

**SPARSHOLT COLLEGE HAMPSHIRE**  
**MINUTES OF THE MEETING OF THE RESOURCES**  
**COMMITTEE**  
**held on 15 June 2023 at 09:30**  
**at Sparsholt College**

**<sup>1</sup>PRESENT** J Emm (SCS S); T Floyd (E); N Hopkins (E) (Chair); J Lander (E); J Milburn (P);  
A Neal (E); P Jordan (E).

In attendance: S Grant, Deputy Principal  
S Cameron, Director of HR (minutes 123 to 129)  
C McCormack, External Governor  
J Payne, Director of Estates (minutes 130 to 146)  
N Heslop, Director of Finance  
S Willson, Head of Corporate Governance

**ATTENDANCE**

87. The Chair welcomed C McCormack to the meeting as a guest.

**DECLARATION OF INTERESTS**

88. There were no new interests to declare. The Board's Register of Interests records members who hold (unremunerated) directorships of the College's subsidiary companies. There were no new interests to declare.

**MINUTES & MATTERS ARISING**

89. **Resolved** – that the minutes of the meeting held on 16 March 2023 (Parts 1 and 2) be confirmed as a correct record.
90. FE fees and bursaries (min 40(b)/23): The Deputy Principal reported the college's internal auditors RSM had written to the ESFA following discussions with the college to seek confirmation that the proposal in relation to the use of the bursary fund complied with FE bursaries rules and a response had not yet been received. The action therefore remained on hold.
91. 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**

92. The committee had received and reviewed the latest College Group Healthcheck Report (2023/04).
93. The Principal highlighted the positive trend in FE 16-18 applications at Sparsholt College and Andover College. HE applicants were lower than at this point the previous year and the report detailed the breakdown.

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

94. The committee discussed the application numbers for T Levels and the Principal explained a specific challenge in relation to the Trees & Woodland T Level occupational specialism because a significant proportion of the Level 3 cohort were 19+ and funding was not currently available for 19+. Discussions were taking place with Landex about the potential for a 19+ land-based T Level. There were, however, positive numbers being recruited to the Agriculture T Level specialisms.
95. The committee noted the financial pressures for 2023-24 as a result of the lagged funding levels for 16-18, the postponement of the launch of some T Levels which would have been funded in 2023-24, and the withdrawal of funding for Industry Work Placements (IWP) at a time when T Levels were still being rolled out.

## **FINANCE**

### **Management Accounts**

96. The committee had received the latest College Group management accounts (to 30 April 2023).
97. The Director of Finance highlighted key points in the management accounts, noting the end of year forecast of a surplus slightly higher than the budget and that summer school business would be factor in the final outcome.
98. The Director of Finance confirmed that cash levels remained healthy and explained the reasons for the cash level in excess of budget.
99. The Director of Finance also responded to points raised by a member as to whether the college would be able to gain more benefit from return on interest on cash holding, summarising which bank accounts were in use and the corresponding interest rates. The Director of Finance agreed with the aim of maximising interest earned where possible, while maintaining timely access to monies in relation to areas of substantial spend such as capital projects. It was noted that there could be a further rise in Bank of England interest rates given the economic situation.
100. The Director of Finance undertook to review the cash holdings and the available options, once the College Group budget process was completed, including levels of cash held in accounts, notice periods and use of fixed term accounts.
101. Asked about the current accrual in relation to energy costs, the Director of Finance explained that this was under review with the college's energy advisors on a monthly basis, in line with our flexible procurement strategy.
102. The Director of Finance also explained that consideration was being given to introducing a new flexible procurement contract for gas when the current contracted ended, as the flexible electricity purchasing model had been effective in reducing costs this year.

### **ESFA Financial Dashboard**

103. The committee had received the latest ESFA's 'college governing body financial dashboard', together with confirmation that the College's 2021-22 financial health grade had been confirmed as 'Outstanding' following review of the audited financial statements.
104. Members reviewed the dashboard, seeking and receiving additional information for clarification.

105. The Director of Finance noted that the ESFA had confirmed that its financial health model would remain unchanged for the 2022-23 accounts and 2023-24 budget.

