

**SPARSHOLT COLLEGE HAMPSHIRE**  
**MINUTES OF THE MEETING OF THE**  
**BOARD OF GOVERNORS**  
**held on 26 March 2015 at 9.00 am**

**<sup>1</sup>PRESENT** Mrs E Bolton (S); Mr M Coombes (E); Mr R Fawcett (E); Mr B Holm (S); Mr N Hopkins OBE (E); Mr T Jackson (P); Ms M Kamara-Aspin (E) (present for minutes 39-52/15); Mr P Lloyd (E); Miss D Moraviec (St); Mr S Morgan (E); Dr R Palmer (E); Mrs J Venables (E); Mr S Ward (E); Mr C Wilson (E).

In attendance: Mr S Horrobin, Director of Finance  
Mr M Simmons, Vice Principal (absent for minutes 48-51/15)  
Mrs S Simpson, Clerk to the Governors  
Mrs S Willson, new Clerk to the Corporation (present for minutes 41-44/15 and 90-91/15)

**LONG SERVICE**

14. The meeting began with a presentation to Ian Cooling, Curriculum Leader for Arboriculture, Forestry & Horticulture in recognition of his long service to the College.

**THANKS**

15. Mr Horrobin was welcomed to his first meeting of the Board of Governors. This was Mrs Simpson's last meeting as Clerk and thanks were expressed for her service in support of the Board and its members. The Chairman observed that she had played a significant part in the College achieving an Ofsted judgement of 'outstanding' for governance and wished her well in her new role.

**MEMBERSHIP**

16. **Resolved** – that Mrs Eileen Bolton be appointed as a staff member of the Board of Governors for a term of office of four years from the date of this meeting.

**APOLOGIES**

17. Apologies for absence were accepted from Miss Freshwater-Blizzard.

**DECLARATION OF INTERESTS**

18. Declarations of interest were made by Mr Fawcett and Mr Jackson (Directors of Andover Town Football Club Ltd) and Dr Palmer (domestic customer of prospective investor in the Anaerobic Digester project).

**MINUTES**

19. **Resolved** – that the minutes of the meetings held on 11 December 2014 (Parts I, II and III) and 28 January 2015 be confirmed as a correct record and signed by the Chairman.

**COLLEGE HEALTHCHECK REPORT**

20. Questions were asked in respect of the latest College Healthcheck Report (no. 2015/03) regarding matters arising not covered on the agenda.

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<sup>1</sup> (E) = External; (P) = Principal; (S) = Staff; (St) = Student

21. It was confirmed that the number of students recruited to the MSc Equine course had matched expectations. Nine was considered to be a good number for this first year of this new course.
22. Four accidents had been recorded in the 'Injury by another person' category at Sparsholt College, in comparison with none the previous term. A question was asked about the type of incident this might represent; detail would be provided outside the meeting.
23. The Vice Principal was asked to give an update on international student recruitment. Enrolments would not begin until April so it was too early to tell what the outcome would be. However, the College was in contact with more than 150 potential recruits through international recruitment fairs and agencies and was continuing to connect with them via email and social media.

#### **CHAIRMAN'S REPORT**

24. The Board had received the report of the Chairman on activities undertaken since the last meeting and incorporating the latest letter from the Minister for Skills and Equalities, Nick Boles MP.
25. The Chairman highlighted his link visit to Premises and the customer-focused and cost effective approach to small-scale capital projects he had observed that made a real impact on improving the student experience and creating a positive first impression for visitors and prospective students.
26. The Chairman was asked to elaborate on his comment that staff had asked him about the College's financial security. He believed this was against the backdrop of recent press articles on the potential failure of a local college and the College's long-term sustainability rather than being salary related.

