

CENTRAL SUSSEX CORPORATION

**Minutes of a Corporation Meeting held at 5.00 p.m.
on Thursday, 16th July 2009 in T11 Crawley Campus**

Membership: Clive Behagg*, Patrick Berry*, Michael Easter*, Leslie Edwards*, Mark Froud*, Paul Harding (Vice-Chair)*, Tony Hyams-Parish, Peter Mansfield-Clark*, Gill Marshman*, Sylvia Meli*, Adam Passingham*, John Peel (Chair)*, Mark Read*, Zoë Richardson*, Ramesh Shingadia* and Russell Strutt*.

* = present

Also in attendance: Alice Darby, Suri Araniyasundaran, Adrian Dodwell, Jenny Poore, and Nick Whitley (Clerk)

APOLOGIES FOR ABSENCE

1. Apologies for absence were received from Tony Hyams-Parish.

DECLARATIONS OF INTEREST

2. It was noted that Clive Behagg had an interest to declare as Deputy Vice Chancellor of the University of Chichester and as a reviewer within the Higher Education Integrated Quality and Enhancement Review (IQER) system.

MEMBERSHIP

3. The Chair advised the meeting that the Governance & search Committee had considered two applicants to become Members of the Corporation. One was Peter Mansfield-Clark, who had previously been a Member of Crawley College Corporation and subsequently a Member of the Crawley, Horsham & East Grinstead Local Community Board. He had a great deal of knowledge and experience of the needs of the Crawley community and in particular of young homeless people. He had been interviewed by Paul Harding and Patrick Berry. The Committee was recommending that he be appointed to the Corporation.
4. **It was agreed that Peter Mansfield-Clark be appointed as a Member of the Corporation with immediate effect for a period of four years.**
5. The second was Michael Easter, who was originally from Canada and had a background in Sales and Marketing. He had been interviewed by Mark Froud, Paul Harding and John Peel. It was considered that he would bring valuable skills that were currently needed by the Corporation and the College. The Committee was recommending that he be appointed to the Corporation.
6. **It was agreed that Michael Easter be appointed as a Member of the Corporation with immediate effect for a period of four years.**

Peter Mansfield-Clark and Michael Easter joined the Corporation meeting at 5.08 p.m. The Chair welcomed them.

MINUTES OF A MEETING OF 21ST MAY 2009

7. The following three corrections to the Minutes were made:-
In the last sentence of paragraph 6, "expression of interest" was substituted for "bid".
In the heading following paragraph 14 the spelling of Diversity was corrected.
In the first sentence of paragraph 68 "Sussex" was inserted between "the" and "Chairs".
With these amendments the Minutes were signed as a correct record.

MATTERS ARISING

8. **Revolving Loan/57:** Suri Araniyasundaran confirmed that he had spoken with the College bankers; the extension of the loan would be agreed once the Corporation had approved the budget and the three year financial forecast for the coming year.
9. **Additional fees for tendering/58:** Suri Araniyasundaran confirmed that the additional £44k had now been committed (although not yet paid) in accordance with the decision taken at the last meeting of the Corporation.

CHAIRMAN'S ACTION

10. The Clerk advised the meeting that, at the request of the Governance and Search Committee, the Chair had agreed that Alice Darby, one of the two Presidents of the Haywards Heath Students' Executive Council, should attend Corporation meetings as an observer during the coming year as Adam Passingham was continuing his studies at the College for a further year. Alice Darby would be entitled to participate in all of the Corporation's activities as though she were a member with the exception that she could not vote on any decisions.
11. **The Chair's Action was ratified.**

HEALTH & SAFETY REPORT

12. Jenny Poore introduced the report and took the meeting through the Executive Summary. It was noted that exceptionally there had been no reportable incidents (RIDDOR).
13. The unacceptable delay between one accident (involving a member of staff lifting a student) occurring and its reporting five months later was highlighted; it was explained that the member of staff only made reference to the incident while on sick leave and had therefore been instructed to make a retrospective report. It was not doubted that the incident had occurred even though it had not been reported to Management at the time.
14. **The report was received.**

EQUALITY & DIVERSITY

15. The Principal introduced the report. He drew attention to strong praise from both OFSTED Inspectors and the Investors in People (IiP) Assessors for the College's approach to Equality & Diversity. Since the last meeting of the Corporation there had been a major training day for all staff and managers

refreshing and updating them on Equality & Diversity within the College context.

