

**SPARSHOLT COLLEGE HAMPSHIRE
MINUTES OF THE MEETING OF THE
RESOURCES COMMITTEE
held on 16 March 2023 at 09:30
at Sparsholt College**

¹PRESENT J Emm (SCS S)²; 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 41 to 61)
S Grant, Deputy Principal
S Hermiston, Director of Information & Funding (minutes 28 to 34)
N Heslop, Director of Finance
S Willson, Head of Corporate Governance

DECLARATION OF INTERESTS

1. The College Group register of interests records that N Hopkins, J Milburn and A Neal are directors of one or more of the College's subsidiary companies.
2. There were no new interests to declare.

MINUTES

3. **Resolved** – that the minutes of the meeting held on 17 November 2022 (Parts 1 and 2) be confirmed as a correct record.
4. The committee agreed the record of a written resolution by the committee on 8 January 2023 in relation to the purchase of learning materials on behalf of the partnership consortium of nine Hampshire and Surrey colleges as part of the Strategic Development Fund (SDF) project to deliver green skills. The committee approved a £176,300 spent with LJ Create to procure learning materials for the delivery of hybrid and electric vehicles training. The supplier was selected after a procurement process involving the consortium of colleges and the monies were funded by the SDF project.
5. 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.

FINANCE

Management Accounts

6. The committee had received the latest College Group management accounts (to 31 January 2023).

¹ (E) = External; (SCS S) = Sparsholt College Services Ltd Staff; P = Principal

² Attended via online videoconference

7. The Director of Finance highlighted key points in the management accounts, explaining the key variances in relation to income and expenditure.
8. Members raised a number of queries and received additional information and assurance in relation to staff costs, including numbers of vacancies and use of agency staff. The Principal gave examples of the approaches taken to ensure that curriculum delivery and the learner experience were protected in areas with vacancies.
9. The Principal reported on the restructure of the English and Maths team in order to address challenges around retention and recruitment and to support the continuing drive to improve student outcomes. However, it was noted that there was a shortage of English and Maths teachers in education generally, with competition from schools. It was also noted that the extension of the Government's Tuition Fund for schools and colleges would sustain ongoing demand for teachers.
10. Responding to a member's question about the financial outlook for 2023-24, the Director of Finance explained that the budgeting process was underway and that achieving a surplus budget would be very challenging due to very high increases in energy costs, the impact on FE and HE funding from the recruitment numbers in 2022-23, the withdrawal of Industry Work Placement funding and the deferral of T Levels in animal care. Variability of student transport costs was also a factor.
11. The Principal reported that she had raised the impact of the DfE deferring the commencement of some T Levels, which would result in a significant reduction in previously forecasts income for 2023-24, and the withdrawal of the Industry Work Placement with the ESFA.
12. Given the pressures on the overall budget for 2023-24, a member stated a strong preference for constraining the capital expenditure budget in order to seek to preserve the College's cash reserves and, if possible, to plan to increase cash reserves for future investment. The committee noted that the budget would be presented in June, with information about the forecast for 2024-25 and that confirmation of enrolments in the Autumn would also be important to inform the financial planning.
13. The Deputy Principal reported the introduction of a new Local Skills Improvement Fund, which followed on from the SDF and would be linked to the Local Skills Improvement Plan (LSIP). The fund was anticipated to provide a mix of capital and revenue grant over two years. The Deputy Principal also reported the possible reallocation of funding through the SDF for a ground source heat pump at another college to be reallocated to the College subject to relevant approvals.

Healthcheck Report

14. The committee had received and reviewed the latest College Group Healthcheck Report (2023-02).
15. The committee noted the updates on positive FE applications for 2023-24 which would impact on the budget for 2024-25.

