

SPARSHOLT COLLEGE HAMPSHIRE
MINUTES OF THE MEETING OF THE
BOARD OF GOVERNORS
held on 4 April 2019 at 9.00 am

¹PRESENT: Z Carter (E); T Floyd (E); N Hopkins (E); T Jackson (P) (mins 32 – 111); M Lauder (E); A Neal (E); S Morgan (E); A Owen (E); R Palmer (E); H Perry (S) (mins 32 – 111); C Wilson (E).

In attendance: S Evans, Finance Manager (mins 32 – 111)
S Grant, Deputy Principal – Corporate (mins 32 to 43)
J Milburn, Deputy Principal – Curriculum (mins 32 to 43)
A Whitworth, Director of Finance (mins 32 – 111)
S Willson, Clerk to the Corporation

APOLOGIES AND ATTENDEES

- 32. Apologies were received from D Beaven, J Blaber and E Hunter.
- 33. The Board welcomed A Whitworth, Director of Finance, to her first meeting.

DECLARATION OF INTERESTS

- 34. 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.

PRINCIPAL'S REPORT AND STRATEGIC PLAN

- 35. 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 the annual milestones for 2018-19 and summarising key developments at the College since the previous meeting of the Board.
- 36. The Board had also received for information the minutes of the AGM of the National Land Based College UK (of which the College was a member and T Jackson the Interim Chair) and the Annual Report and Accounts of Land Based Assessment Ltd (of which the College is a shareholder and T Jackson a director and also its current Chairman).
- 37. The Board noted that overall progress with the Strategic Plan was good, within only 6 out of 34 Annual Milestone Objectives rated Amber (some risk of not being achieved in full by year end) and the rest Green (very likely to be fully or mostly achieved by the year-end).
- 38. The Principal highlighted that student recruitment for entry in September 2019 was looking positive in both FE and HE and that recruitment activity remained a significant focus. The financial outlook for 2019-20 continued to be challenging, but the anticipated increase in enrolments in 2019-20 provided a more positive outlook for income in 2020-21.
- 39. In relation to HE applications, the Chairman reported to the Board a letter received the day before from the Office for Students (OfS) to all HE providers prior to publication of

¹ (E) = External; (P) = Principal; (S) = Staff; (St) = Student

the OfS's report on the financial sustainability of HE providers. The letter provided analysis of the assumptions that providers had made about future student recruitment and concluded that, at sector level, these growth aspirations and related fee income would be challenging to achieve and highlighted risks at provider level of basing financial viability on over ambitious growth aspirations, particularly given the challenging demographics in the HE age group.

40. Noting the update on OfS registrations in the FE sector and the requirements in relation to Access and Participation Plan, Members discussed possible ramifications for the College if some providers had their fees capped at £6,150 pa and possibilities of partnerships between providers to deliver Access and Participation requirements.
41. In relation to updates on property matters, the Deputy Principal – Corporate reported that the EM3 LEP had completed the due diligence on the College's bid for c£1m towards a £1.65m project. It was noted that College management proposed to spend £2,950 on fees to develop the project which, should the project be confirmed, would be recoverable against the project. The Principal reported that he had met with the Leader of Test Valley Borough Council in relation to both the potential Cultural quarter redevelopment in Andover and Little Park Farm.
42. The Board noted that the College had not been successful in the Stage 3 Appeal submitted to City and Guilds in relation to the technical synoptic assessments in Level 2 Animal Care Management in 2017-18 and that a formal complaint had now been submitted to Ofqual, the regulator. Monitoring of in-year performance, suggested that achievement rates for 2018-19 would improve year-on-year, although it was too early to be certain.
43. A Member provided feedback about the experience of two young people at an Open Day and how they had perceived advice in relation to agricultural apprenticeship and Level 2 options. The Principal undertook to review the issues raised.

MINUTES

44. **Resolved** – that the minutes of the meetings held on 13 December 2018 (Parts I, II and III) and 24 January 2019 be confirmed as a correct record and signed by the Chairman.

