

SPARSHOLT COLLEGE HAMPSHIRE
MINUTES OF THE MEETING OF THE
RESOURCES COMMITTEE
held on 20 March 2025 at 09:00
via videoconference

¹**PRESENT** J Emm (SCS) (to minute 75); T Floyd (E); N Hopkins (E) (Chair); A Neal (E); P Jordan (E); N Shorter (E)

In attendance: S Grant, Chief Operating Officer (COO)
S Hermiston, Director of Information & Funding (minutes 30 to 33)
J Payne, Director of Estates (minutes 53 to 68)
N Heslop, Chief Financial Officer (CFO)
A Robertson, Governance Co-ordinator (to minute 75)
S Willson, Head of Corporate Governance

APOLOGIES

1. Apologies were received from J Milburn.

DECLARATION OF INTERESTS

2. 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

3. **Resolved** – that the minutes of the meeting held on 21 November 2024 (Parts 1 and 2) be confirmed as a correct record.
4. Property strategy (min 157/24): A launch event for the new University Centre Sparsholt building and vertical farming facilities was confirmed for 26 June 2025.
5. Local Skills Improvement Fund (162/24): The COO confirmed LSIF monies have been reallocated in agreement with the colleges partnership to ensure completion of the project in line with funding requirements. This had added the development of a new immersive classroom on the Sparsholt campus to the new facilities delivered through the LSIF funding. An Annex G (compliance with grant funding conditions) audit of the project would be undertaken and reported to the Audit Committee.
6. 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

7. The committee had received and reviewed the latest College Group Healthcheck Report (2024-25 - Issue 06). There were no matters raised for discussion.

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

FINANCE

Management Accounts

8. The committee had received and reviewed the latest College Group management accounts (to 28 February 2025).
9. The committee noted the overall positive variances on budget and an improved year end forecast position.
10. Members interrogated the key balance sheet and other ratios, seeking further information and assurance about the level of the current ratio in relation to the ESFA benchmark and about the forecast cash flow for 2024-25 and 2025-26. It was recognised that the diminution of the cash position was in line with forecasts and in part related to the completion of capital building projects and spend of capital grant monies. The CFO assured the committee that he expected the current ratio to be at or above the ESFA benchmark at year end.
11. The committee went on to discuss the longer-term considerations for building up the level of cash, including the ability to invest in and maintain the college's estate and operational expenditure to support the college's strategic objectives. It was noted that these factors would inform the review of the budget and two-year financial plan for 2025-26 and 2026-27 at the next meeting, along with the amount of government funding in relation to the changes in Employers NI and the levels of DfE funding for curriculum delivery.

Banking

12. The committee had received and reviewed the annual assurance report of CFO and Head of Finance & Procurement on banking arrangements, including loans and associated covenants. The report also confirmed that in line with the previous update to the Financial Regulations, two governor bank signatories were now in place for the college's current accounts.
13. The committee noted that it was expected that all eight covenants would be met on 31 July 2025, including in relation to the minimum thresholds for cash levels.
14. The committee discussed the strategy for repayment of the bank loans in the context of the public sector borrowing constraints and the future availability of capital grants and potential match funding requirements. It was noted that the AoC and DfE were aware of the challenges for colleges of the current lack of confirmed capital investment funding routes.
15. The CFO alerted the committee to an update to the FRS 102 accounting standard which would require a change to the way in which operating leases are classified for accounting purposes from 1 August 2026. This would increase the level of debt in the accounts and would therefore impact the calculation of bank covenants and the DfE's financial health assessment under current criteria. In preparation, the CFO confirmed that the impact would be modelled with advice from the external auditor and discussions opened with the banks about potential variations to the covenant criteria.

Financial Regulations

16. The committee had received and reviewed the report of the CFO on the annual review of the College Group Financial Regulations, including delegated financial authorities, which

proposed updates in relation to:

- Responding to regulatory changes to ensure alignment and compliance, including the 2024 College Financial Handbook, Procurement Act 2023 and Economic Crime & Corporate Transparency Act 2023.
 - Operational practicality and to ensure alignment with market prices for goods and services.
17. The CFO confirmed that the proposed updates to the financial limits for the purchasing of goods or services through competitive quotes and tendering had been carefully reviewed by the Principal, COO and CFO and were considered to maintain appropriate controls to ensure value for money and compliance with procurement regulations.
 18. Responding to a members' questions, the CFO and COO provided assurance to the committee about the retender process underway for the campus bus contracts and the approach taken in relation to the provision of specialised disabled access vehicles when these were required.
 19. **Resolved** – that the Board of Governors be recommended to approve the updated Financial Regulations.