#### **STRATEGIC PLAN AND PRINCIPAL'S REPORT**

27. The Board had received the second monitoring report for 2014-15 on the annual milestones from the Strategic Plan. Corrections were made to paragraphs 1.6 (the net increase in 16-18 enrolments for 2014-15 was 27) and paragraph 4.5 (deleted). The Principal explained the complexity of the calculation behind the confirmed the EFA funding increase of c. £250,000 for 2015-16. It was noted that Annual milestone 33 had been reported as 'amber' but appeared as 'green' in the schedule.
28. In response to questions, the Vice Principal explained that 74 withdrawals at the 6 week monitoring point represented only a small percentage out of the total number of enrolments (c. 2,500) and at a rate which is very low in comparison with other FE sector colleges. He attributed the withdrawals, which were predominantly first year enrolments, to students either being unhappy about the requirement to study GCSE Maths and English or students leaving because they had found employment. He believed that the College's 'Flying Start' programme gave students the right support at that crucial point in the learner journey.
29. Applications from external candidates for 2015-16 Higher Education starts were still ahead of the previous year, but at +5% by the end of March (+10% end of February). The Chairman commended to the Board the recently released Higher Education Prospectus, a link to which had been provided separately and a copy circulated at the meeting.
30. A question was asked about the acquisition of the two new components of the College's Information Systems: Student Data and Finance. The Director of Finance explained that

the current plan was to switch to the new Finance system on 1 June 2015, but that certainty on this date would be established within the next few weeks. The alternative was to go live on 1 November and he would discuss the sensitivities around the decision with the Chairman of the Audit Committee prior to giving the go ahead.

31. Discussions with TVBC Planning Office had been described as more difficult and protracted than anticipated; clarification was obtained that this did not infer that there were any concerns over competency or timeliness of officer response.
32. Members noted the letter that the Principal had written to the Hampshire Chronicle following Winchester City Council's rejection of the planning application for the Wind Turbine. He had been disappointed in the way WCC officers had handled the application and had subsequently been in discussion with the Chief Executive of WCC regarding his concerns. He confirmed that ADAS had addressed the Planning Committee on the College's behalf. It remained to be seen whether ADAS would re-submit the application, having gathered further environmental data from April to October 2015, or appeal to the Secretary of State against the decision.
33. A member relayed the impression he had gained by talking to students in Bytes that the initial quality and quantity of food provided by Chartwells was declining. The Resources Committee's discussion regarding the outsourcing of the service and contractual obligations was revisited. The Principal and Vice Principal both relayed their views that the quality of the food had increased and the price reduced from that when the College had been providing this service.
34. The Principal refuted the suggestion that the College's experience of outsourcing had been unsuccessful, citing positive results from outsourcing the Nursery and cleaning. He also corrected the impression he had given to the Resources Committee that Chartwells had been contracted to invest in capital improvements by Easter 2015; there had been no contractual deadline when he had enquired about this after the last meeting.
35. The Vice Principal gave his perspective on student feedback regarding catering and reported that feedback from the Residential Student Council had been positive. Feedback from a staff governor's perspective was that differences in opening times of the food outlets had led to an increase in study areas being used for recreational purposes when the outlets were closed.
36. **Resolved** – that a report on the outsourcing of catering be made to the next meeting of the Resources Committee addressing the questions raised on service quality, contractual obligations, rationalisation of outlets and plans to resolve the issues identified.

## **EQUALITY AND DIVERSITY**

37. The Board had received the revised Single Equality Scheme which provided the latest contextual information on equality data, the annual report on achievement of equality objectives for 2014-15 and proposed new equality objectives for 2015-16.
38. Members debated whether it was appropriate to aim to eliminate an achievement gap between male and female learners when success would indicate that the College was doing better than the national benchmark. The Vice Principal argued that the College's aim was for each individual student to pass, and to pass well, therefore setting an absolute target was unnecessary.
39. The Clerk was asked to comment on how the Board would maintain visibility of the objective to increase the percentage of female Board members from a baseline of 31%.

Equality data would form part of the Board's annual assessment of its own performance and would be available for consideration each time a Board vacancy was to be filled.

40. **Resolved** – that the revised Single Equality Scheme be approved.

