

SPARSHOLT COLLEGE HAMPSHIRE
MINUTES OF THE MEETING OF THE
RESOURCES COMMITTEE
held on 20 June 2024 at 09:30
at Sparsholt College

¹PRESENT J Emm (SCS); T Floyd (E) (to minute 121); N Hopkins (E) (Chair); J Milburn (P); A Neal (E); P Jordan (E).

In attendance: S Cameron, Director of HR (minutes 108 to 115)
S Grant, Deputy Principal
J Payne, Director of Estates (minutes 116 to 124)
N Heslop, Director of Finance
S Willson, Head of Corporate Governance

APOLOGIES

78. Apologies were received from N Shorter.

DECLARATION OF INTERESTS

79. 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.

MINUTES & MATTERS ARISING

80. **Resolved** – that the minutes of the meeting held on 7 March 2024 be confirmed as a correct record.
81. Public finance audit (min 4/24): Following the college's challenge of a finding from the ESFA Funding Assurance Review (Public Finance Audit) in relation to the Adult Education Budget, the ESFA had agreed that the minor data error identified had not been a funding error and had confirmed that the c£44k funding clawback would be cancelled. The audit had confirmed a satisfactory use of funds overall and resulted in a total clawback of c£15k.
82. Property strategy – Andover campus (min 5/24): Further to the governors' tour of the Andover town regeneration development area in March, the Principal reported that college management was assessing the potential options for use of The Lights building in the future.
83. Capital expenditure (min 6/24): It was noted that the estimated costs of installing new water pipework at the Sparsholt campus to increase the resilience of the water supply was included in the proposed capital expenditure budget for 2024/25.
84. Vertical farming (min 9/24): The Deputy Principal confirmed that the new vertical farming unit was due to be installed late July/early August, with related building works underway and staff training about to commence.

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

85. Property strategy – HE building (72/24): The Director of Finance confirmed that both the Future Grant Fund agreement with Hampshire County Council and the construction contract with Ascia Construction Ltd had been received and would be executed as deeds shortly.
86. Staff remuneration (written resolution): The committee had resolved by written resolution on 17 June 2024 to recommend that a one-off unconsolidated payment of £500 per FTE (plus associated oncosts to the College Group) be paid to College Group staff in the June payroll enabled by a higher than budgeted I&E surplus for the financial year 2023-24. Staff were required to have worked a minimum of 150 hours and the payment would be pro-rated if a member of staff commenced part way through the period 01 June 2023 to 31 May 2024. The payment had been approved by the Chair of Governors as an urgent action and by the Sparsholt College Services (SCS) Board in relation to SCS employees.
87. The committee noted that the resolutions of the committee had been implemented and that there were no other matters arising not covered elsewhere on the agenda.

HEALTHCHECK

88. The committee had received and reviewed the latest College Group Healthcheck Report (2024- Issue 05).
89. The committee noted the positive application trends at the Sparsholt and Andover campuses for 2024/25 and discussed the pressure on residential accommodation provision, with both FE and HE already at capacity for 2024/25, and the options which college management was exploring for more offsite HE accommodation. The committee was assured that careful consideration was being given by management to ensure safeguarding and wellbeing standards for residential accommodation would be maintained.
90. The Staff Governor highlighted the positive data reported from the FE TALO (teaching and learning observations) process for 2023/24 and the Principal commended the outcomes, highlighting the additional resource which had been allocated for learning coaches. The committee also welcomed the increase in 'highly confident'/'confident' assessments for Maths and English teachers and the reported progress recruiting Maths and English teachers.

FINANCE

Management Accounts

91. The committee had received and reviewed the latest College Group management accounts (to 30 April 2024).
92. The Director of Finance explained the key variations against budget year to date, noting the strong forecast surplus as a result of higher interest rates and the benefit of interest earned on capital grant funds, staff cost savings due to vacancies earlier in the year, and electricity cost savings realised through the dynamic purchasing model. These outstripped the adverse variances, which were explained in the accounts.
93. The Director of Finance reported that the positive budget position was enabling some targeted property maintenance operating spend but assured the committee that there remained an overall commitment to maintaining cost control and efficiencies.
94. Questioned about energy cost forecasts, the Director of Finance noted that the predication for the Ofgem Energy Price Cap to rise in October was not relevant for the college's purchasing model but that there continued to be uncertainty about the global

economic-political environment which could impact future costs.