Banking

16. The committee had received the annual assurance report of the Director of Finance on banking arrangements, including loans and covenants.
17. The committee noted that, following ONS reclassification, colleges (and their subsidiaries) were now part of the public sector. As a result there were new requirements to meet Managing Public Money (MPM) rules relating to any new amendments to existing private sector borrowing facilities or future private sector borrowing. A DfE consent process was being introduced to ensure MPM compliance by colleges in the above scenarios but it was not anticipated the colleges would be permitted to use private bank loans in the future. There were no changes required to the College's current arrangements.
18. The Director of Finance reported that colleges had been asked to confirm whether they had been in the process of arranging bank loans and that he had taken the opportunity to put in writing to the ESFA that future investment would likely be required because of the nature and condition of the College's estate.
19. The committee noted that the indications were that all eight covenants would be met at 31 July 2023 and were assured that the monitoring of covenants was a key task which the Director of Finance, Finance Manager and Principal routinely undertook.
20. The Director of Finance reported an urgent approval which had been requested from the Chair of Governors because of confirmation received of c£3m of monies from the T Levels Specialist Equipment Allocation (SEA) to be paid in March. The level of the payment would lead to the College exceeding the maximum threshold of college funds to be held in a single bank, as set out in the Financial Regulations. The Chair of Governors had approved the exceeding of the threshold in the short-term while the SEA monies were spent.
21. The Director of Finance explained that the monies would be placed into the 35 day notice account with Nationwide to maximise bank interest in the short term. This took into account the low risk rating of Nationwide and the length of time it would take to set up an account with a new bank.
22. It was also noted that the College banked with Handelsbanken and was seeking a higher interest rate which, if achievable, would give the option of moving more monies to the Handelsbanken account.

Financial Regulations

23. The committee had received the report of the Director of Finance on the annual review of the College Group Financial Regulations which proposed a number of updates to the Financial Regulations to reflect the ONS reclassification of colleges and to adjust some of the financial limits and authorities to reflect the rise in the cost of goods and supplies. There was also a revision proposed to clarify the requirement when the College was purchasing on behalf of a group of colleges, as in a recent example linked to the SDF.
24. Members sought additional information for clarity on a number of points, including discussing the new DfE approval requirement in relation to transactions considered 'novel, contentious or repercussive'.

25. **Resolved** – that the Board of Governors be recommended to approve the updated College Group Financial Regulations and to delegate authority to the Director of Finance to align the mileage rates with any future updates by HMRC.
26. Asked by the SCS Staff Governor about the communication of the Financial Regulations, the Director of Finance confirmed that, once the updates were approved by the Board, he would send an 'all staff' email to highlight key changes and requirements and the Financial Regulations were available on the staff intranet site and included in staff induction.
27. The Director Finance explained that the DfE had confirmed it would implement a new College Financial Handbook which would explain the actions colleges must take to comply with Managing Public Money and other public sector guidance. It was hoped that the handbook would clarify the new financial controls to which colleges would be subject and the levels of independence that colleges would have under the new classification. The draft handbook would be published for consultation in Autumn 2023, with a final draft to be published in March 2024 ahead of the handbook becoming effective in August 2024.

Curriculum Contribution

28. The committee had received the annual report of the Director of Information & Funding on the College's curriculum contribution model.
29. The Director of Information & Funding set out the key adjustments to the model this year, including in relation to the allocation of central costs.
30. The committee noted that there had been an improvement in the contribution of the Andover campus and a decline in the contribution of the Sparsholt campus, but overall the Andover campus continued to make an overall negative contribution with class sizes being a significant factor. Sparsholt benefited from the higher levels of funding for land-based provision and the location of HE on the Sparsholt campus, although the negative impact of the increase in energy costs also had more impact on the Sparsholt campus.
31. The committee also noted the analysis of contribution by area of learning and the underlying factors.
32. The Principal explained that the SLT's analysis of strategic options for the Andover offer, which had been presented at the Governors' Seminar in January, had informed further work by management in relation to curriculum and staffing planning. The curriculum plan proposals had been presented to and endorsed by the Curriculum, Skills & Stakeholders Committee.
33. The committee welcomed the thoroughness of the curriculum contribution model and endorsed management's approach of continuing to improve efficiency through an aligned strategy of income growth, increased class sizes, reduction in direct costs and reduction in central costs.
34. It was noted that the College's curriculum contribution model had been used as an example in the guide to effective curriculum planning published by the DfE in January.