#### Budget & Financial Forecast

106. The committee had received the draft income and expenditure (I&E) budget for 2023-24 and high-level forecast for the following year, together with the key budgeting assumptions, a summary of changes in the staff costs budget, an assessment of compliance with bank loan covenants, a sensitivity analysis, a cash flow forecast and a summary of operational capital expenditure. An amendment at section 3.5 was noted (55, in place of 70).
107. The Director of Finance explained the budgeting process which had been undertaken and highlighted a number of headlines, explaining that 2023-24 would be a challenging year financially and that the SLT and Finance had worked hard to reduce an initially larger draft planning deficit to a budget deficit of £95k, including operational capital expenditure of £1.5m. The Director of Finance advised that the budget represented a balanced position, with a number of risks and potential opportunities as outlined in the budget papers.
108. The Director of Finance noted that the provision of capital spend would enable continued progression of improvements to infrastructure and support the operational budget. The capital expenditure also included the agreed contribution to the Wave 5 T Level capital bid (outcome awaited) and an amount relating to Farm masterplan additions.
109. The Director of Finance recapped the main challenges which impacted on 2023-24, referencing T levels and IWP, as well as cost inflation and lower HE student numbers. Finance had worked closely with cost centre managers to seek to understand variations in cost inflation across the college's operations and this was reflected in the budget. The Director of Finance also confirmed that student enrolments had been carefully modelled to test assumptions.
110. Members discussed actions in relation to HE enrolments and the potential to roll out further T Levels in the future, noting that plans were already in place to launch the T levels which aligned to the college's current curriculum offer and that there was limited opportunity for further expansion. It was also noted that there were some positive income trends in relation to commercial income (language schools), farm income (market prices) and investment income (interest rates).
111. A member emphasised that the college's ability to successfully bid for capital funding from the DfE with match-funding by the college had been enabled through careful cash management over a number of years and that the cash level would be greatly reduced once the capital projects were completed. The member was supportive of the proposed 2023-24 budget but suggested that the college look at rebuilding cash reserves in future years in order to be in a position to support future investment and have a suitable level of cash to mitigate against uncertainty of future income. The Director of Finance added that FE colleges should have access to government loans from 2025 under public sector arrangements.
112. The Director of Finance highlighted the main budgeting points in relation to staff costs for 2023-24 and provided additional information in response to queries. There was a detailed discussion about the ambitions for and affordability of staff pay awards.

113. A member made clear his strong concerns about approving a deficit budget, while also expressing a desire to increase staff pay, and there followed further discussion about the approach to staff pay and the planning assumptions in the budget.
114. Members noted that the range within which the proposed £95k deficit budget was positioned and noted that there were some potential upsides which could improve the budget position in year but that the SLT's current assessment was that there was insufficient certainty to include these in the budget at this point. Assurance was also sought about the consequences were the 2023-24 position to deteriorate and the Director of Finance explained that there were management levers which could be exercised if needed, such as not filling vacancies and putting capital expenditure on hold.
115. The Director of Finance confirmed that cash flow was anticipated to remain healthy over the two-year planning period and that bank loan covenants had been modelled and were all expected to be met for the foreseeable future.
116. For the assurance of the committee about the proposed budget, the Director of Finance also explained in some detail how the budget had been developed, the key budget assumptions, and the finalisation of the capital expenditure budget. Responding to a question from the SCS Staff Governor, the Director of Finance explained how the SLT had assessed bids from the departments for capital expenditure.
117. Summing up the discussion, the Chair of Governors recognised the detailed and considered work in developing the budget and testing of assumptions during the committee's discussions. The Chair of Governors further acknowledged the reluctance expressed about agreeing a deficit budget but noted the assurance provided by the SLT in relation to managing financial uncertainties and the commitment to delivering a more positive outturn if this was possible and in the longer-term interests of the college.
118. **Resolved** – that the Board of Governors be recommended to approve:
  - a) A budget for 2023/24, which shows a deficit of £95k before FRS 102 pension charges or credits.
  - b) A high-level forecast for 2024/25 before FRS 102 pension charges or credits showing a surplus of £150k.
  - c) An operational capital spend allocation of £1.5 million for 2023/24 and £1.2m for 2024/25, fully funded by the College.