Safeguarding (min 425/18)

45. Asked about progress in relation to seeking agreement from Hampshire County Council to provide the names of Looked After Children to the College in order that the College could fulfil its duty to provide support to the learners, the Principal confirmed that the College had provided the Head of Children's Services with written evidence and that the Head had attended a meeting of the Hampshire Principals to discuss the Council's policy. Members discussed the complexities of the issue, including in relation to bodies' statutory duties and legal considerations such as data protection. The Safeguarding Lead Governor reported this understanding of the commitment of management to identifying and supporting the progression of Looked After Children.

Finance (10/19)

46. The Director of Finance updated the Board on discussions with Handelsbanken to agree the terms and conditions for the Revolving Credit Facility (RCF). College management were still seeking to agree with the bank a number of key points raised by the College's lawyers which remained outstanding, including in relation to changes to the College's senior management, changes to the College's Instruments and Articles and repayments of ESFA funds.

47. The Principal noted that, should these matters not be resolved satisfactorily before 31 July, the repayment of the NatWest loan and the Handelsbanken RCF would not go ahead. The financial benefits from the RCF had not been included in the budget while this uncertainty remained. There was a provision for breakage of the NatWest loan in the 2017-18 accounts which would be required to be released if the RCF did not proceed.
48. In the meantime, assurance had been received from Lloyds bank in relation to the bank loan covenants. Members had been provided with a copy of a letter from Lloyds (28 March 2019) which confirmed that the proposed repayment of the NatWest loan during the financial year to 31 July would not be included within the calculation of Total Borrowing Costs as long as the RCF from Handelsbanken was entered into on or around the same date. The letter was accompanied by the assessment of the Director of Finance and Finance Manager and advice from the College's lawyers in this matter, Paris Smith, which concluded that the letter provided the necessary comfort required to enter into the Handelsbanken agreement in the current financial year.
49. Assurance had already been received from Barclays bank and reported to the Board. Further to the report to the December 2018 meeting of the Board, the Finance Manager confirmed that legal confirmation had also now been obtained from the College's lawyers that Barclay's indication that there was no need for a letter of variation in the year of repayment of the RCF, as the covenant wording excluded RCF repayments, was satisfactory.

Sparsholt College Services Limited (SCS) (min 28 & 29/19)

50. It was noted that the Agreement for Supply of Services, the Transfer Agreement, the Indemnity Agreement and the Governance Agreement between the College and SCS had been executed on 31 January 2019 and staff TUPE transferred on 1 February 2019. The Admissions Agreement for the Hampshire Pension Fund between HCC, the College and Sparsholt College Services Limited (SCS) had also been executed.

CHAIRMAN'S REPORT

51. The Board had received the report of the Chairman which summarised activities he had undertaken since the previous meeting of the Board and upcoming events and matters requiring his consideration.
52. The Board noted the Long Service Award to Stella Day, Student Administration Customer Service Manager, and commended her for her contribution to the College.

HEALTHCHECK REPORT

53. The Board had received the latest College Healthcheck Report (2019/03) and noted the clarity of the revised student outcomes performance data.
54. A Member sought an explanation of number of reported serious conduct reviews and whether these related to an unusual event(s) which had conflated the statistics. The Principal explained the background and the reasons why actions had been taken, noting that student behaviour had now improved and that there had been a lesson learnt by management and staff in terms of addressing low level behavioural issues earlier and more decisively. The expectation was that students should behave in ways which would prepare them for employment.
55. A Member noted that the increase in in the overall staff turnover trend demonstrated a potential risk in this area. The Principal agreed that there were some posts which were

hard to recruit and where measures such as market supplements were required. The Staff Governor gave the example of competing with 6th Forms to recruit teachers. However, it was also noted that pay constraint was issue across the FE sector and that the College's turnover rates for academic staff compared favourably with national and South East regional data.