#### **REFORECAST BUDGET 2014-15**

41. The Board had received a recommendation from the Resources Committee regarding the reforecast budget, noting that a general staff pay increase continues to be unaffordable at this time and that the Strategic Leadership Team will continue to do everything possible to reduce the proposed Deficit even further to minimise strain on cash balances. The Board considered the key points to note from the report presented to the Resources Committee, including the reforecast budget in income and expenditure format, a schedule of significant movements from the original budget and a sensitivity analysis.
42. Uncertainty over the contract with Oxford International language school for occupancy out of term-time had led to a significant reduction in income projection for this activity. It was explained that the College was contractually able to impose penalties but had chosen not to do so in the past in order to maintain the relationship, which represented a substantial income stream for the College. Efforts had been made to minimise risk through imposing non-refundable deposits and staged payments. The Board discussed the sensitivities around this income stream and concluded that it would be prudent to be pessimistic about income forecasts from language schools going forward.
43. A member relayed information regarding the "dire" financial positions of a number of other FE colleges. Against that background it was felt that, whilst the financial position at this College is currently difficult, it is under control and under close scrutiny through monthly meetings of the Resources Committee. This regular meeting of the Resources Committee was not seen as a panic measure but represented due care and attention being paid to the financial position and linked to unavoidable turnover in senior finance staff at a critical moment for the College.
44. **Resolved** – that the reforecast budget deficit for 2014-15 of -£996,000 (before FRS17 pension charges) be approved.

#### **FINANCIAL FORECAST 2015-17**

45. The Board had received a report providing an update on the financial forecast for 2015-17 ahead of detailed budget setting for 2015-16. The Principal reported that further calculations since the Resources Committee last met had identified further income of £200,000 but that weaknesses in the income lines meant cost-cutting would still be necessary.
46. The Resources Committee had asked for information to be presented to the Board on the reaction of the Banks and Auditors to a potential breach of a bank loan covenant. The Director of Finance reported that KPMG had a preference for a change of loan covenant, if that could be arranged, but could not see any difficulty in signing off the 2014-15 accounts at present. The Lloyds TSB Credit Control Committee had not yet been consulted on the loan covenant issue but the College's Relationship Manager was concerned about cash generation and possible future cuts in the FE sector. He thought the Bank would be prepared to consider a change of covenant, possibly linked to cashflow, based on future projections for both 2015-16 and 2016-17. An increased interest rate had been proposed, which members hoped could be resisted. The Director

of Finance intended to seek legal opinion on the impact a change of covenant might have on the loans from other banks.

47. It was noted that there had been an adverse swing of £750,000 in the 2015-16 forecast over the past 5 months and members discussed the range of sensitivity needed to ensure that this College did not unwittingly find itself in the same position as those other colleges now in difficulties. The Board was content that the College's financial position was reasonable on the basis of future cash generation, irregular short-term overdraft needs and low gearing ratio. Pay settlements were not linked to statutory requirements, as they were in Sixth Form Colleges, and there were opportunities to increase commercial activity or realise funds from assets. Forward-planning was sensitive to the results of the General Election, where large programme funding seemed likely to bring a weighting of 1.75 but the base unit could reduce from its current level. However, the Principal explained that the most significant factor behind the adverse swing in the forecast had been previous internal mistakes by College officers in their forecasting assumptions and the Principal acknowledged that no more mistakes could be accommodated.
48. **Resolved** – that the preparation of the budget for 2015-16 be based on an indicative presumption of a budget deficit of -£628,000 (in contrast to the Three-Year Plan Forecast position of £101,000), preparation to be monitored closely by the Resources Committee, and with a tipping point to be defined by the SLT and understood by the Board when the final draft budget is presented for approval.

#### **INSTALLATION OF PHOTOVOLTAIC CELLS**

49. The Board had received the report of the Principal seeking approval for the install of PV arrays on both campuses and proposing to tender the project as soon as possible in order to install these over the Summer months. The Principal highlighted that the arrays would not be in direct contact with the flat roof membrane covering the Charlton Building roof at Andover College, which had been a factor in rejecting a previous proposal.
50. It was noted that the agenda included a number of separate items related to Green Energy and the Principal was asked whether there was an overarching strategy that defined the College's aspirations. The Principal identified a number of relevant strategic objectives and plans but would reflect on whether to incorporate these into a single document for clarity. It was thought that a distinct Green Energy Strategy would be helpful to support future planning applications.
51. The Board discussed the basis on which the amount of electricity to be generated and the subsequent cost savings were calculated, noting that the successful contractor would be paid through Renewable Heat Incentive (RHI) tariffs and not by the College. It was suggested that the pence per kWh price mentioned in the report did not sound particularly generous but this would be tested through the tendering process. Notwithstanding that the pence per kWh agreed might ultimately offer greater savings, a request was made to build a pessimistic estimate into financial plans.
52. **Resolved** – that the installation of PV arrays on College roofs for 20 years and the granting of associated leases on space above the roofs be approved, and that the signature of Power Purchase Agreements to supply the College with electricity be authorised.