#### Tender Waivers

119. The committee had received the annual report of the Director of Finance and Procurement Officer on the tender waivers process, noting that there had been 13 waivers in place from April 2022 to March 2023 on the basis that the purchases represented best value for the College. Two of these had been approved by the committee and one of these two had been a purchase on behalf of the Strategic Development Fund (SDF) consortium of colleges.
120. Under the authority defined by the Financial Regulations, the committee was asked to approve the tender waivers which would be required for the following year above £125k.
121. The Director of Finance explained the strategy to continue the flexible procurement model for energy supplies which Zenergi market tested. The fees for Zenergi were below the

threshold requiring committee approval but approval to the arrangements was being sought in recognition of the overall cost of electricity and gas.

122. **Resolved** – that the following tender waivers be approved which fall above the £125K limit:
- a) Pig Feed from ABN and Anglian Farmers (a procurement consortium) of >£200k (subject to current inflationary pressures)
  - b) Dell c.£200k – operational and additional T-level specialist equipment requirements.
  - c) Zenergi – Energy Advisors – current Gas & Electric contractual arrangements due for renewal in Autumn Term (end date 31st March 2024).
  - d) Awarding Bodies: City and Guilds (c£375k), Pearsons (c£160k) and the University of Portsmouth (c£120k). Subject to annual cost increases tbc; £1m budgeted in total.

## **HUMAN RESOURCES**

- 123. The committee had received the report of the Principal and Director of Human Resources Manager updating on Human Resources (HR) matters. The Principal highlighted to the committee the new job title of the Director of Human Resources (HR) which reflected the complexities of the role.
- 124. The committee noted that the college was no longer in dispute with UCU and that the 2022-23 pay award had been implemented with the consolidated increases effective from 1 January 2023 and the first of the three unconsolidated payments made in May, with the remaining payments to follow in June and July. Additionally, the Director of Finance confirmed that the cleaning contractors had been able to recruit to all vacancies following the variation in pay previously reported.
- 125. Responding to a member's question about the real Living Wage, it was noted that, following this year's pay award, the college's pay scales met the requirements of the current real Living Wage. It was not known what the next increase to the real Living Wage would be and whether it would be affordable for the college to match it and retain an appropriate level of differentiation between the pay scales.
- 126. The committee discussed the staff recruitment challenges which the College continued to face in common with the wider FE sector and the latest information on vacancies. Responding to a member's questions, the Director of HR reported it was too early to judge any impact of pay award and that current vacancy levels were similar to the same time last year. The Director of HR undertook to include comparative data from the previous year in the next HR report.
- 127. The committee noted the update on exploratory research into alternative pay and benefit structures to assist with recruitment challenges, including an interim report in relation to the legal context, and that there were a number of complexities for which further specialist advice would be required as part of any future recommendations.
- 128. The Director of HR drew the committee's attention to new employment legislation which had received Royal Assent and was awaiting implementing regulations and commencement dates, noting that HR policies would be reviewed accordingly in due course. There was no update as yet on the Government's response to its consultation on calculating holiday entitlement for part-year and irregular hours workers.

129. The committee also noted updates in relation to the College Group signing up to the Menopause Workplace Pledge, the undertaking of the staff survey in June, and management development training.