56. Responding to a Member's suggestion, the Principal undertook to consider whether the staff turnover statistics could be split between academic (College) and business support (SCS) staff in future reports.

FINANCE

57. The Board had received the report of the Director of Finance providing an update on the College's in-year financial position and the two-year financial plan (2018-19 and 2019-20), together with the ESFA Finance Dashboard March 2019. The February Management Accounts were received separately and there were no questions raised regarding these.
58. The Board noted that ESFA funding allocation for 2019-20 was almost exactly as forecast and reported to the Board in the autumn term and that HE applications were on course to redress the decline experienced in 2018/19. The Director of Finance explained that the high level planning for 2019-20 indicated a year end budget deficit of c£600k resulting from a reduction in ESFA funding (due to the decline in enrolments in 2018-19) and higher pension costs. The Board noted the planning assumption that 80% of the increase in TPS costs in 2019-20 would be funded by government and the uncertainty about funding beyond April 2020.
59. The Board noted that the planned general capital expenditure of £1,917k for 2018-19 and the Principal reported this was currently tracking at c10% higher.
60. Management explained that, while the report showed an anticipated surplus of £326k at the end of 2019-20, this did not take into account changes to high needs funding from Hampshire County Council which, with spending adjustments, would add c£100k income to the forecast. The Board agreed that the forecast surplus be increased accordingly.
61. **Resolved** – that the high-level forecast of the 2018-19 Income and Expenditure account which indicates that the College will achieve a surplus of £426k be approved.
62. Given the forecast surplus in 2018-19 and the decline in income the following year, the Board asked management to ensure that any appropriate expenditure planned for 2019-20 which could be brought forward to 2018-19 was identified and enacted before the financial year end.
63. The Board noted confirmation from the ESFA of a financial health grade of 'Good' for 2017-18. The ESFA Financial Dashboard 'automated' indicator for 2019-20 was Outstanding but the Director of Finance explained that this would not be maintained by end of year.
64. **Resolved** – that the authorise signatories on the bank mandates with NatWest, Handelsbanken, Barclays and Nationwide be revised to replace the departed Director of Finance, Stephen Horrobin, with the new Director of Finance, Anne Whitworth.

AUDIT COMMITTEE

65. The Board had received the unconfirmed minutes of the meeting of the Audit Committee held on 7 March 2019, together with the College's Risk Register Dashboard.

66. The Committee Chair highlighted key points from the minutes, including in relation to the proposed reappointed of the internal auditors, the external audit fee for the accounts to the year end 31 July 2018 and retendering of external audit services.
67. **Resolved** – that the College contract RSM as internal auditors for a future year from 1 August 2019, subject to agreement of satisfactory fees by the Director of Finance on behalf of the College.
68. **Resolved** – that the external audit fee of £25,300 for KPMG’s audit services for the College Group accounts to the year ending 31 July 2018 be approved and that the College retender for external audit services to commence from the 2019-20 financial year.
69. With reference to the minutes concerning the retender of the College’s main insurance policy, the Director of Finance reported that the tender process had resulted in a reduction in fees from the current provider, Zurich, and that the outcome of the tender exercise would be concluded shortly.
70. It was noted that the Zurich policy excluded acts of terrorism, although the liability insurance did cover personal injuries, and Members discussed whether an additional cost of c£20k pa would be justified by the risks. The Principal reported that the College’s insurance policy with the NFU covered ‘riot and malicious persons’ which was an area of higher potential risk to the College given its land-based activities and campus locations than an act of terrorism. The Board confirmed that it was content that current level of cover was in the interests of the College given the extremely low risk of damage to the estate by acts of general terrorism and the high cost of additional cover.
71. The Director of Finance reported that more information was also being sought about the extent of cover for ‘cyber risk’ should the College pay an additional fee of c£5k and Members recognised that cyber threats were increasing in the FE sector. The Principal and Director of Finance undertook to check current cover in place and potential benefits of additional cover.