## **OFFA AGREEMENT**

53. The Board had received the report of the Vice Principal proposing a revised OFFA (Office for Fair Access) Agreement and HE Bursaries and Incentives Policy. A schedule showing how the College's Outreach and Retention Fund had been calculated was circulated at the meeting.
54. The Vice Principal explained the rationale for replacing the Centenary Scholarship with an 'Aim Higher' initiative to promote progression to Higher Education amongst the College's Further Education cohort. The Aim Higher Scholarship would offer £1,000 cash payment in Year 1 and a further payment of £500 in Year 2. Applicants would be required to meet at least one of a number of criteria (a request was made to clarify that they need not meet all criteria) and the number of Scholarships awarded in any one year would be limited to 16.
55. The Vice Principal explained that the Outreach and Retention Fund had historically comprised 31% of additional fee income. The College had discretion to set this amount in a range of 26-33% and he proposed that the percentage be reduced in this latest OFFA Agreement.
56. **Resolved** – that the OFFA Agreement 2016-17 be approved for submission to HEFCE, subject to clarification of the rules for award of the Aim Higher Scholarship, and that the amount available for the Outreach and Retention Fund be set at 29% of the additional fee income.

## **SALARY POLICY**

57. The Board had received the revised Salary Policy and the recommendation of the Resources Committee for its approval.
58. **Resolved** – that, subject to inclusion of a clearer statement that Market Supplements may be withdrawn at the point of annual review, the Salary Policy be approved as presented.

## **GOVERNANCE**

59. The Board had received the report of the Clerk providing an update on current governance issues, both internal and external.
60. The Clerk explained that the College's insurers had now confirmed that Governors' Liability insurance extended to cover any member of the Board asked to be a Director of other entities such as Cultiva Limited where the appointment was linked to their role as a member of the College Board of Governors.
61. Reference had been made to the impending release of a new Code of Governance for FE Colleges and the decisions that would need to be made by the Board in order either to adopt or adhere to the Code. The Clerk advised that the Board would need to work with the new Clerk to the Corporation to agree a corporate stance on how to meet the various requirements, however the Code is applied, and that current practices had been documented for future reference to assist in the handover to the new Clerk.
62. The Plan of Business for 2015-16 was noted, accepting that this is a basic outline for agendas which will change over time as requirements evolve.
63. New Search Committee terms of reference had been proposed and it was suggested that selection of membership should be by the Chairman rather than by ballot. The Clerk highlighted that the Committee would research and recommend appointments to all

posts associated with the Board of Governors, such as Directorships of subsidiary and associated companies.

64. **Resolved** – that the Search Committee terms of reference be approved as presented, subject to amendment of the method of selection of members as proposed at this meeting, and that the Reviewing and Reporting Performance Procedures for the Board of Governors be confirmed as a record of current practice.

#### **ANDOVER TOWN FOOTBALL CLUB LIMITED**

65. The Board had received the minutes of the meeting of the Board of Directors of ATFC held on 27 February 2015 and the report of the Principal (also ATFC Chairman) presenting a reforecast 2014-15 budget for ATFC and requesting additional financial support in the current year to achieve a positive outturn. No questions were raised on the minutes of the meeting.
66. The Principal drew attention to the Learner Number predictions for the Football Academy included in the report. The Principal indicated that permission is being sought for the College to have a second team in the Conference League, which would remove the risk of needing to impose a cap on recruitment at the levels predicted. Recruitment activity had been focused on building a local market for applicants.
67. In response to a question about Players Fees, the Principal advised that other colleges also operated this model but that in the case of ATFC most of the players were former students, not current enrolments.
68. Whilst it was accepted that financial support for ATFC was a legitimate expense to the College in order to increase learner numbers, it was suggested that this could be perceived as creating inequality in student recruitment activity and that the College would find it difficult to meet requests if every curriculum area operated in this way. The Board emphasised the need to have clarity over ATFC's finances now that the initial set-up stage was complete and more accurate financial forecasting could be achieved. The Board did not expect to receive further requests for increased budget.
69. **Resolved** – that the payment of £17,400 (inclusive of the £6,300 agreed in December 2014) be made to Andover Town Football Club Limited as the brand usage and marketing charge for 2014-15.

