

SPARSHOLT COLLEGE HAMPSHIRE
MINUTES OF THE MEETING OF THE
BOARD OF GOVERNORS
held on 3 October 2019 at 9.00 am

¹PRESENT Z Carter (E); N Hopkins (E); T Jackson (P) (to min 337); S Morgan (E); A Neal (E); A Owen (E); R Palmer (E); H Perry (St) (to min 337); J Porter (St) (to min 337); C Wilson (E).

In attendance: S Grant, Deputy Principal – Corporate (to min 337)
S Hermiston, Director of Information & Funding (mins 298-302)
C James, Assistant Principal HE (mins 267 to 274)
J Milburn, Deputy Principal – Curriculum (to min 337)
A Whitworth, Director of Finance (to min 337)
S Willson, Clerk to the Corporation

APOLOGIES AND MEMBERSHIP

254. Apologies were received from D Beaven, J Blaber, T Floyd, S Eden and M Lauder.
255. The Chairman welcomed J Porter to her first meeting of the Board of Governors.

DECLARATION OF INTERESTS

256. There were no interests to declare in relation to matters on the agenda.

MINUTES

257. **Resolved** – that the minutes of the meetings held on 11 July 2019 (Parts I, II and III) be confirmed as a correct record, with the correction of the spelling of ‘Porter’ at minute 228(b), and signed by the Chair of Governors.

Property (Min 210/19)

258. Asked about the timescales for completion of the Animal Health and Welfare Centre project, the Deputy Principal – Curriculum (project lead) confirmed that the full project would be completed by the start of the 2020-21 academic year, with earlier completion of some buildings from April onwards. Project updates would be presented to the Resources Committee.

CHAIR OF GOVERNORS’ REPORT

259. The Board noted the report of the Chair of Governors which summarised activities he had undertaken since the July meeting of the Board, together with upcoming events and matters which had required his consideration.

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

QUALITY

Early indications for 2018-19

260. The Deputy Principal - Curriculum gave a presentation on early, high level quality performance indicators for FE, ahead of completion of the annual Self-Assessment Review (SAR) for 2018-19.
261. The Deputy Principal – Curriculum highlighted areas which had made significant improvement and areas where further improvement was required, noting that the full results had not yet been logged in all areas.
262. As previously reported to the Board, performance in Animal Management had been identified as a concern, particularly in relation to issues arising from the change to synoptic assessments. Members discussed the challenges caused by the early timing of the synoptic assessments and the disadvantage of large cohorts of learners, noting that the College was working with City & Guilds to seek to address these and had also taken actions to provide additional learning and qualifications to retain learners (following their synoptic assignment which provided the bulk of the assessment for their main qualification) until the end of the summer term and to further the skills and preparedness for employment of the students for the duration of their full time course programme .
263. The Deputy Principal – Curriculum provided additional information about the performance of individual areas of learning at the Andover College campus, explaining actions to improve achievement rates in some areas. It was noted that the A Level pass rate remained exceptionally high at 99.1% with high scores also for added value. Detailed ‘Alps’ added value data would be reported as part of the SAR.
264. The Board also noted that there had been a slight improvement in English and Maths, despite a downward trend nationally, but that English and Maths continued to be a priority.
265. The Board welcomed the improvements in retention and achievement rates in the majority of areas and the emerging evidence to support a likely assessment of the overall College’s FE performance as “Good”.
266. For future presentations/reports, the Board requested that subjects be labelled as A Level or General FE in the data tables for clarity.

HIGHER EDUCATION

267. The Board had received the HE Access and Participation Plan 2020-21 to 2024-25 (APP) and accompanying Office for Students (OfS) notification and the proposed new HE Student Transfer Policy.