CURRICULUM, EMPLOYERS & MARKET REQUIREMENTS COMMITTEE

72. The Board had received the unconfirmed minutes of the meeting of the Curriculum, Employers Market Requirements Committee (CEMR) held on 28 February 2019, together with the updated HE Strategy and case studies of FE student destinations.
73. The Committee Chair summarised key points from the meeting, including in relation to developments to the HE offer and the new ‘Sparsholt Futures’ STEM day for secondary school children.
74. The Principal updated the Board on a number of matters, reporting positive feedback from agricultural employers and the NFU to the proposed introduction of an agriculture degree and updating the Board on progress with the STEM day and the cross-college consortium to develop online learning materials.

QUALITY & STANDARDS COMMITTEE

75. The Board had received the unconfirmed minutes of the meeting of the Quality & Standards Committee held on 14 March 2019.
76. The Committee Chair reported headlines from the meeting, noting good progress with implementation of the Quality Improvement Plan and reporting on his link visit to the Professions at Andover College. The Committee Chair also highlighted the consultation

on the Teaching Excellent Framework (TEF) review and the current Augur review of post-18 education.

77. The Board noted the OfS requirements and timescale for submission of the College's five-year Access and Participation Plan and agreed to constitute an HE Governors Working Group to oversee the process on behalf of the Board. The Chair of Governors asked for Members to nominate themselves to join the Working Group after the meeting
78. **Resolved** – that an HE Governors Working Group be constituted to oversee the development and submission of the Access and Participation Plan to the Office for Students on behalf of the Board of Governors and that authority be delegated to the Chair of Governors to confirm the membership of the Working Group.

RESOURCES COMMITTEE

79. The Board had received the unconfirmed minutes of the meeting of the Resources Committee held on 14 March 2019 (Parts I and II), together with the revised the Local Government Pension Scheme (LGPS) Discretions Policy and an update on bank loan arrangements.
80. The Chairman highlighted a number of key points in the minutes, noting that some of the banking matters recorded in the minutes had been surpassed by the update earlier in the Board meeting. The Board's attention was also drawn to publication of the College's latest Gender Pay Gap report, consideration of the latest analysis by management of the curriculum contribution model and various property matters.
81. In relation to a property sale (minutes 5/19), the Principal reported that the matters in relation to boundaries was being addressed by the Premises Manager and noted that the proceeds from sale of the property were included in the cash flow from July. Members also noted the timeframe for the planning consent for Ecotricity's anaerobic digester project and the Options Agreement.
82. The Board noted the considerations in relation to staff remuneration and the recommendation in relation to affordability.
83. **Resolved** – that a salary increase for all staff was regrettably not currently affordable and that future options for pay be kept under review.
84. The Board noted the updates on pension matters reported in the Committee minutes
85. **Resolved** – that the revised LGPS Discretions Policy be approved, including the delegation of authority to the Resources Committee to make discretionary decisions where defined in the policy.
86. **SEARCH COMMITTEE**
87. The Board had received the unconfirmed minutes of the meeting of the Search Committee held on 7 March 2019 which provided the annual report of the Committee.
88. The Chairman summarised key points and recommendations from the meeting and sought agreement from the Board.
89. **Resolved** – that
 - a. Simon Eden be appointed as a member of the Board of Governors from 5 April 2019 for a term of office of four years and be confirmed to continue as a member of the Curriculum, Employers & Market Requirements Committee;

- b. Andrew Hoad be appointed as a co-opted member of the Resources Committee from 4 April 2019 for a term of office of four years;
 - c. William Fullbrook be reappointed as a co-opted member of the Audit Committee from 4 October 2019 for a term of office of one year;
 - d. that Adrian Neal be appointed as member of the Resources Committee from 4 April 2019;
 - e. the Corporation's Instruments & Articles of Government be revised to enable a member of Sparsholt College Services Ltd staff be appointed as a member of the Board.
90. It was noted that the Committee had agreed the Board's membership and policies and procedures be reviewed in due course with the aim of involving an FE student from each campus, as well as an HE student governor, in Board and some committee meetings.
91. The Chairman highlighted the vacancy which has arisen on the Board of Directors of Andover Town Football Club Limited following the resignation of A Hoad as a governor and director and sought nominations from Board members.
92. **Resolved** – that Helen Perry be nominated for appointment as a director of Andover Town Football Club Limited.