Reserves Policy

20. The committee had received and reviewed the report of the CFO proposing a new reserves policy to set out the college's approach to the financial reserves it holds to support financial stability, protect the long-term sustainability of the college's operations, and provide resilience against unforeseen financial challenges.
21. The committee noted that the policy complied with the DfE College Financial Handbook stipulation that the Board of Governors should set and regularly review the college policy for holding reserves, complies with Charity Commission guidance and had been developed in liaison with the external auditors, AoC and other FE colleges. Performance against the policy would be reported in the college's annual report and financial statements.
22. In discussion, members explored the proposal to set the minimum threshold for free reserves at 40 cash days in hand in relation to this year's cash flow forecast and the definition of unrestricted reserves. The members were satisfied by the explanations provided by the CFO that the policy was sufficiently flexible for operational purposes while providing the ability to respond to financial risks and to provide funds for future investment.
23. **Resolved** – that the Board of Governors be recommended to approve the Financial Reserves Policy.

Bursaries

24. The committee had received the report of the COO on student bursaries and support arrangements, together with the updated FE Bursary Policy.
25. The COO explained the context for the proposal to raise the household income thresholds which inform bursary eligibility from £35,000 to £39,000 pa (and a higher threshold based on each dependent child living in the same household). The increase recognised the high average cost of living in the geographical areas served by the college and the higher transport costs based on the college's location.

26. It was noted that there were a range of FE bursaries available, set out in the FE Bursary Policy. Additionally, bursaries were available to HE students and a new approach to HE bursaries from the 2025/26 academic year was defined in the Access and Participation Plan approved by the Board and by the Office for Students.
27. The committee also noted the outcomes of the review of transport charges for campus buses and student accommodation charges, including the significant cost of the college subsidising transport to keep the top rate of charges to learners below £1k pa and that this might increase as the college was currently retendering the bus contracts.
28. Responding to a members' questions, the COO explained:
 - Benchmark data for the eligibility of students for accommodation bursaries was not available and there were a range of policies and thresholds in operation across the sector because of the flexibility allowed within the FE bursary funding rules.
 - The 16-19 bursaries for young people defined in specific vulnerable groups were available to these learners in addition to other bursaries.
 - The complexities around meeting the needs of learners for free school meals based on the DfE guidance for eligibility based on timetabled hours each day and the timetables and campus transport requirements at a rurally located college, noting that the COO had asked the internal auditors to clarify this issue with the DfE.
29. **Resolved** – that the Board of Governors be recommended to approve the updated FE Bursary Policy 2025/26, including the increase in bursary income thresholds to £39,000 pa.

Curriculum Contribution Analysis

30. The committee had received and reviewed the report of the Director of Information & Funding on the FE and HE curriculum contribution model findings for assurance of the efficiency considerations which inform strategic decisions about curriculum planning, capital investment, and staffing resources.
31. The Director of Information & Funding highlighted the key factors in the model, the adjustments from the 2023-24 year and the headline outcomes.
32. A range of points were covered in discussion about the use of the model and strategies to improve efficiencies and inform future strategy, including:
 - Considerations about the relative financial contributions in the model of the two campuses.
 - The value of reviewing trends over time for individual curriculum areas.
 - The assumptions behind the allocation of central costs.
 - The effect of growth of the college estate, student enrolments and numbers of staff.
 - The impact of class sizes and marketing activities.
33. The committee endorsed the continuing use and development of the curriculum contribution analysis model and noted the action management was taking as a result of this year's review.

HUMAN RESOURCES

34. The committee had received and reviewed the report of the Principal updating on Human

Resources (HR) matters, together with the college’s Gender Pay Gap report for review prior to publication and updated HR policies.