Student Transfer Policy

268. The Assistant Principal – HE explained that the Student Transfer Policy was being introduced to comply with OfS condition F2 and reflected current practices. If the OfS issued guidance, the policy would be reviewed.
269. Responding to a Member’s point about challenges in the HE sector in general in assessing compatibility when transferring students, the Assistant Principal – HE explained that University Centre Sparsholt (UCS) used the University of Portsmouth’s approach to recognition of prior learning.
270. **Resolved** – that the Student Transfer Policy be approved.

Access and Participation Plan (APP)

271. The Board received and noted the letter of 20 September 2019 from the OfS regarding ongoing condition A1, including the letter from the Director for Fair Access and Participation, the notice setting out four actions in the APP and confirming that the first impact report was due by 31 January 2022, and the approved APP.
272. The Assistant Principal – HE highlighted the adjustments to targets which had been made from the first version submitted to the OfS to the final approved APP and the Deputy Principal – Corporate highlighted the final investment commitments, approximating to c£250k per year (including access and bursaries).
273. Responding to a Member’s query about the level of ambition, the Assistant Principal – HE noted that the APP would be very challenging to implement in full given the size of UCS and the specialist nature of the offer and that the College would need to justify to the OfS any targets not met. The Board noted that it was likely that there would be a need for more resources in data collection and analysis, as well as smarter use of current resources and harnessing teams across the College to deliver the ‘programmes’ defined in the APP.
274. The Chair of Governors thanked members of the HE Governance Working Group for overseeing the submission to the OfS and management teams for their hard work in developing and finalising the approved APP.

STRATEGY

Strategic Plan 2018-19

275. 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 2019.
276. The Principal confirmed that the outcome had been ‘Good’ with only five out of 34 Annual Milestone Objectives not being fully achieved. The financial outturn for 2018-19 was likely to be confirmed as ahead of the planned surplus, before accounting for the pension valuation. The Principal also highlighted the improvements in quality performance, including an increased focus on standards of student behaviour and retention, the delivery of work placements for students, the establishment of Sparsholt College Services Limited (SCS) to control pension costs, the achievement of significant grant funding for capital projects, and collaborative projects with other colleges.
277. The Board commended the outcome overall and agreed the Principal’s proposal that Annual Milestone Objective 11 (FE and HE recruitment) be reclassified from “substantially” to “fully” achieved, with the context that there had been some reductions in 16-18 year old Andover College enrolments and that this was in part due to the removal of the Beauty offer from the curriculum.

Strategic Plan 2019-20

278. 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 2019-20 (where information was available at this point of the academic year), together with details of the Treasury announcement relating to 16 to 19 revenue funding for the academic year 2020-21.

279. The Board noted the early indications of progress and that there were no significant issues emerging. The Board also noted the Principal's hope to improve the outturn for 2019-20 from the current deficit budget. The upward trend in FE and HE enrolments in 2019-20 and the positive announcements from government regarding ESFA grant allocation for FE for 2020-21 were welcomed, although it was recognised that this was against a background of long-term under-funding for the sector.
280. Other positive financial developments noted where the increased Adult Loan allocation for FE 19+ enrolments request and received by the College due to demand and a decision by the OfS to apply a high cost weighting to all veterinary nursing students from 2021-22.
281. Asked about the timing of A Level enrolments, the Deputy Principal – Curriculum confirmed that enrolments were accepted from GCSE results day and the recruitment campaign had begun for the following year. This was in line with local sixth form colleges.
282. Responding to a Member's query in relation to the update on apprenticeships about challenges experienced by SMEs employing apprenticeships due to the timing of enrolments, the Deputy Principal – Corporate agreed that the current requirements presented difficulties in filling vacancies in a timely manner and in keeping learners in education. There were also issues about the new standards not fitting the needs of some employers or being of interest to learners and it was hoped there would be revisions in the future.
283. Asked about the reasons behind the increase in halls of residence occupancy this academic year, the Deputy Principal – Corporate noted a range of actions taken by the College including increased bursary eligibility limits, changes to timetabling and addressing poor behaviour by a minority of students to improve the overall environment for all residential students.
284. The Board noted that the number of students with an Education Health Care Plan (EHCP) continued to grow year on year, with c260 students across both campuses on mainstream courses, and that the College was bidding for an increase in high needs funding. This was in the context of a very limited number of specialist education places for 16-18 year olds in Hampshire. Asked about the current challenges, the Deputy Principal – Curriculum explained that the ALS Manager post was vacant and that she and the Assistant Principal – Andover College were overseeing each campus and reviewing the management structure before recruiting. The individual review of EHCPs was time-consuming, involving external agencies, and it was important to capture and respond to the needs of learners from the start of their enrolments.
285. The Staff Governor provided additional context, explaining her experience that for every learner with an ECHP, there were several other learners with additional needs and who might not have had the opportunity to have an ECHP but presented complex issues to support and retain.
286. The Deputy Principal – Corporate provided an update on the collaborate colleges and universities Innovation South Virtual Campus project of which the College was now the lead body and had received confirmation from the EM3 LEP that the revised £490k project bid had been successful. The LEP were also supportive of the College seeking to match fund the project with a European Structural and Investment Funds (ESIF) bid which would require submission of due diligence information to the Department of Work and Pensions (DWP).