Budget & Financial Forecast

95. The committee had received and reviewed 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.
96. The Director of Finance explained the budgeting process, including the approach to forecasting cost inflation, and it was noted that the planning of academic staffing reflected the curriculum contribution analysis and curriculum planning undertaken during the year.
97. It was noted that the increase in the proposed capital expenditure budget from the previous year primarily reflected cost inflation and investment in masterplans for the farm and equine areas of the estates.
98. In terms of future uncertainties, it was noted that the Teachers' Pension Scheme (TPS) grant income was only confirmed annually and was currently in place until 31 July 2025.
99. Specific matters explored by the committee in discussion with management included:
 - The robustness of forecasts in relation to two key areas of income - HE and T Level enrolments – with assurance provided of thorough analysis by college management of HE applications and the risk mitigations in place to support the continued roll out of the T Levels. It was also noted that the enhancements to the college estate and teaching facilities, including the new HE building and robotic diary, were anticipated to encourage future applications.
 - Key points informing the staff budget, including the investment in additional posts and the recruitment environment.
 - The resourcing of IT support services and endorsement by members of the addition of an assistant IT manager post to strengthen the resilience and delivery of IT services and cyber security, noting links to risk management discussions at Audit Committee and College Group strategic objectives.
 - The options for the retender of student transport (campus bus) services, taking into account the growth in student numbers and the availability of providers given the extent of the catchment area and the location of the Sparsholt campus. It was noted that the ESFA viewpoint was that the higher cost weighing factor for land-based subjects was intended to take into account the rural location of land-based colleges and additional funding would not be available for higher transport costs.
 - Operational capital expenditure requirements, noting that a staggered approach was being taken to upgrading IT devices in preparation for the deadline to move to the Microsoft Windows 11 operating system in case of funding becoming available or a delay to Microsoft's timetable. It was also noted that the Director of Estates has made good progress with a planned maintenance programme for the college estate to gradually upgrade and then maintain buildings in the long-term.

100. The Director of Finance highlighted the key assumptions for the 2025/26 forecast.
101. The committee noted the cash position for forecast to remain secure and that the bank loan covenants were forecast to be met with a high degree of scope.
102. The committee commended the clarity of presentation and the inclusion of key information in the budget papers.
103. **Resolved** – that the Board of Governors be recommended to approve:
 - a) A budget for 2024/25, which shows a surplus of £254k before FRS 102 pension charges or credits.
 - b) A high-level forecast for 2025/26 before FRS 102 pension charges or credits showing a surplus of £497k.
 - c) An operational capital spend allocation of £1.7 million for 2024/25 and £1.5m for 2025/26, fully funded by the college.

Tender waivers

104. The committee had received and reviewed the annual report of the Director of Finance and Procurement & Insurance Officer on the tender waivers process, noting that there had been 26 waivers in place from April 2023 to March 2024 (13 in the previous year) and the reasons provided for each. The Principal and/or Director of Finance had been content that the tender waivers were necessary and that value for money had been achieved.
105. It was noted that five of the 26 tender waivers had been approved by the committee in accordance with the financial delegations defined in the Financial Regulations.
106. 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 £150k. These related to specialist supplier arrangements. As the exact amounts of these tenders was not yet known, the committee proposed applying an agreed level of variance within which the contracts could be awarded without further reference to the committee.
107. **Resolved** – that the following tender waivers be approved for the upper amounts/on the basis stated plus 10% variance:
 - a) Pig Feed from ABN and Anglian Farmers (a procurement consortium) of >£250k (subject to current inflationary pressures);
 - b) Dell c.£250k – 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 2025) on the basis of a strategy to continue a flexible procurement model which Zenergi will market test and to market Water contractual arrangements which end in Autumn 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; £1.1m budgeted in total.