## **PROPERTY & SUSTAINABILITY**

### Property Strategy

130. The committee had received the report of the Principal on progress with delivering the Property Strategy to 2026-27.
131. The Principal highlighted key points from the report, providing an update on discussions with the LEP about additional funding for the HE centre in the context that the option of receiving potential funds via a loan had been ruled out because of the public sector borrowing approval requirements. Other updates on the project included the appointment of the consultation design team, and evaluation of the procurement methodology in order to ensure value for money and meet the Office for Students (OfS) funding parameters for completion.
132. The committee also reviewed the updates on the development of 16+ SEND provision, supported by the grant from Hampshire County Council, progress with small works capital projects, and grant funding.
133. The Deputy Principal provided an update on discussions with Winchester City Council in relation to affordable housing for staff, noting that the council was prepared to give staff access to a housing area in Winchester, but this was not commensurate with the college's salary levels and onsite accommodation offer. Work was also being progressed to look at the feasibility of developing new housing on the Sparsholt estate, recognising that this was not covered by the current Local Plan.
134. The committee noted the announcement of the Local Skills Improvement Fund (LSIF), with an allocation for the EM3+ Surrey LSIF region of £6.01m over three years. The two-stage application process required an expression of interest for up to £100k of mobilisation funding by 20 June 2023 and a more detailed stage 2 application for delivery funding. The Deputy Principal explained the expected split of capital and revenue funding, highlighting the challenging timescale for spending revenue funding by March 2024 (confirmation was being sought as to whether committing the spend would be sufficient to comply).
135. The Principal reported the introduction of a new post of Director of Careers & Stakeholder Engagement (with the vacant Head of Careers post discontinued) in recognition of the focus on stakeholder partnerships and the resourcing required to take a lead role in these projects.
136. The committee recognised the continuing engagement of the College in the Local Skills Improvement Plan and endorsed the college's role in developing an expression of interest for the Local Skills Improvement Fund.
137. The committee noted the overall positive progress made against priorities set in the Property Strategy to date and the Principal explained those areas where progress had not been rated as 'green'.

### Major Capital Projects

138. The committee had received the report of the Director of Estates updating on delivery of major capital projects.
139. The Director of Estates highlighted excellent progress in a number of areas, including on the Andover campus the near completion of the T Level Health & Science and Digital projects, and also some challenges, noting the delays in obtaining planning permission for the T Level construction project (extension of the Future Skills Centre and demolition of Cricklade House).
140. The Director of Estates also reported progress on the T Level Agriculture project on the Sparsholt campus and explained that a master planning exercise had been commissioned for the farm estate to ensure that each of the elements of the current project would work with future phases of development. The plan was to separate farm facilities and equine facilities in the future.
141. The Director of Estates summarised some of the detailed considerations in relation to the procurement of the new manual and robotic dairy equipment, assuring the committee that consideration was being given to the future running and maintenance costs and to how the facilities, including IT data, would be used by students and related to employers' facilities.
142. The committee noted that DfE had been advised of the technical complexity and financial challenges of the Andover Construction Skills project and the new dairy and Agritech Lab projects.
143. The committee noted that progress continued to be made across all projects and in line with the last report choices to progress with detailed design and tendering in advance of receipt of planning permission had been made to ensure proposed delivery deadlines were met.

### Sustainability

144. 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.
145. The Director of Finance responded to a question about electric vehicle charging points on campus, explaining that some charging points had been installed and were being used for the college's electric cars. There would be points available to staff and visitors once the payment system had been finalised.
146. The committee noted and recognised the progress made on the Sustainability Strategy Action Plan for 2022-23.

### **GOVERNANCE**

147. The committee had received the report of the Head of Corporate Governance which provided information to inform the Committee's annual review of its performance and terms of reference.
148. The committee noted developments to the regulatory and governance framework in relation to its remit, including the anticipated publication of a draft new ESFA Financial Handbook in the autumn term.

149. The committee reviewed proposed updates to the committee's terms of reference to add the responsibility for advising the Board on requirements to comply with public sector finance rules.
150. **Resolved** – that the Board of Governors be recommended to approve the updated committee terms of reference.
151. The Chair sought feedback from members of the committee and members of the SLT on a number of other areas of the committee's operations. It was noted that SLT members were content to receive questions seeking detailed clarifications or alerting to major points for discussion in advance of the meeting to enable time to prepare, and that these should be sent via or copied to the HCG who would also keep the Chair informed as appropriate.
152. The committee was satisfied to report to the Board that it continued to undertake its activities in line with its terms of reference and that no concerns had arisen about the effective operation of the committee.
153. **Resolved** – that the committee's annual business plan for 2023-24 be approved.

#### **SPARSHOLT COLLEGE SERVICES**

154. The committee had received and noted the latest Sparsholt College Services Limited (SCS) management accounts (to 30 April 2023) for information. There were no matters to bring to the attention of the Board.
155. The meeting ended at 12:40. Confidential items were discussed and are recorded separately.

*Approved: Resources Committee meeting 16 November 2023*