287. The Principal emphasised the strategic importance of the project in building a digital platform and supporting colleges to provide a more flexible training offer across Levels 3, 4 and 5 into workplaces and noted that the Deputy Principal – Corporate would prioritise the ESIF bid process.
288. Finally, the Board noted the update on the College’s complaint to Ofqual and that the Principal had sought an internal review by Ofqual of the finding and would keep under consideration further options open to the College should the complaint be rejected.

RISK MANAGEMENT AND AUDIT

Risk Management Plan

289. The Board had received from the Principal the Risk Management Plan 2019-20 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, together with the latest risk register dashboard.
290. The Principal highlighted amendments to the risk register since last presented to the Board and explained the reasons for the changes. The Principal also noted that the Risk Management Plan had been updated to explicitly recognise the existence of the College’s subsidiary companies and that the plan covered the activities of the whole ‘College Group’, with an obligation on the SLT to communicate with the company directors as appropriate.
291. Members discussed possible risks associated with Brexit, noting that the FE sector was not as highly exposed as others but that there was a degree of uncertainty. The Principal confirmed that the SLT was regularly reviewing Brexit related risks such as impact on student transport and animal feed and had sought assurance from its catering contractor of Brexit planning in the event of “no deal”. It was also noted that leaving the EU could provide some funding opportunities.
292. The Board agreed that Brexit related risks should continue to be kept under review and asked the Principal to consider how to reflect this in the risk register.
293. Asked about the assessment of risks 8.2 and 8.4 in relation to staff morale and to staff recruitment, the Principal reported that, overall, staff morale was holding up although there were areas with specific challenges. There were challenges in recruiting some roles and this was reflected in the rating of Contingent and continued to be closely managed. A recent report by RSM had highlighted the overall decline in teacher pay in FE, compared to schools, and the Principal had co-signed a letter with other college principals to continue to campaign for better funding for colleges. Members also recognised that staff morale was not only linked to remuneration.
294. **Resolved** – that the Risk Management Plan 2019-20 be approved with the correction of the rating of sub risk 1.11 to Housekeeping and the addition of a risk relating to Brexit.

Auditors

295. The Board had received the minutes of the Audit Committee held on 18 September 2019 and the recommendation of the Committee to appoint Buzzacott as external auditors following a tender process using the procurement framework agreement.
296. The Committee Chair reported that both shortlisted audit firms had submitted strong bids but that, assessed against the criteria and presentations, the Committee had agreed that on balance Buzzacott’s offer more closely matched the needs of the College at this time.

The proposed fees had been reported to the Audit Committee by the Director of Finance and agreed.