WELLBEING

93. The Board had received the unconfirmed minutes of the Wellbeing Committee held on 26 February 2019, which covered equality & diversity, health & safety and safeguarding, together with the proposed revised terms of reference of the Committee and proposed revisions to the Health & Safety Policies for Staff and Students.
94. The Principal drew the attention of the Board to a number of matters covered by the minutes, including the discussion about refining the systems and guidance for recording accidents.
95. The Board noted the positive outcome of the Hampshire Safeguarding Children Board's Education Quality Assurance Audit and that learner feedback during the audit had confirmed that learners felt safe and that 'respect' was identified as a core value. The Board also noted the reported safeguarding data, including the in-year retention of 89% for Looked After Children.
96. The Safeguarding Lead Governor reported his impression from his last meeting with management that increased staff awareness and raising of safeguarding matters contributed to the increase in cases since the previous year, in addition to the general increase in students with safeguarding considerations.
97. In response to a minute referring to random drug tests, a Member sought more information about the types and frequency of testing and the College's policies and procedures in relation to consent. The Principal undertook to check these matters were adequately addressed by College policies and procedures and student contracts.
98. **Resolved** – that the revisions to the terms of reference of the Wellbeing Committee be approved and reported to the Board of Directors of Sparsholt College Services Limited.
99. **Resolved** – that the revisions to the Health & Safety Policies for Staff and Students be approved.

SPARSHOLT COLLEGE SERVICES LIMITED (SCS)

100. The Board had received the minutes of the SCS Board of Directors meetings held on 6 December 2018 and 28 January 2019.
101. The Chairman drew the attention of the Board to a number of decisions taken by directors at the 6 December 2018 meetings and provided an opportunity for Members to raise any questions about the matters covered.
102. It was noted that the appointment of the new Director of Finance by the SCS Board was a key appointment for the College Group as the Director of Finance and Finance team employed by SCS provided critical services to the College.
103. The Chairman also confirmed that the invoicing from SCS to the College and salary payments to SCS staff were working as planned.

ANDOVER TOWN FOOTBALL CLUB LIMITED (ATFC)

104. The Board had received and noted the minutes of the meeting of the ATFC Board of Directors of 1 March 2019.

GOVERNANCE

105. The Board had received the report of the Clerk to the Corporation on governance matters, including in relation to new statutory and regulatory developments and to the operation of the Board.
106. The report included extracts of DfE guidance for governors on their duties and liabilities under the new insolvency regime, which had been issued in full and discussed at the March meeting of the Audit Committee. Governors had also been provided with the new DfE College Oversight: Support and Intervention policy document.
107. The Board noted that the AOC Code of good Governance, adopted by the College, had been updated with reference to the AOC's new Senior Post Holder Remuneration Code and agreed that the new Code be adopted.
108. **Resolved** – that the AOC Remuneration Code for Senior Post Holders be adopted.
109. It was noted that under the AOC Remuneration Code, the Principal was not permitted to be a member of the Remuneration Committee and the Board agreed to revise the membership of the Remuneration Committee with immediate effect. The Principal was still expected to be invited to attend to provide information during discussions of other Senior Post Holders' performance and remuneration.
110. **Resolved** – that the membership of the Remuneration Committee be three external members of the Board and that the terms of reference of the Remuneration Committee be updated accordingly.
111. **Resolved** – that staff and student members withdraw from the remainder of the meeting.
112. Confidential items were discussed and are recorded separately. The meeting closed at 1.30 pm.