35. In the Principal’s absence, the COO highlighted matters covered by the report in relation to the improved picture in relation to staff recruitment and turnover, the outcomes of the staff wellbeing survey, and analysis of the gender pay gap data (2024).
36. Members welcome the actions to support staff health and wellbeing, discussing the participation rates and timing of the wellbeing survey.
37. The committee noted that the gender pay gap data analysis had been reviewed to determine whether any further investigation or actions were needed to be undertaken and there had been no issues identified which suggest structural inequality in the college’s processes or unconscious bias in implementing them. The Gender Pay Gap report would be published ahead of the deadline of 30 March 2025.
38. The committee noted confirmation that adjustments would be made to pay scales to ensure compliance with increases in the statutory National Minimum Wage and National Living Wage from April 2025 and that further consideration would be given to the lower pay scales as part of the staff pay award review.
39. In relation to employment law developments and policy reviews, the committee noted:
 - The introduction of a new statutory entitlement for neonatal care leave which was expected to take effect from 6 April 2025. Guidance was expected to be published by the government and ACAS which would inform review and update of the Family Friendly Policies to cover neonatal leave.
 - The review of the Grievance Policy and that an extension was sought to the review date of the Disciplinary Policy to align with a review to be undertaken of the Staff Code of Conduct.
 - The review of the Time Off for Public and Voluntary Service Policy (retitled from Time Off for Public Duties) to comply with requirements of the Defence Employer Recognition Scheme silver award criteria.
40. **Resolved** – that the Board of Governors be recommended to approve the:
 - a) Updated Grievance Policy
 - b) Updated Time Off for Public and Voluntary Service Policy
 - c) Extension of the review deadline for the Disciplinary Policy to August 2025
41. In relation to the staff pay award review, the CFO outlined the forecast annual financial impact of changes in Employer NI from April 2025 in relation to both direct staff costs (c£500k) and indirect costs from supplier contract and supply chain (c£100k) and the known variations to DfE funding rates for 2025/26. The CFO reported that the DfE had announced that the support the government had indicated colleges would receive in relation to the Employer NI costs would be based on a revenue related methodology. The DfE had confirmed the detailed methodology would be issued in April and the college’s allocation confirmed in May, with funding received in September. It was not known the extent to which the funding would cover the increase in costs.
42. The CFO explained the challenges presented by the continued financial uncertainty in finalising a staff pay award proposal which the SLT continued to aspire would meet or

exceed 2.5%, with further adjustments to pay scales at the lower end to seek to align with the Real Living Wage, subject to affordability. The intent would be to confirm the award in April to align with the changes to National Minimum Wage/National Living Wage and to backdate the pay award to 1 January, and options were being modelled on this basis.

43. The committee acknowledged the disappointment that the delay in the funding being confirmed had held up the pay award process and welcomed the SLT's understanding of the impact on staff and careful consideration of internal communications.
44. Members sought further assurance about the financial forecast for 2025/26 and the financial sustainability of the pay award and the CFO and COO summarised the key information and sensitivities known at this point.
45. The committee endorsed the approach to the pay award outlined by the CFO, including in relation to the timing, and noted that an update would follow to the Board of Governors' meeting on 3 April and a process put in place for approval of final proposals.

PENSIONS

46. The committee had received and reviewed the annual report of the CFO and HR team on the College Group's pension schemes and Local Government Pension Scheme (LGPS) Discretions Policy.
47. The CFO confirmed that there were no issues arising in relation to existing pension arrangements and the college and Sparsholt College Services Ltd (SCS) continued to comply with statutory pension requirements, including in relation to auto enrolment.
48. The report provided details of the membership and contribution rates of the Teachers Pension Scheme (college employees), LGPS (college and SCS employees) and NEST (SCS employees) and the CFO highlighted the significant savings in pension costs achieved by the establishment of SCS.
49. The CFO provided an update on the introduction of the government's LGPS guarantee for colleges, noting that subsidiary companies of colleges were not automatically covered by the guarantee and therefore the Hampshire Pension Fund required confirmation from the DfE that SCS was covered. The DfE had responded to the college's submission to confirm that SCS was not covered as the joint college and SCS admissions agreement is not deemed to be 'closed', although also noting that the DfE intended to review its current policy.
50. The CFO outlined the estimated opportunity cost if the guarantee was not applied to the college and SCS and the timetable for next triennial review. Pensions legal advice has been sought from Eversheds and the college was in the process of clarifying with DfE actions which would enable SCS to be covered by the guarantee, potentially including changing the admissions agreement, before engaging in further discussion with Hampshire Pension Scheme.
51. Members noted the update on the guarantee and supported the approach being taken.
52. **Resolved** – that the Board of Governors be recommended to approve the Local Government Pension Scheme Discretions Policy with no changes.

