

**SPARSHOLT COLLEGE HAMPSHIRE**  
**MINUTES OF THE MEETING OF THE**  
**BOARD OF GOVERNORS**  
**held on 4 October 2018 at 9.00 am**

**<sup>1</sup>PRESENT:** J Blaber (St); E Bolton (S); Z Carter (E); T Floyd (E); N Hopkins (E); E Hunter (St); T Jackson (P); M Lauder (E); A Neal (E); S Morgan (E); A Owen (E); H Perry (St); S Ward (E) (except mins 318-325); C Wilson (E).

In attendance: S Grant, Deputy Principal – Corporate  
S Hermiston, Director of Information & Funding (mins 272 – 277)  
S Horrobin, Director of Finance & Facilities  
J Milburn, Deputy Principal - Curriculum  
S Willson, Clerk to the Corporation

**APOLOGIES AND MEMBERSHIP**

236. Apologies were received from A Hoad and R Palmer.
237. The Chairman welcomed E Hunter and M Lauder to their first meeting of the Board of Governors.

**DECLARATION OF INTERESTS**

238. The Board noted the previous declaration by S Ward of a potential professional interest in the Andover Cultural Quarter development. S Ward had not received a copy of the related report and was absent for the discussion of the report.

**MINUTES**

239. **Resolved** – that the minutes of the meetings held on 12 July 2018 (Part I and II) be confirmed as a correct record and signed by the Chairman.

Office for Students (Min 222/18)

240. The Board noted that confirmation had been received on 18 September from the Office for Students (OfS) that the College had been registered as an English higher education provider in the new register. No specific conditions of registration were imposed by the OfS.

Safeguarding (Min 233/18 & 235/18)

241. The Deputy Principal – Curriculum confirmed that she had reported to the Association of Colleges (AOC) the Board's request that the AOC lobby for FE colleges be given access to the NCTL teacher prohibition check service.
242. The Deputy Principal – Curriculum reported that the wording of the HE Admissions Policy and Student Code of Conduct had been revised in relation to the declaration and risk

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

assessment process for students involved in criminal offences following discussions at the last meeting.

#### Marketing (Min 256/18)

243. The Principal updated the Board on plans for a STEM based event for Year 8 and 9 school pupils to be held at Sparsholt College in June 2019.
244. A Student Governor welcomed the STEM focus, observing that there had been noticeable interest in STEM based courses from Year 11 and other pupils attending a recent Andover College open evening.
245. Members and the SLT discussed the reach of the event in terms of the wide location of schools from which students enrolled at the College, as well as other aspects of schools liaison and College open days. Asked about how the success of such activities was evaluated, the Principal explained that the College was able to analyse enrolment trends by course in relation the students' former schools and to map this against marketing activities to measure impact.

#### Audit (Min 266/18)

246. The Deputy Principal – Corporate reported that, subsequent to the July Board meeting, the ESFA had confirmed the details of the requirement for colleges to commission an audit of subcontracting controls. This work had now been completed by RSM (in an external audit capacity) and the College had issued the required certificate to confirm satisfactory assurance had been given. The report from RSM would follow to the meeting of the Audit Committee in November.

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

247. The Board had received the report of the Chairman which summarised activities he had undertaken since his appointment and upcoming events and matters requiring his consideration.
248. The Chairman noted that S Ward would complete his final term of office as a governor before the next Board meeting and recorded the sincere gratitude of the Board for his considerable contribution to the College over a number of years.

#### **QUALITY**

##### Early indications for 2017-18

249. The Deputy Principal - Curriculum gave a presentation on early, high level quality performance indicators for 2017-18, ahead of completion of the annual Self-Assessment Review (SAR).
250. The Principal explained the issues which had arisen in one faculty area with the new synoptic assessment element of the qualification and the analysis undertaken by College management which suggested that the results were unduly low and that there had been failures in the external marking and moderation process. The College was in continuing dialogue with the awarding body to seek a resolution and was also aware of other colleges who had experienced similar problems. In the meantime, the faculty had put in place processes to enable learners to progress to a Level 3 course, where they had been internally assessed as reaching a sufficient standard, while if necessary resitting their Level 2 qualification. Management were also looking at what further could be done in future years to further prepare students for the assessments.

251. The Deputy Principal – Curriculum reported that, while there had been improvement in results in some curriculum areas on both campuses, there were also concerns about some areas whether retention and achievement had declined year on year. The full report to the Quality & Standards Committee would set out the analysis of reasons for this and the actions that had already been taken and were planned.
252. The Principal noted that there was also an imperative in ensuring that learners enrolled on to courses at the right initial level, so that there was an appropriate level of stretch and challenge while also enabling them to attain the qualification and progress.