HUMAN RESOURCES

108. The committee had received and reviewed the report of the Principal and Director of Human Resources updating on Human Resources (HR) matters.
109. The committee discussed a number of points in relation to staff resourcing and the latest

recruitment/vacancies benchmarking data, including:

- Welcoming the launch in September 2024 of a new DfE Levelling Up Premium Payment for FE Teachers scheme enabling eligible academic staff in their first five years of teaching in specified STEM related subjects to apply for a payment of £2-6k, with 12 members of staff currently identified as in scope to claim. The publication of guidance for submitting claims had been delayed by the General Election but the scheme was expected to go ahead.
- Endorsing the introduction of a top up salary allowance of £962 FTE for 2024-25 year for eligible ALS staff undertaking direct learning support work with learners, afforded for 2024-25 by the level of Hampshire County Council High Needs funding. It was noted that the ability to provide a similar allowance in future years would depend on the level of High Needs funding and the level of the relevant College Group salary scales and would be kept under review.
- Noting the National Pay Claim submitted to the AoC by the Unions and that the AOC had suspended national talks until after the General Election and the outcome of the School Teachers' Review Body was known.

110. The committee also noted the update on employment legislation changes and areas which might be subject to further change in the future if there was a change in government after the General Election. It was noted that some HR policies would be updated over the summer and presented to the Board in October for approval to meet employment law implementation deadlines.
111. The committee welcomed the commitment of college management to staff engagement activities, including the social and wellbeing activities, and noted that the annual staff survey would be conducted in June and results and actions arising reported to the next meeting of the committee.
112. Responding to feedback from the staff governor about concerns some colleagues had raised about the confidentiality of their responses, the Director of HR reiterated the communication to members of staff that anonymity was assured other than if a safeguarding concern was raised which required follow up.
113. The Principal provided an update to the committee about the development of the new three year College Group Strategic Plan, noting that in place of a separate People section, it was intended to include a number of staffing related objectives in the overall plan and to develop a new People Strategy to provide more detail. Members endorsed this approach.
114. The committee noted the update on management development activities and supported the roll out of mental health first aid training, questioning and receiving assurance that the training was clear about the boundaries between the role of managers and provision of professional mental health support.
115. **Resolved** – that the Board of Governors be recommended to approve the updated Long Service Awards Policy.

PROPERTY & SUSTAINABILITY

Property Strategy

116. The committee had received and reviewed the report of the Principal on progress with delivering the Property Strategy to 2026-27, including the property investment matrix and a summary of small works capital projects.
117. The committee noted excellent progress overall in relation to the investment requirements identified in the strategy for the Sparsholt and Andover campuses. There was a small number of areas of investment which it had not been able to progress, largely due to factors outside of the college's control and these were explained. In relation to the aim of enhancing the equine facilities, the Principal confirmed that a masterplan had been commissioned which would inform the next iteration of the Property Strategy.
118. The committee noted the progress in relation to the areas that the college had focused capital investment enabled by the Local Skills Improvement Fund (LSIF) and linked to delivery of the Local Skills Improvement Plan (LSIP): the new vertical farming unit; driving simulators for agricultural vehicles and related teaching space; and an immersive technology suite at the Andover campus.
119. During the discussion of small capital works and of the projects funded by other grants, the committee particularly noted assurance in relation to improvement of the student experience and staff facilities and progress of sustainability focused projects, including:
 - The programme of refurbishment of staff housing which had commenced following building surveys and would be delivered through an ongoing rolling programme of capital works.
 - The commencement of the Building Management System (BMS) programme of works on the Sparsholt campus which would provide enhanced energy usage monitoring of buildings and be extended in due course to the Andover campus.
 - Conversion of the Horticulture Machine Shed into the Vertical Farm and the application of design standards to work on buildings on the Sparsholt campus to bring greater consistency and coherence to single story buildings.
 - Continuing improvements to residential halls in relation to both term time use and commercial use in the holidays, with the committee commending the fast turn around of accommodation enabled by the Premises team and others.
 - Progress in relation to the planned Green Technology Arable Lab and the Plant Laboratory (Horticulture Potting Shed) funded via the FE Capital Transformation Grant.
120. The Principal reported that the college had received a £35k match funding grant from the Winchester City Council UK Shared Prosperity Fund to support tackling the climate emergency which would enable installation of new technologies in the Engineering Building to support green skills training.