297. **Resolved** – that Buzzacott be appointed as the external auditors for Sparsholt College Hampshire and its subsidiary companies on a three-year contract, to be confirmed annually by the Board of Governors and the directors of the subsidiary companies.

DATA PROTECTION

298. The Board had received the annual report of the Data Protection Officer on activities related to Data Protection and Freedom of Information (FOI) legislation during the 2018-19 academic year.
299. The Director of Information & Funding summarised key points and responded to Members questions about the handling of data subject requests and FOI requests. There were no matters of concern identified.
300. 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.
301. The Board also noted the assurance that the Director of Information & Funding had acted independently in the role of Data Protection Officer, without influence from College management and with no conflicts of interest arising between his DPO duties and his other managerial responsibilities at any point during the year. It was suggested that the independence of the DPO could be further strengthened by providing a direct line of communication to the Chair of Governors and Chair of the Audit Committee should any conflict be perceived to arise.
302. **Resolved** – that the Data Protection Officer report directly to the Chair of Governors and the Chair of the Audit Committee if at any time he was concerned that his ability to undertake his responsibilities as DPO was being compromised.

FINANCE

Two Year Financial Plan

303. The Board had received the report of the Director of Finance & Facilities on the end of year financial position 2018-19 and early indications on progress with the 2019-20 and 2020-21 two-year financial plan.
304. It was noted that the July Management Accounts were being finalised and would be circulated separately.
305. The Board noted the early indications for the financial outturn for 2018-19 were for a surplus c£1 million before any FRS102 pension and SWAPs related adjustments and that the cash position at 31 July 2019 was better than budget. The College remained on track for a “Good” financial health rating for 2018-19 from the ESFA and expected to meet the 2018-19 bank loan covenants.
306. It was noted that the College had received an actuarial valuation in respect of the Local Government Pension Fund (LGPS) which showed a year end liability of £17.22m, an increase from £12.6 m the previous year. The Director of Finance reported that she had queried the assumptions regarding salary increases and the actuaries had agreed that these be reduced to reflect the actual increase in salary costs in 2018-19. The resulting revised actuarial valuation was awaited and the Director of Finance would then be able

to confirm the impact on the College's income and expenditure account. The full triennial actuarial valuation would take place in 2020.

307. The Board noted the reported aim for 2019-20 to improve the budgetary position from a deficit to breakeven. The Board also noted government announcements in relation to increased base-rate funding 16-18 year olds in 2020-21, although the funding position in 2021-22 was not known. It was also noted that there was a risk in relation to whether the Teacher Pension Scheme increased costs would continue to be covered by government beyond 2020-21.

Insurance

308. Further to discussion at the previous Board meeting, the Director of Finance confirmed that the College had now taken out Cyber insurance cover and that the College's insurance cover for professional negligence had been increased to fully comply with new ESFA requirements for required college insurance in relation to 16-18 and adult grant funding.

Banking Arrangements

309. The Director of Finance reported that, subsequent to issuing her report, College management had received confirmation from Lloyds Bank in a letter of 2 October 2019 of the proposed amendments to the loan facility which resulted from changing the accounting principles to FRS102 and removal of the clause in the original agreement which required the College to maintain a surplus in at least one year out of three.
310. The letter followed discussions between the Finance team and Lloyds Bank, on the basis of aims reported to the Resources Committee in March, and, while it was anticipated that the amendments were acceptable and would not change the position in terms of meeting the covenants, they were subject to final review by the Finance team.
311. The amendments required agreement before the next scheduled meeting of the Resources Committee or Board and therefore the Board agreed that approval could be given under delegated authority.
312. **Resolved** – that authority be delegated to the Chair of Governors to approve that the loan facility in an original principal sum of up to £750,000 arranged with Lloyds Bank plc (the Bank) in a letter dated 22 June 2006 (the Facility Letter) be amended in the manner proposed in a letter from the Bank dated 2 October 2019 (the Amendment Letter).
313. **Resolved** – that authority be delegated to the Chair of Governors to approve the authorised signatories to sign on behalf of the College the Amendment Letter once its terms and conditions were approved.