## **COLLEGE POLICES**

253. The Board had received the report of the Deputy Principal – Curriculum setting out proposed revisions to the Safeguarding Learners Policy and new Freedom of Speech Codes of Practice for FE and HE.
254. The Board noted the updated Keeping Children Safe in Education Guidelines had been communicated to all staff and governors and the Safeguarding Learners Policy & Procedures reviewed and updated.
255. The Principal reported to the Board the review of the future of the role of Head of Student Support, following the departure of the previous incumbent, confirming that safeguarding matters were continuing to be overseen by the Deputy Principal - Curriculum as Designated Safeguarding Lead and the policy would require further updates to reflect this. New out of hours guidance and procedures for safeguarding and Prevent matters had been issued to staff. The Safeguarding Lead Governor welcomed the careful consideration being given by management to student support and safeguarding, noting the importance and time-consuming nature of much of the work involved.
256. Following a point raised by Members, including the Student Governor, the Deputy Principal – Curriculum undertook to further revise the Out of Hours guidance to remove “you are advised” from the instruction to call 999, to check that this was consistent with Appendix 1 and to check that the safeguarding contact information for students on Moodle and LEDGE was up-to-date.
257. **Resolved** – that the Safeguarding Learners Policy be approved with the additional update of job titles and contact information and the agreed amendment.
258. The Board discussed the new Freedom of Speech codes of practice which had been drafted in accordance with the requirements of the Office for Students (OfS) to set out how the College upholds freedom of speech.
259. **Resolved** – that the HE Freedom of Speech Code of Practice and FE Freedom of Speech Code of Practice be approved.

## **STRATEGY**

### Strategic Plan 2017-18

260. The Board had received the fourth and final report of the Principal on the College’s Key Strategic Objectives for the year to 31 July 2018.
261. The Principal noted that, while the bulk of the annual milestones had been fully or mostly achieved, there were four milestones for 2017-18 which he was particularly disappointed were not likely to be achieved, given that two concerned achievement rates at the upper quartile and one concerned student recruitment which was lower than forecast. The

follow up activity with applicants who had elected not to enrol had not identified any issues about the College generally, being based on individual's specific circumstances. The demographic trend for FE and HE age enrollers also continued to represent a significant challenge and optimism about future improving trends for FE was tempered by risk of changes to funding.

262. Asked whether the decline in enrolments represented a potential risk in relation to the commercial contract with the College's catering supplier and associated financial liability to the College, the Deputy Principal – Corporate explained that, while there was understood to be a decline in the viability of catering education contracts more generally, the contract was being actively managed and no financial actions were currently required by the College.

#### Strategic Plan 2018-19

263. The Board had received the report of the Principal providing an update on progress towards achieving the three-year objectives of the current Strategic Plan and against the annual milestones for 2018-19 (where information was available at this point of the academic year).
264. The Board noted the early indications of progress against the 2018-19 milestones and the Principal's report on a number of key areas of College activities, including the delivery of the curriculum.
265. The Principal highlighted the negative financial impact of the decline in HE fees and related reduction in Hall's income. If HE recruitment was at a similar level in 2019-20, this would represent a significant risk to the two-year financial plan, alongside other risks to income and the Government's announcement of an increase to Teachers Pension Scheme contributions of 7% from September 2019. It was not yet known if this increase would be funded by Government.
266. The Principal explained that the FE Bursary Policy had been reviewed to ensure that it provided the fullest possible opportunities for students, recognising the higher living costs in Hampshire and the South East, and setting out the proposed changes.
267. **Resolved** – that the changes to the FE Bursary Policy be approved.
268. The Board noted the reported plans for the Little Park Farm estate and the request that the College offer "in principle" support to being a sponsor of a primary school and part of a Community Land Trust envisaged to be part of the development, in the long-term financial interests of the College. Following confirmation from the Principal that giving in principle support at this time did not involve any financial commitment by the College and that any development was a number of years away so there would be sufficient time to decide the details of any such support, Members confirmed there were no objections.

#### **RISK MANAGEMENT**

269. The Board had received from the Principal the Risk Management Plan 2018-19 which outlined the College's approach to risk management and the main responsibilities and procedures for managing risk and set out the risk register monitoring framework.
270. A Member noted the correlation between the risks highlighted as significant in the Risk Register Dashboard and the previous reporting against the Strategic Plan.
271. **Resolved** – that the Risk Management Plan 2018-19 be approved.