FE Bursaries and Fees

35. The committee had received the report of the Deputy Principal on FE bursary and support arrangements for the academic year 2023-24.

36. The Deputy Principal summarised the proposals, explaining the reasons for raising the bursary threshold for eligible 16-18 and 19+ FE students in recognition of the location and nature of the College and the wider economic situation. The bursary threshold for HE students was not proposed to be increased as this was not affordable but additional bursary awards would be allocated to eligible HE students in Access & Participation Plan target groups.
37. The Deputy Principal explained the proposals in relation to transport fees and residential fees, which reflected increases to costs to the College and followed careful consideration of market comparators, affordability and bursary support.
38. In relation to the proposed charge of the actual cost of a place on a campus bus to the bursary fund for FE students receiving full bursary (and opting to use their bursary on College arranged transport), the Deputy Principal explained that it had been carefully considered whether this was consistent with the ESFA's bursary funding guidance, given this was a new approach for the College. Verbal confirmation had been received from the ESFA and the Deputy Principal was also seeking written confirmation from the ESFA via the College's internal auditors.
39. Members sought clarifications in a number of areas, including the proportion of College income from bursary funding and the financial impact of the proposals. It was noted that there was an estimated overall net benefit of c£70k from the changes and that it would be difficult to increase the FE bursary threshold any further as it was already at the high end for the sector.
40. **Resolved** – that the Board of Governors be recommended to approve the FE bursary and support arrangements:
 - a) An increase in bursary thresholds for FE learners to £35,000
 - b) Charging the actual cost of a place on a campus bus to the bursary fund for FE students receiving full bursary (and opting to use their bursary on College arranged transport), subject to confirmation from the ESFA that this was consistent with the bursary funding rules.
 - c) A flat increase of £40 per person for those using a College arranged campus bus
 - d) An increase of 5% to accommodation and meal plan costs for 2023/2024.

HUMAN RESOURCES

Human Resources

41. The committee had received the report of the Principal and Human Resources Manager updating on Human Resources (HR) matters.
42. The committee noted the staff recruitment challenges which the College continued to face in common with the wider FE sector and the latest information on vacancies.
43. The committee considered the report of the strike action in January and the latest information about the response from unions to the pay award proposals and the next steps in the process.
44. The committee noted the increases in the National Living Wage and the National Minimum Wage in April 2023 and confirmation that the College Group's pay scales would comply with the statutory minimum rates.

45. The committee noted the summary of forthcoming expected changes to employment law and that College Group policies would be reviewed as necessary. It was also noted that, as a result of the implications of the Harpur Trust v Brazel Supreme Court decision, the Government had undertaken a consultation exercise on the calculation of holiday entitlement for part-year and irregular hours workers and management was awaiting the outcome before reviewing if the College needed to take any further actions.
46. The committee reviewed the results of the Staff Mental wellbeing survey which was run annually as part of the Health & Wellbeing Strategy action plan. The committee noted the results would be discussed with the ICE Group and the Health & Wellbeing Working Group to inform management actions.
47. The committee reviewed the latest Gender Pay Gap report for the College and the analysis of the data for the College and Sparsholt College Services Limited (SCS). It was noted that the College's Gender Pay Gap data compared favourably with the overall average of other education institutions in the sector and with national data estimated by the ONS. The Wellbeing Committee had reviewed the data and had not identified any underlying gender pay issues which required further investigation or actions. It was noted the College and SCS reports would be published on the College website.
48. The committee discussed the recommendation of the SLT to revisions to the notice period for new academic staff or staff promoted to a Curriculum Leader or a related role so that lecturing staff were required to give a minimum of three months' notice in respect of all three terms to enable the timely recruitment of new staff. It was noted that it was an existing restriction that academic staff were only able to leave at the end of a full term.
49. **Resolved** – that the Board of Governors be recommended to approve that the notice period which new academic staff or promoted academic staff need to provide be a minimum of 3 months' written notice, subject to consultation with the ICE Group.
50. The committee considered the reviews of three HR policies and the updates proposed. Responding to a question about the Staff Code of Conduct, the Principal reported the OfS's consultation on regulating harassment and sexual misconduct in Higher Education which included proposals in relation to personal relationships between staff and 18+ students and noted that the College's policies would be reviewed in light of the outcome of the consultation. It was agreed that this was an important area, and that careful consideration was required to ensure the College's policies were appropriate and protected students.
51. In relation to the Criminal Records Policy, the HR Manager confirmed that the Recruitment Policy and Safeguarding Learners Policy set out the requirements in relation to undertaking Disclosure & Barring Service (DBS) checks and the Principal noted that the 2022 Ofsted residential inspection had checked the HR records and found no concerns.
52. **Resolved** – that the Board of Governors be recommended to approve the following policies, subject to consultation with the ICE Group:
 - a) Criminal Records Policy
 - b) Capability Procedure
 - c) Staff Charter and Code of Conduct.