16. He was pleased to report good progress on the Equality Action Plans; over the next six months the College's policies would be widened to embrace specifically age, religion and belief and sexual orientation.
17. A strategic assessment had been carried out of the impact of widening participation in Higher Education (HE). This had revealed the very positive picture that 63% of the College's HE students were from families whose parents and guardians did not have degrees. A less welcome finding was that there was a significant gap between the success rates for white engineering students and those for members of an ethnic minority; this was the first time this detailed analysis had been carried out.
18. It was confirmed that there were no racial or other tensions among the student body.
19. **The report was received.**

CAPITAL DEVELOPMENTS

20. The Principal introduced the report. He advised the meeting that the thirteen Colleges with approved capital projects had been instructed to reduce their costs by a further 20% as a condition of receiving capital support.
21. The process of selecting the thirteen projects had been carried out in accordance with robust criteria; however these favoured large urban areas. The Sussex Colleges were strongly of the view that the criteria needed to be refined for the second sift of projects.
22. The LSC had confirmed that they would only reimburse fees in accordance with the rules published in the 2006 Capital Handbook. This represented a fraction of the actual cost incurred by Colleges. In Sussex the total spent on fees amounted to between £30m and £40m; for the sector as a whole the expenditure was in the order of £230m.
23. The rationale for the LSC's decision was that the Government had provided additional funds on condition they were used to stimulate the economy. The reimbursement of fees that had already been incurred would not achieve this.
24. It was pointed out that it had been stated publicly that there were potentially 100 Colleges that would be insolvent if fees were not reimbursed. Corporation Members' reputations were at risk. In future, no reliance should be placed on oral promises by the LSC or its successors; no action should be taken unless these were confirmed in writing.
25. The Principal assented to this proposition and pointed out that it was more far reaching than for capital funding alone. In the past LSC Officers had encouraged and exhorted Principals to increase activity beyond the funding agreement targets, with the promise that additional funding would follow in due course. In future he and other principals would only work within the terms of the contracted activities.

26. The Principal advised that the LSC had now promised to inform Colleges of their individual scores against the criteria for prioritising the capital developments; the full list of scores would be published subsequently.
27. In respect of the second sift of projects the question was raised whether the College would have to find further savings within the planned developments. It was noted in this context that the second tranche of identified funding was only £200m in total, whereas the Crawley development as planned would cost between £70m and £80m. On the basis of the current criteria, there would be no prospect of the Haywards Heath project succeeding.
28. The Principal reminded the meeting that the LSC had stated that £230m had been set aside to fund fees; however the sums available had shrunk to the present £70m, and that had been reserved for supporting insolvent Colleges. He understood that five applications had been made to the LSC on these grounds.
29. It was noted that there did not appear to be any criteria governing the basis on which insolvent Colleges would receive funding; this was considered to be inequitable and lacking in transparency.
30. The Principal confirmed that he would brief the student body personally about the capital developments at the beginning of the new academic year.
31. The Principal drew attention to the penultimate paragraph of the report, quoting Geoff Russell (the Chief Executive of the LSC) as promising to pursue a number of options (other than direct funding) for supporting capital developments. It was hoped that the LSC might secure loan funds on behalf of the sector.
32. The Principal informed the meeting that the Chairs of the Sussex Colleges had asked FE Sussex to send a letter on their behalf to Kevin Brennan, the Minister of State for Further Education, to raise their concerns with him. The letter was designed to take a constructive tone, while urging that he reconsider the decision not to reimburse fees. It also drew attention to the impact of the additional costs of borrowing for the Colleges and the backlog of planned maintenance (slowed down because of the capital projects).
33. It was recognised that there was very little money available to the Government in the current economic situation; the College would need to think laterally to find alternative solutions. It was generally assumed that any incoming Government, following the next general election, would need to cut public expenditure by at least 10 to 20%.
34. **It was agreed to refer the situation to the Strategic Task & Finish Group so that the College's strategic direction could be considered over a longer period than the normal three to five years.**
35. **The report was received.**