#### **CURRICULUM, EMPLOYERS & MARKET REQUIREMENTS COMMITTEE**

70. The Board had received the unconfirmed minutes of the inaugural meeting of this Committee (formerly called the Employers & Community Committee) held on 2 March 2015. The Committee Chairman gave a brief verbal report on matters discussed.
71. The Board agreed that the Committee had made a promising start and the Chairman observed that the proposed terms of reference were aligned to the priorities outlined in the letter from the Minister for Skills and Equalities. It was thought that the Committee might take on a watching brief for the OFFA Agreement as part of its plan of business.
72. **Resolved** – that the terms of reference and change of name to the Curriculum, Employers & Market Requirements Committee be approved.

#### **WELLBEING COMMITTEE**

73. The Board had received the minutes of the Wellbeing Committee meeting held on 4 March 2015. The Principal drew attention to accident statistics for each campus summarised in the minutes.

74. It was noted that the Committee had looked at the development of a Prevent Strategy and that the intention was to complete this work ready for approval by the Board in July 2015. A member had attended the recent AoC Governance Conference where the advice had been to adopt a strategy as part of the College's approach to Safeguarding; this had been suggested in order to minimise the likelihood that escalating Prevent as a stand-alone issue might run counter to what the strategy is trying to achieve.
75. In response to questions, the Principal confirmed the College's zero tolerance approach to drug use and that this was fully discussed with students. It was recommended that the College's policy should also refer to intoxication due to 'legal highs' as well as illegal substances if it did not do so already. It was noted that consideration was being given to student feedback on smoking areas, with a proposal to be brought back to the Wellbeing Committee.

#### **QUALITY & STANDARDS COMMITTEE**

76. The Board had received the unconfirmed minutes of the meeting of the Quality & Standards Committee held on 9 March 2015. The Committee Chairman gave a brief verbal report on matters discussed and highlighted the usefulness of having received case studies demonstrating how student support and staff performance management cases are handled. It was thought that it would be helpful to bring examples to a future seminar for a wider discussion.
77. After much debate the Committee had agreed to recommend that the Board of Governors trial an amendment to the schedule of meetings. The Vice Principal was asked to comment and emphasised that the proposal would enable the Committee to receive a final report on the key performance indicators for the Quality Strategy at a more meaningful point in the year. He gave assurance that the Board of Governors would be alerted at the earliest opportunity should any concerns over retention and attendance arise before the Board meeting when the Committee had not met to consider the detail.
78. **Resolved** – that the schedule of meetings be amended on a trial basis with effect from July 2015, so that the Quality & Standards Committee will meet in the Summer term after the last Board of Governors meeting in the year, reporting instead to the first Board meeting of 2015-16.

#### **AUDIT COMMITTEE**

79. The Board had received the unconfirmed minutes of the meeting of the Audit Committee held on 5 March 2015 as well as revised terms of reference proposed by the Committee. The terms of reference had been re-ordered to assist understanding and no substantive change in responsibility was being recommended. The Committee Chairman gave a brief verbal report on matters discussed.
80. Reference to a difference of opinion between the Internal Auditor and the Financial Statements Auditor over the point at which a breach of loan covenant might be triggered had now been overtaken by events, as advised earlier in the meeting in the Director of Finance's comment on discussions with KPMG.
81. The Committee Chairman emphasised that the Committee had not been concerned about the backlog of contracts of employment to be issued, noting that the level of risk was low because staff had received letters of appointment and payroll transactions were correct.

82. **Resolved** – that the revised Audit Committee terms of reference be approved as presented.
83. **Resolved** – that, following satisfactory annual performance review, the appointments of Baker Tilly as internal auditor and KPMG as financial statements and regularity auditor be continued for a further year.

#### **RESOURCES COMMITTEE**

84. The Board had received the unconfirmed minutes of the meetings of the Resources Committee held on 15 January, 3 February and 13 March 2015.
85. A member welcomed the Committee's conclusion that optimism in forward planning must not be discouraged but needs to be balanced with an awareness of risk.
86. The agreement for lease purchase of 420 PCs was noted and the Vice Principal confirmed that the number of PCs identified was based on affordability.
87. Reference had been made to a mistake made by a project consultant; the Principal reported that the College had not suffered financially as a result of the mistake and therefore there would be no claim against the consultant.
88. Confidential items were discussed and recorded separately.
89. The meeting closed at 1.00 pm with a presentation to Mrs Simpson.