Pensions

53. 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.
54. It was noted that the DfE had made extra grant payments to colleges to cover the increase in the TPS rate since September 2019 and the ESFA had confirmed the amount of the college's grant until July 2023.
55. The committee noted the update on the LGPS contribution rates following the 2022 triennial review. Subject to final confirmation from the Hampshire Pension Fund at the end of March 2023, the percentage rate was at 21.6% until 2025-26 and there was no capital contribution requirement.
56. The committee noted that it was not yet known whether the reclassification of colleges as public sector might impact the funding of TPS or the final outcome of the LGPS triennial review.
57. The committee also noted the summary of savings to the College Group resulting from the pension arrangements for Sparsholt College Services Ltd (SCS) which amounted to an estimated £555k in total to date.
58. It was noted that SCS was required to have a separate LGPS Discretions Policy and that this has been reviewed and approved by the SCS Board of Directors. The policy provisions mirrored those of the College's policy.
59. **Resolved** - that the Board of Governors be recommended to approve the LGPS Discretions Policy for College employees be approved without amendment.
60. The Sparsholt College Services Limited (SCS) Board was responsible for approval of the LGPS Discretions Policy for SCS employees.
61. Following discussions at the previous meeting about the use of flexible salary and pension arrangements by some organisations, it was noted that College management would be seeking legal advice in relation to the different pension arrangements currently in place in order to steer further investigation once time and resources allowed.

PROPERTY & SUSTAINABILITY

Property Strategy

62. The committee had received the report of the Principal on progress with delivering the Property Strategy 2021-22 to 2026-27.
63. The Principal highlighted key points from the report, noting the measures being taken to ensure delivery of the T Level capital projects (also covered under the following agenda item).
64. The committee noted confirmation of the latest Specialist Equipment Allocation (SEA) to support delivery of T Levels, which amounted to a total of just under £3m across five T Level routes and a requirement to spend by 31 December 2023. It was noted that funding related to the Legal, Finance and Accounting pathway would be clawed back until the following year as the College had decided to postpone its commencement.

65. The Principal reported that she had written to the ESFA, the DfE and the local MP to set out the imperatives for funding the development of the Andover College through the final round of DfE Capital Transformation Funding.
66. The Deputy Principal summarised the latest position in relation to the Andover Town Centre project, noting that Test Valley Borough Council (TVBC) had not been successful in its bid to the Levelling Up fund (which had not included the college site) and that discussions continued with TBVC as to the potential to include an education element in a future bid, recognising there were also challenges around match funding.
67. The Principal reported progress with the planning for a new dedicated Higher Education facility, with capital grant funding from the Office for Students (OfS), noting that the SLT had agreed to proceed to design and planning in order to be able to highlight the plans to future prospective HE students. The intention was for a modular building which could be delivered within the timeframe and budget. Fusion had been appointed as project managers through the NHS SBS Framework.
68. The committee noted the development of Employability and Independence Hubs for 16+ SEND provision, working closely with Hampshire County Council, with the £550k of HCC funding to develop the Foundation Learning facilities on both campuses. The Independence Hub was aimed at students with more complex needs, offering a five-day provision for learners in year 12 to support young people to progress into independence and to work more effectively with local schools who were at capacity.
69. The committee noted the award of two grants allocated by the ESFA after the reclassification of colleges into the public sector: an energy efficiency grant to progress energy related projects and a capital allocation to improve the condition of the college's estate.
70. A member sought additional information about the actions reported following fire risk assessments, and the Principal assured the committee that the work would be undertaken and prioritised within the required timescales.
71. The committee noted an update to the Property Strategy which had been approved by the Chair of Governors in February to add the proposed Business Skills and Innovation Centre project at the Andover campus to the project list (which was subject to a T Levels capital funding bid) and was asked to consider a further update to include the development of a Retrofit facility for the delivery of green skills (through the repurposing of existing buildings on each campus) which linked to the Strategic Development Fund (SDF).
72. **Resolved** – that the Board of Governors be recommended to approve an update to the Property Strategy to include the development of a Retrofit facility for the delivery of green skills (in existing buildings on each campus).
73. The committee noted the review of the College Group's Security Policy which set out the approach to the physical security of the community on both campuses, with minor updates proposed. It was also noted that the Director of Estates had developed a new CCTV Policy for approval by the SLT.
74. **Resolved** – that the Board of Governors be recommended to approve the updated Security Policy.