PRINCIPAL'S UPDATE

36. The Principal introduced his report. He drew attention to the increase in funding for 2009/2010, secured since the last Corporation meeting. This was partly due to £250k increased activity through partner providers within the

Train to Gain contract during March and April. Applications for full-time study were significant higher than last year, as was the demand for apprenticeships. The College was approaching the limits of its capacity to accept full-time 16-18 year old learners; this would need careful managing.

37. The Principal stressed the need to recover from the current year's unacceptable deficit for 2009/2010. The main reasons were a significant shortfall in planned income (£400k down on apprenticeships and £240k down on Train to Gain), as the impact of the economic downturn had made itself felt, together with delays in implementing planned efficiency gains. Measures had been taken to address this for the coming year and £600k headroom had been built into the proposed budget.
38. All the indications were that there would be a significant cut in funding from 2010/2011. Colleges had been privately advised to assume a 10% reduction in funding per annum over a three year period. This had not been modelled into the three year financial forecast; the strategic implications would need to be considered by the Strategy Group.
39. The Chair stressed that all Members of the Corporation were welcome to attend meetings of the Strategy Task & Finish Group; the Clerk would circulate dates when they had been determined.
40. The Principal then drew attention to Sue Dare's appointment as Principal of Northbrook College. The Chair confirmed that he would be writing on behalf of the Corporation to congratulate her.
41. The Principal stated that, in the light of the economic situation, he believed that the leadership and management structure needed to become leaner, without however lessening the drive to improve the College to achieve excellence. New ways must be found to achieve the required external capacity. He was looking to do this by sharing back office capacity with other Colleges through FE Sussex; this had already begun.
42. The revised arrangements within the Executive Director team had been put into place as an interim measure; the Corporation would need to make a decision at its next meeting whether or not to replace Sue Dare.
43. The Chair advised that he would be convening a meeting of the Governance & Search Committee in September to review the proposed arrangements in more detail prior to making a recommendation to the Corporation.
44. The Principal then outlined the changes to roles, stressing that in all cases the individual taking on new responsibilities had already been working closely with Sue Dare on these areas, so that there would be a seamless transition.
45. Externally, as well as being a member of FE Sussex the College was part of the so called Windsor Group. This Group of 12 Colleges had proved very successful to date in turning round the South East Region's performance on Train to Gain. The Group was looking to secure regional and national contracts to make it financially viable for the long term and to enable its members to broaden their engagement with skills training.
46. The Principal then turned his focus to quality assurance.

47. The College was rightly proud of its OFSTED inspection report; the IQER feedback (reviewing the College's HE provision) had also been extremely positive; Maureen Kilminster and her team were to be congratulated. There had also been an Investors in People (IiP) assessment, which had given positive and helpful feedback and could be used in the College's pursuit of excellence. One criteria, relating to role clarity for management, had not been met and required reassessment in November.
48. The College was in the midst of its Training Quality Standards (TQS) assessment; this was a very demanding standard which only 60% of applicants achieved and only 25% were awarded unconditionally. Achieving this Standard was, from the employer perspective as important as OFSTED.
49. Framework for Excellence (FfE) had been introduced for all colleges this year; however because of dissatisfaction with some of the technical measures used, it had been decided that individual grades for Colleges would not be published this year. The College had challenged the grade for its success rates, which had not matched its OFSTED grade (despite using the same data), because of concerns about the methodology.
50. The Principal drew attention to the submission made in support of the establishment of a University Centre in Crawley; there had been a tremendous response from the student survey which had given strong support for the proposals.
51. Overall it had been an unusual year for quality assurance; the various inspections/assessments should be more spaced out in future.
52. Concern was expressed about the increasing difficulty of balancing priorities for the College, particularly over conflicts between the needs of the local community, national government priorities and the College's finances. The Principal reminded the meeting that the Task & Finish Group (Strategy) would be meeting to address these issues. One of the requirements for the future would be to develop a wider range of categories of staff. It was also evident that Colleges needed to group themselves into larger entities to achieve economies of scale.
53. It was stressed that the Corporation needed to become more politically aware to ensure that the College was more effective in aligning itself for opportunities in the longer term.
54. **The report was received.**

