff.

225. Following a suggestion from a governor, the HR Manager had undertaken some initial research into whether arrangements for teaching staff could provide a form of salary pension swap, as available in some other sectors, in order to support recruitment. Members noted potential benefits but also cautioned that careful consideration would need to be given to the potential impact on other salary and pension arrangements in the College Group, the understanding and perceptions of staff, legal duties and other risks. The committee agreed that some further investigation was merited when management time was available.
226. The HR manager also reported options for additional benefits which could be considered to assist with attracting and retaining staff and the committee also supported further research and modelling of these.
227. The committee noted the new requirements of the Keeping Children Safe in Education (KCSIE) statutory guidance in relation to safe recruitment and the undertaking of online searches for shortlisted candidates. The HR Manager explained what this would entail and confirmed that the new requirement would be added to the information provided by the College to candidates.
228. A member suggested that the Staff Recruitment Policy also be updated to include reference to assistance for disabled people.
229. **Resolved** – that the Board of Governors be recommended to approve the Staff Recruitment Policy with the updates discussed, subject to consultation with the ICE Group.
230. The committee noted the report of the actions undertaken by management following the Harpur Trust vs Brazel Supreme Court judgement in relation to staff engaged on less than 52-week arrangements and sessional/casual staff. There were a number of complexities arising from the ruling for colleges employing sessional staff and the HR Manager was exploring payroll mechanism to enable calculation and payment of holiday pay.
231. The committee also noted the financial planning arrangements put in place in preparation for, and arising from, the judgement.
232. **Resolved** – to recommend to the Board that the holiday payment calculation for less than 52-week members of staff be based on the same annual leave entitlement which a full year member of staff would receive.
233. The committee noted the briefing on the Retained EU law (Revocation and Reform) Bill currently progressing through Parliament which could result in significant changes to employment law.

SPARSHOLT COLLEGE SERVICES

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