PROPERTY & SUSTAINABILITY

Property Strategy

53. 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.

54. In the Principal's absence, the CFO drew the committee's attention to significant progress made delivering the current property strategy (75% of projects underway or completed) and the committee commended the teams involved.
55. The committee noted that advisors, Fusion Project Management, had been recommissioned to work with the college in developing the next iteration of the property strategy, with an update planned for the Governors' Seminar in May.
56. The CFO highlighted projects on the Sparsholt campus which supported sustainability goals (eg installation of solar panels and battery storage for the new vertical farming facilities) and strengthen business continuity resilience and water management (near completion of the new secondary water main system).
57. The committee noted that the planned FE Condition Data Collection 2, scheduled to take place between March and September 2025, had not yet been scheduled.
58. In relation to future funding, the COO explained that, following successful completion of the Local Skills Improvement Fund project, a new source of discretionary funding linked to regional skills needs was expected and an announcement was awaited.

Major Capital Projects

59. The committee had received and reviewed the report of the Director of Estates providing assurance on delivery of major capital projects.
60. The Director of Estates provided updates in relation to:
 - The new farm facilities, including in relation to embedding new technical support systems and examples of efficiencies achieved from new ways of operating;
 - Confirmation that the Construction Skills Extension to the Andover Future Skills Building programme was on track and informed by close working with the curriculum teams;
 - Completion and occupancy of the new Higher Education Science Centre, with some adjustments needed in relation to heating controls due to the energy efficiency of the building;
 - Investigations with the college's electricity supplier into developing the electricity infrastructure on the Sparsholt campus;
 - Completion of all phases of the SEND 16+ provision on the Sparsholt campus, with a positive impact on the teaching and learning experience and plans for enhancing the outdoor areas;
 - Progress with the Arable Lab project which Building Control had confirmed required permitted development notification and prior approval.
61. A member provided positive feedback on his recent Link visit to the Andover campus, highlighting new hybrid motor vehicle and engineering facilities as an example.
62. The committee congratulated the Director of Estates and others involved in the delivery of an extensive project of capital projects to support delivery of the curriculum on both campuses within the constrained timeframes which were required to comply with capital

grant requirements.

Sustainability

63. The committee had received and reviewed the report of the Principal on progress with the Sustainability Strategy and action plan, together, including a summary of discussion of the strategy at the Governors' Seminar in January.
64. The committee commended college management on winning the 'Tomorrow's Employees' award at the prestigious Green Gown Awards (UK and Ireland).
65. The COO highlighted good progress with the Sustainability Strategy action plan and provided additional context in relation to the viability of installing a wind turbine in the future.
66. Responding to a member's enquiry in relation to the energy efficiency of the college's staffing accommodation buildings, the Director of Estates confirmed that a rolling programme had been introduced to seek to maintain and improving the condition of housing, including for example new windows and insulation through the capital expenditure budget.
67. The Director of Estates also reported receipt of a heat decarbonisation plan which had been commissioned with Salix grant funding and would inform future funding bids and sustainability actions.
68. The committee welcomed the evidence of continued commitment to the Sustainability Strategy Action Plan for 2024/25.

IT POLICY

69. The committee had received the report of the COO and Head of IT Services on the review of the IT Policy and IT Acceptable Use Policy.
70. The COO explained the policies had been merged, streamlined and updated to be more accessible to IT users while maintaining controls to ensure the security of the college's IT systems and to protect the college's data and intellectual property. The COO also highlighted that the policy set out that defined roles had the right to review the content of any data held by staff on college systems with the authority of a senior post holder.
71. **Resolved** – that the Board of Governors be recommended to approve the updated IT Policy (incorporating the IT Acceptable Use Policy).

SPARSHOLT COLLEGE SERVICES

72. The committee had received and noted the latest Sparsholt College Services Limited (SCS) management accounts (to 28 February 2025) for information. There were no matters to bring to the attention of the Board.
73. Confidential matters were recorded separately.
74. The meeting ended at 11:30.

Approved: Resources Committee meeting 19 June 2025