Major Capital Projects

121. The committee had received and reviewed the report of the Director of Estates providing assurance on delivery of major capital projects.
122. The Director of Estates provided an update on each of the major capital projects, explaining

key actions in relation to risk mitigations and responses put in place to resolve issues arising during the works:

- Future Skills Centre Extension (Andover)
- New Robotic Dairy, Agritech Centre and associated farm projects (Sparsholt)
- Andover Business Centre
- HE Science Centre (University Centre Sparsholt)
- Foundation Learning facilities and classrooms (Sparsholt)

123. In response to a member's question, the Director of Estates reported the latest considerations in relation to the retender of the building contract for the Future Skills Centre Extension, explaining that two bids had been received from contractors (both of which had already or were currently working with the college) and were being evaluated. It was noted that the contractors had been asked to price the foundation redesign but that it would not be known until works commenced whether additional costs would be incurred in relation to protection of tree roots. The Director of Finance confirmed that the costs were in line with the agreed budget for the project.
124. The committee was assured by the report and discussions of the effective delivery of the major projects, noting that all projects were progressing well on programme and within budget, apart from the Andover Construction Skills Extension which had been re-baselined in agreement with the DfE.

Sustainability

125. The committee had received and reviewed the report of the Principal on progress with the Sustainability Strategy and action plan, together with the update of the strategy actions for 2024-25 and the updated Environmental Policy.
126. The committee noted that significant progress had been made towards the strategy's planned initiatives with 70% of actions now complete and a further 15% with good progress. Six 'amber' actions, including to further explore, enhance or expand green energy solutions, would be carried forward to the next year.
127. The committee endorsed the updates to the Sustainability Strategy with the new actions which the college would work to in 2024-25, noting that the updated strategy would be republished on the college's website over the summer (in line with the EAUC Race to Net Zero commitments) and reported to the Board in October as part of the annual Sustainability Strategy report.
128. It was noted that the Environmental Policy had also been updated to align with the five key action areas as identified in the DfE's Sustainability and Climate strategy and to link to the actions outlined in the college's Sustainability Strategy in relation to resource management. The policy was presented to the Resources Committee for review and would then be presented to the Board for approval at its October meeting, alongside the annual report on delivery of the Sustainability Strategy.
129. **Resolved** – that the Board be recommended to approve the updated Environmental Policy.

GOVERNANCE

College Financial Handbook

130. The committee had received and reviewed the report of the Director of Finance and Head of Corporate Governance on compliance with the new ESFA College Financial Handbook, effective from 1 August 2024. The report had also been reviewed by the Audit Committee.
131. The committee noted that the internal review of the handbook had not identified any concerns in relation to compliance and that a number of planned actions had been identified to further enhance the college's framework of controls to provide confidence that the requirements will continue to be met.
132. Several proposed updates to Financial Regulations were planned and would be presented to the committee as part of the annual review of the regulations in 2024/25. In addition, the Director of Finance planned to develop a Reserves Policy for consideration by the committee and approval by the Board once the AOC had made available anticipated guidance for colleges.
133. The committee noted confirmation of the review findings for assurance and that compliance with the handbook would also be confirmed to the Board in July.

Committee Performance Review

134. 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.
135. The committee noted the evidence of recommended practices and sources of assurance in relation to aspects of the AOC Code of Good Governance which related directly to the work of the committee. Members noted that an Investors in People accreditation was one of the suggested mechanisms of assurance suggested by the code and agreed that this accreditation was not necessarily the most appropriate approach.
136. Some minor revisions were proposed to the committee's terms of reference to change references to 'College' to 'College Group' recognising that the committee's role encompassed a range of College Group finance, policy and strategy matters, alongside the responsibilities of the directors of the college's subsidiary companies.
137. **Resolved** – that the Board of Governors be recommended to approve minor updates to the committee's terms of reference.
138. The Chair sought feedback to questions about the effective operation of the committee and members discussed the ways in which the committee's work contributed to successful outcomes for learners, citing the relevance of oversight of financial, staffing and property strategy matters.
139. Members were satisfied that information and evidence in reports from management was fit for purpose, enabling members to contribute to decision-making or to take assurance and advise the Board. The clerking of the committee was also commended.
140. In terms of whether the committee's membership encompassed the expertise needed to meet its responsibilities, it was noted that members brought a relevant mix of knowledge. Membership would continue to be kept under review through the Board's succession plan

processes in light of the turnover of governors, including in relation to finance/accountancy expertise.

141. 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.
142. **Resolved** – that the committee’s annual business plan for 2024-25 be approved.

SPARSHOLT COLLEGE SERVICES

143. The committee had received and noted the latest Sparsholt College Services Limited (SCS) management accounts (to 30 April 2024) for information. There were no matters to bring to the attention of the Board.
144. Confidential matters were recorded separately.
145. The meeting ended at 12:45.

Approved: Resources Committee Meeting 21 November 2024