#### **DATA PROTECTION**

272. The Board had received the first annual report of the Director of Information & Funding on activities related to Data Protection and Freedom of Information (FOI) legislation.
273. A report of the internal audit of GDPR matters was due to the Audit Committee in November and an update on the draft report had been provided to the Board for context, with the final report to be considered formally by the Audit Committee.
274. The Board noted that the Director of Information & Funding acted independently in the role of Data Protection Officer and would report to the Board annually on how the College was undertaking its obligations under relevant legislation, including any possible data breaches.
275. The Director of Information & Funding summarised key points and responded to Members questions about the handling of data subject requests and FOI requests.
276. Asked if any data breaches had been required to be reported to the Information Commissioner, the Director of Information & Funding explained that under the General Data Protection Regulations (GDPR), it was a requirement to report breaches. There had been none in 2017-18.
277. The Board welcomed the report as providing a clear and transparent account of Data Protection and Freedom of Information activities, demonstrating that the College was taking its legal obligations seriously.

## **FINANCE**

### Two Year Financial Plan

278. The Board had received the report of the Director of Finance & Facilities on the end of year financial position 2017-18 and early indications on progress with the 2018-19 and 2019-20 two-year financial plan.
279. The Board noted the early indications for the financial outturn for 2017-18 were for a small surplus and that the College remained on track for a “Good” financial health rating from the ESFA and was maintaining the confidence of the lending banks. It was also anticipated that the 2017-18 bank loan covenants would be met but this would be confirmed after the statutory accounts had been audited.
280. The Director of Finance & Facilities explained that the breakage cost of the Natwest bank loan, which was part of the proposals under the next agenda item in relation to the College’s bank loans, had been prudently accounted for in 2017-18 (technically it should be reflected in the 2018-19 accounts in line with the timing of the Board decision). This resulted in a lower year end surplus than would otherwise have been the case.
281. The forward view to 2019-20 highlighted a number of significant financial risks, as referred to in the Principal’s report.
282. The Director of Finance & Facilities reported that the College had now received the triennial employer covenant review information from the Hampshire Pension Fund (Local Government Pension Scheme) which would assess whether the College continued to be classified as a Medium risk, with the results known in the first part of 2019.
283. The Director of Finance & Facilities explained the recommendation to close a current account with RBS which was no longer used by the College.
284. **Resolved** – that the College’s RBS current account be closed.

### Banking

285. The Board had received the report of the Director of Finance & Facilities on the outcome of a review of the College's bank loan arrangements.
286. The Director of Finance & Facilities summarised the financial modelling of alternatives to the fixed-rate loans currently provided by three lending banks to the College, which had been undertaken to determine if there were more beneficial alternatives which would strengthen the College's financial health. Having assessed the benefits and risks, it was proposed that the College re-finance part of its fixed-rate loan portfolio with a variable Revolving Credit Facility (RCF) with Handlesbanken.
287. The Director of Finance & Facilities also highlighted key points from the detailed modelling data appended to the report.
288. The Board noted the assessment of key risks and mitigations and the sensitivity analysis.
289. The Board discussed the detail of the proposals, seeking and receiving from the Director of Finance & Facilities clarifications and additional information in relation to a number of points, including regarding the accounting of the RFC liabilities as long-term loans in the College's balance sheet. Asked whether it was the right time to make the proposed changes given the tight two-year financial plan, the Director of Finance & Facilities explained that the sensitivity analysis had including modelling reduced cash generation and that, if necessary, the College would minimise capital expenditure in 2019-20 to protect cash. Asked about the potential to end the proposed arrangement in less than 5 years, the Director of Finance & Facilities explained that a negotiated early exit was theoretically possible but would incur penalty charges.
290. A Member sought further details about the recommendation to continue with the existing loan with Lloyds bank, noting that the College's finances might be better placed to pay the loan off in 2017-18 or 2018-19 than in future years. The Director of Finance & Facilities highlighted the Income and Expenditure analysis, the loan pay-off costs and the auditor's position in relation to uncorrected audit differences in 2017-18 as reasons why this had not be recommended. It was, however, the intention to seek to change the Lloyds loan covenants from UK GAAP to the FRS102 accounting standard in the next year.
291. Members noted that Handlesbanken was an established bank with a solid credit rating and a risk profile similar to or surpassing the College's current lending banks. Asked about the views of the College's existing lenders to the proposal to enter into a RCF, the Director of Finance & Facilities confirmed that all the banks were aware and had put forward their RCFs for consideration. It was known that the College's preference was for an unsecured loan and only Handlesbanken had offered this. The College's decision would be explained to the banks and it was not expected that there would be a deterioration in current relationships as a result. Additionally, it was noted that the College required Barclay's approval to a change in its loan covenant in order to proceed as proposed.
292. Asked about the loan draw down process, the Director of Finance & Facilities confirmed that either the Principal or he would need to authorise a formal draw-down request during the preceding month.
293. The Board noted that the preferred approach would be to repay the proposed new facility in circa 5 years-time (estimated £820k cash required) but that the Board could make a more informed decision in 2023 (another RCF or alternative finance could be considered then). The £1,660k loan has been determined to cover: (i) the expected cost of repaying the Natwest loan (£1,504k); estimated breakage costs (£150k); and the Handelsbanken arrangement fee (£6k).