COMMITTEE REPORTS

Audit Committee

314. The Board had received the unconfirmed minutes of the meeting of the Audit Committee held on 6 June 2019, following an oral report by the Committee Chair at the July meeting of the Board, together with proposed revisions to the Committee's terms of reference (minute 115/19).
315. In relation to the audit of IT (minute 69/19), the Staff Governor stressed the need for use of USBs to be allowable for some types of student course work.
316. **Resolved** – that the revised terms of reference of the Audit Committee be approved.

Quality & Standards Committee

317. The Board had received and noted the unconfirmed minutes of the meeting of the Quality & Standards Committee (Q&S) held on 20 June 2019, following an oral report by the Committee Chair at the July meeting of the Board.

Resources Committee

318. The Board had received and noted the unconfirmed minutes (Parts 1 and 2) of the meeting of the Resources Committee held on 13 June 2019, following an oral report by the Committee Chair at the July meeting of the Board.

GOVERNANCE

Chair of Governors' Approvals

319. The Board noted the summary of matters approved by the Chair of Governors since the July meeting of the Board, under delegated authority and provisions in the Standing Orders for urgent action (86-87): staff remuneration matters; updates to the Safeguarding Learners Policy to comply with the most recent Keeping Children Safe in Education statutory guidance; revisions to the Learner Student Conduct Policy, FE Learner Performance Policy and Accommodation Policy; and a temporary extension to an Option Agreement.

Annual Performance Review

320. The Board had received the report of the Clerk on the outcomes of the Board's performance effectiveness review for 2018-19 and related governance developments, together with proposed updates to the Instruments and Articles of Government.
321. The Board had also received the letter from the ESFA Chief Executive to all colleges (July 2019) in relation to governance matters arising from the ESFA's investigation of Bourneville College and the recommendations from the report, together with a commentary from the Clerk to ensure that the Board was satisfied that the College had an appropriate governance culture and processes in place.
322. The results of the questionnaires completed by Board members, together with the annual performance reviews conducted by each committee, feedback on activities during the year and the outcome of external reviews of the College, indicated overall confidence that the Board and its committees were continuing to operate effectively and the Board noted that no significant concerns had been identified by Board members.
323. The Board discussed feedback in relation to facilitating time for sufficient discussion of key business and proposed actions. It was agreed that, following circulating of each meeting agenda, Members should contact the Chair of Governors and Clerk if there were matters where they particular wished to prioritise discussion.
324. It was noted that average attendance at Board meetings remained comparable to the average for the FE sector and that governors had also contributed to a number of additional activities during the year, including the selection panel for the newly appointed Principal Designate and a working group to oversee the HE access and participation plan. The performance of the Lead Safeguarding Governor had been reviewed and it was recommended that the post holder was appointed for a further year.

325. The Board also noted the developments to ‘College Group’ governance arrangements following the establishment of Sparsholt College Services Limited (SCS) and that governance arrangements across the group would continue to be kept under review to ensure that they remained fit for purpose.
326. **Resolved** – that Chris Wilson be re-appointed as Safeguarding Lead Governor for a term of office of one year from 12 October 2019.
327. **Resolved** – that the composition of the Board be changed from 11 external governors, 2 staff governors, 2 student governors and the Principal (16 in total) to 12 external governors (one of whom must be employed by a College subsidiary company), 1 staff governor, 2 student governors and the Principal (16 in total).
328. **Resolved** – that the updated Instruments & Articles be approved and be effective from 3 October 2019.
329. **Resolved** – that, with the endorsement of the SCS Board of Directors, an equivalent process for selection of the SCS employee governor be undertaken as for the College staff governor and that the Governor Selection and Appointment Policy be updated to reflect this and the change in the composition of the Board.
330. Confidential items discussed are recorded separately. The meeting closed at 12.30 pm.