REPORT OF THE AUDIT COMMITTEE HELD ON 2ND JULY 2009

55. Mark Froud introduced the report. He highlighted the review, by LSC appointed auditors, of the Train to Gain and Work Based Learning contracts. The audit had uncovered funding errors, which were attributable to the direct entry of data by a partner provider. The LSC had ring fenced the recovery of funding to that provider. The College had ensured that there would be no further direct entry arrangements.
56. The College's Internal Auditors had drawn attention to the fact that the Risk Assurance Group had not met for a year. It had been explained to them that the review of the Risk Register had been deferred (on more than one

occasion) because of delays to the LSC's decision on capital projects. This represented such a major aspect of the College's risk profile that to review the Register before knowing the outcome would have resulted in duplication of effort.

57. Now that the LSC's decision on the capital projects had been made known, a meeting of the Risk Assurance Group would be convened to carry out the review, in the early autumn.
58. Another point raised had been the way that the Corporation assessed the importance of various aspects of governance. The Corporation had rated all but one aspect as being of first importance; as a result nothing could be ranked in a priority order. It was pointed out to the auditors that the way their scale was drawn up made it difficult to assign any ranking; Suri Araniyasundaran and the Clerk had been asked to review the scale and approach it on a fresh basis.
59. The Internal Auditors had followed up their previous recommendations; most but not all of these had been implemented in full.
60. The Committee had reviewed the proposed Audit Programme and was content to recommend it without change.
61. The Committee had also approved some minor changes to the Financial Regulations.
62. **The report was received.**
63. **The Audit Programme for 2009/2010 was approved.**
64. **The Committee's decision to revise the Financial Regulations was noted.**

REPORT OF THE CURRICULUM, QUALITY & STANDARDS COMMITTEE

65. Clive Behagg introduced the report. He advised that the indicators for the College's routine performance, in particular attendance and retention statistics, showed that all was going well.
66. The Committee had focussed attention on the College's lesson observation scheme, initially because of the points raised during the OFSTED inspection, particularly their criticism of prior notice of observations. The College had carried out some research into the use of unannounced lesson observations by other colleges; the overall conclusion was that there was little or no correlation between the use of unannounced observations and excellence; indeed OFSTED's inspection visits and lesson observations are themselves not unannounced.
67. What had become clear was that the best prospect of achieving excellence in teaching and learning lay in ensuring that every teacher understood what excellence consisted of, in terms of an observed lesson, and how to put that into practice.
68. The Committee received feedback from the IQER visit. Clive Behagg, speaking as someone used to writing IQER reports, stressed how good the feedback was. Before a reviewer was permitted to use a term such as

“outstanding”, the judgement had to be tested and moderated rigorously. The feedback was, in Clive Behagg’s judgement, all the more impressive because the College had such a small Higher Education (HE) provision. This would be a good area to develop, on the basis of its quality.