294. **Resolved** – by a unanimous vote in favour that it was in the financial interests of the College to repay the estimated £1,503k Natwest loan in late 2018 / early 2019, subject to the final estimated breakage costs being in close proximity to the £150k estimate provided by Natwest Bank (to be determined by the Director of Finance & Facilities and the Principal), the new circa £1,660k Revolving Credit Facility being successfully negotiated with Handelsbanken (including bank covenants) and an adjustment to covenants in 2018/19 by Barclays/Lloyds to avoid breaching the banks’ financial covenants (due to the initial loan repayment/breakage costs).
295. **Resolved** – by a unanimous vote in favour that, subject to the conditions set out above being satisfactorily concluded, it was in the financial interests of the College to enter into a new circa £1,660k 5-year Revolving Credit Facility with Handelsbanken Bank and that authority be delegated to the Principal and Chair of Governors to authorise this.

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

296. The Board had received the unconfirmed minutes of the meeting of the Quality & Standards Committee (Q&S) held on 19 July 2018.
297. The Chairman as Committee Chair drew the Board’s attention to the Committee’s resolutions and also to the discussion about the challenges experienced by HE students accessing the Disability Support Allowance (DSA) and the continuing emphasis on extending the use and reporting of “value added” quality measures.
298. **Resolved** – that authority be delegated to the Quality & Standards Committee as in past years to approve the HE quality assurance statement on behalf of the Board if the submission date was in advance of the December Board of Governors meeting.

#### **GOVERNANCE**

299. The Board had received the report of the Clerk on the outcomes of the Board’s performance effectiveness review for 2017-18 and related governance developments.
300. The results of the questionnaires completed by Board members, together with the annual performance reviews conducted by each committee and feedback on activities during the year, indicated overall confidence that the Board was continuing to operate effectively and the Board noted that no significant concerns had been identified by Board members.
301. The Board noted the external assurance provided by the Ofsted inspections during 2017-18, the internal auditor of governance risk management and the acceptance by the Office for Students of the application statement on compliance with governance principles.
302. Noting a comment in the questionnaire responses about the Board’s focus on the needs of employers, the Chair of the Curriculum, Employers & Marketing Requirements Committee noted that the Committee’s business plan would include reporting from management on employers and continue to keep this under review.
303. Members discussed the role and format of the rolling programme of Link Governor visits to different areas of the College, with a range of views being expressed. There was a general consensus that the visits enabled governors to develop a fuller understanding of the College which was helpful context to formal decision-making. Areas to develop further were more information observation/interaction with students and follow up to points raised in the Link reports.

304. In relation to the “student voice”, it was suggested that there might be value in hearing more about the discussions at Student Council meetings and the Chairman asked College management and Clerk to reflect on this.
305. The Board was satisfied with the report of implementation of actions from the previous year’s performance review, including in relation to the introduction of the Safeguarding Lead Governor role.
306. **Resolved** – that the Safeguarding Lead Governor role continue and that Chris Wilson be re-appointed as Safeguarding Lead Governor for a term of office of one year from 12 October 2018.
307. **Resolved** – that Michael Coombes be appointed a co-opted member of the Resources Committee from 5 October 2018 for a term of office of four years.

#### **PROPERTY**

308. Members of the Board had received correspondence from signatories representing local parish councils about the plans for the development of an aerobic digester and education building on the College’s estate and agreed that the Chairman respond on behalf of the Board.
309. Confidential items discussed are recorded separately. The meeting closed at 1.20 pm.