Major Capital Projects

75. The committee had received the report of the Director of Estates updating on delivery of major capital projects.
76. The Principal highlighted key points in the absence of the Director of Estates, noting that the SLT had agreed to proceed 'at risk' with the design and tendering works for the extension of the Future Skills Centre on the Andover campus while planning permission was sought because of the timescales for expanding the teaching facilities for delivery of brickwork and joinery. The committee noted the sums involved and the justification for the SLT's decision.
77. Members sought further information and assurance with regard to budgeting for the Nursing Zone and Digital T Level projects, given the increase seen in the tenders returned reflecting increases in building material costs and wages. The Director of Finance confirmed that c£40k had been allocated from this year's annual capital expenditure budget and explained the reasons why the same level of pressure was not expected on the other two projects. The Director of Finance also reported that the College was working with the project managers, Fusion, on challenging the inflationary cost levels allowed in the funding bids with the DfE.
78. Members also noted the update on the Agriculture, Environmental and Animal Care T Level capital project at the Sparsholt campus, noting that planning applications were required for two elements of the project. It was also noted that completion timescales would be impacted by the long lead times for supply of robotic dairies and that the College would require a new dairy herd specifically for robotic milking in the future. Given the extent and complexity of the project and the importance of the farm facilities to the College's curriculum delivery, the SLT had given approval to the commissioning of an accompanying master plan for the farm facilities at a cost of c£8k.
79. Asked by a member for confirmation of delivery timescales, the Principal explained it was being raised with the ESFA, moving deadlines from October to December 2023 and the College was providing monthly returns to the DfE. An update would follow to the committee when available.

Sustainability

80. The committee had received the report of the Principal on progress with the Sustainability Strategy and action plan which was mapped against the five key action areas as identified in the DfE's Sustainability and Climate Change Strategy.
81. Given pressures on time, the committee agreed that the progress report be noted and that time be reserved on the next meeting agenda for a full discussion of the next progress report.

GOVERNANCE

82. The committee had received the report of the Principal on the DfE accountability reforms and preparations for the new accountability agreement and FE performance dashboard. It was noted that the report was being presented for information and endorsement at meetings of the Quality & Standards Committee, Curriculum, Skills & Stakeholders Committee and Audit Committee, ahead of the Board of Governors meeting on 30 March.
83. The committee noted that part one of the new accountability agreement, the accountability framework, would set out the ESFA funding conditions from August 2023 and replace the

current annual ESFA grant funding agreement. More information about the new framework was awaited from DfE.

84. The committee also noted the approach to developing the accountability statement proposed by the Principal and that the statement was required to be reviewed and approved by the Board.

SPARSHOLT COLLEGE SERVICES

85. The committee had received and noted the latest Sparsholt College Services Limited (SCS) management accounts (to 31 January 2023) for information. There were no matters to bring to the attention of the Board.
86. The meeting ended at 12:30. Confidential items were discussed and are recorded separately.

Approved: 23 June 2023 Resources Committee Meeting