69. The Committee had also considered the results of the Framework for Excellence grading. While it was difficult at present to see how exactly the Framework would unfold, it was likely to become a significant factor for the future of the College. One of the valuable aspects of it was the independent learner survey; this merited close attention.
70. **The report was received.**
71. **The Corporation approved the College Charter.**

REPORT OF THE RESOURCES COMMITTEE

72. Patrick Berry introduced the report, pointing out that it needed to be taken together with agenda item 14.
73. He advised the meeting that the Committee had conducted a challenging session, much of which had been covered within the Principal’s Report.
74. As usual the HR progress report had proved interesting. The sickness absence rate was still too high, although it was being addressed. The College staff had a high age profile, the implications of which were being explored with the Committee.
75. The Management Accounts revealed a very bad financial outlook for the current year; there would be a substantial deficit, higher than expected because (in part) of investment in future growth.
76. The total fees to be written off was in the order of £2.3m to £2.4m; this would more than wipe out the general reserves, leaving them in deficit.
77. The franchise with the Brighton Institute of Modern Music (BIMM) was reviewed; this arrangement had continued for many years now and continued to be very popular with learners.
78. The Committee reviewed the 2009 Disability Statement, which had also been considered by the Curriculum, Quality & Standards Committee. There were only minor changes from the 2008 version.
79. The main focus of the Committee had been the proposed Budget and Three Year Financial Forecast. A surplus of £600k had been built into the budget, with the possibility of further £400k headroom. This additional room for manoeuvre could be achieved through a further 1% efficiency saving, which was planned but had not been incorporated into the budget, and by not paying the 1% budgeted pay award. The question of whether (and when) the College could afford to pay this would be brought back to the Corporation later in the year, when it was clearer what room for manoeuvre there was in practice.
80. The forecast included an increase in interest charges for additional borrowing to cover the fees that would not be reimbursed. It would be necessary for the Corporation to agree longer term loan arrangements at a future meeting.

81. The Committee had considered very carefully the question of the College's solvency. Taking the Three Year Financial Forecast into account, the Committee had concluded that the College remained a going concern; however that would need to be debated with the Financial Statements Auditors in due course.
82. It was noted that the Executive had a good track record for controlling costs; the main problem lay with the volatility of demand led income. The projected income had been tested for reasonableness and risk. The main risk that remained totally outside the College's control was the possibility that the Government or the LSC may change the rules at short notice. One concern for the future lay with the transfer of responsibility for funding 16-18 provision to the Local Authority; it was not clear what would happen if the Authority were short of funds. That risk, while recognised, could not be quantified.
83. Suri Araniyasundaran advised that in his judgement there were two key risks; Train to Gain income and tuition fees. For all other income streams the applications already received were very strong and the College was already on track to achieve its targets.
84. It was noted that the Colleges responsibility for the cost of pensions remained of concern; this was a public services issue which was receiving political attention. As far as the risk of rules being changed for any aspect of the College's activity, that would have to be dealt with at the time; however the Task & Finish Group (Strategy) would need to consider the longer term options, including the importance of securing a measure of independence from Government funding.
85. **The report was received.**
86. **The Franchise Programme with BIMM for 2009/2010 was approved, for up to 130 16-18 year old learners, with a maximum payment to BIMM not to exceed £530k. The College Secretary was authorised to sign the agreement on behalf of the College.**
87. **The College's Disability Statement for 2009 was approved.**
88. **The budget for 2009/2010 and associated Three Year Financial Forecast were approved.**

REPORT OF THE TASK AND FINISH GROUP (STRATEGY)

89. The Chair of the Corporation introduced the report. He highlighted the Group's discussions on the College's market and its segmentation; the reputation of the College and the essential quality of provision and high standards that this rested on; the need for branding, and the potential competition facing the College.
90. The Executive had agreed to develop models for further discussion by the Group during the autumn. All Members of the Corporation were warmly invited to attend the meetings of the Group.
91. **The report was noted.**

REPORT OF THE BURGESS HILL AND HAYWARDS HEATH LOCAL COMMUNITY BOARD (LCB)

92. The Principal introduced the report. He drew attention to an important staff matter that had been raised concerning on-line testing capacity at the Burgess Hill campus; this would be pursued.
93. The Board had forwarded the reports of its Link Scheme visits to the Curriculum, Quality & Standards Committee; these were providing valuable feedback.
94. A Task & Finish Group was being convened in the early autumn to consider the criteria and approach that should be adopted for selecting students when Haywards Heath campus was full; its proposals would need to be considered by the Corporation. There were strategic approaches to addressing any unmet need that could be adopted, in particular working with local schools with additional or spare capacity or facilities.
95. The Principal confirmed that there were practical steps that could be taken at Haywards Heath to take in more students, if additional funding was made available. In any event, it was planned to absorb some 100 unfunded learners by increasing group sizes; once these limits were exceeded, significant additional resources would be required. The lack of funding then became a bar to expansion.
96. It was commented that the Government should be advised that it would be cheaper to pay for additional education or training places than for the costs of support through the benefits system. The Principal confirmed that this was a message he was constantly reiterating. FE Sussex was preparing to lobby on this issue.
97. **The report was received.**

REPORT OF THE GOVERNANCE & SEARCH COMMITTEE

98. The Chair of the Corporation introduced the report. He advised that the Committee was continuing to look for new Members for the Corporation with the right skills and attributes; this was evidenced by the two new Members appointed earlier in the meeting, who were warmly welcomed.
99. He asked the Clerk to take the meeting through the section on the appointment and terms of office of Chair and Vice-Chair of the Corporation while he handed over the Chair to Paul Harding as Vice-Chair.
100. **It was agreed that the term of office for the Chair of Corporation should be three years.**
101. **It was agreed to re-appoint John Peel to the position of Chair of Corporation for a further three year term of office to commence 1st August 2009.**

Paul Harding then left the meeting and John Peel returned and resumed the Chair.

102. **It was agreed that the term of office for the next Vice-Chair of Corporation should be two years; thereafter it would revert to three**

years, to ensure continuity when the term of office for the Chair of Corporation came to an end.

103. **It was agreed that Paul Harding be re-appointed to the position of Vice-Chair of Corporation for a two year term of office and take on specific responsibility for succession planning.**

Paul Harding returned to the meeting.

104. **It was agreed that, not counting any interim arrangements such as had been agreed for the period 1st April 2009 to 31st July 2009 for orderly succession planning the Chair and Vice-Chair of Corporation should only serve for two consecutive terms of office.**

105. **The changes to Corporation Committee and LCB co-options and membership agreed by the Governance & Search Committee were noted.**

REPORT OF THE REMUNERATION COMMITTEE

106. The Chair of the Corporation introduced the report and reminded the meeting that this Committee was exceptional in that it had delegated authority to decide the Senior Postholders' salaries on behalf of the Corporation. The Committee relied heavily on the AoC annual salary survey, the so-called Orange Book, which analysed salaries by size of College and by Region. The latest publication received at the end of January 2009 gave the position as at 1st August 2008.
107. On grounds of affordability a lower amount had been awarded than a straight application of the Orange Book data would have given.
108. **The decisions of the Remuneration Committee were noted.**

CHAIRMAN'S UPDATE

109. The Chair advised the meeting that he had initially assumed that this would have been a quiet period; however on reflection it had proved very busy.
110. He had visited the Haywards Heath campus twice, once to view the Films and Media display and once the Art and Design Exhibition. These had been phenomenal displays of the students work. He had attended two meetings about the University Centre. He had been invited to the College's summer banquet where catering students in their final year produced some of the best food anyone was likely to enjoy anywhere; he asked that in future years an invitation be extended to all Corporation Members.
111. He had interviewed Mike Easter as a potential Corporation Member and had five meetings with the Principal and various members of staff. He had also attended the Investors in People feedback session, as well as Committee meetings and chairing the Task & Finish Group (Strategy). Externally he had attended the Local Economic Action Group, a lunch at the College with the Regional Council of the LSC and a workshop in Guildford consulting about the future of governance for the Further Education sector.

ANY OTHER BUSINESS

112. There being no other business the meeting closed at 7.30 p.m.