

CENTRAL SUSSEX CORPORATION

Minutes of a Special Corporation Meeting held at 5.00 p.m. on Thursday, 25th September 2008 in T11 Crawley Campus

Membership: Clive Behagg, Patrick Berry*, Martin Delbridge (Vice-Chair), Mark Froud*, Paul Harding*, Tony Hyams-Parish, Gill Marshman*, Sylvia Meli*, Alan Morris, Adam Passingham, John Peel (Chair)*, Mark Read*, Zoë Richardson*, Ramesh Shingadia* and Russell Strutt*.

* = present

Also in attendance: Suri Araniyasundaran, Sue Dare, Adrian Dodwell, Maureen Kilminster, Jenny Poore and Nick Whitley (Clerk)

APOLOGIES FOR ABSENCE

1. Apologies for absence were received from Clive Behagg, Martin Delbridge, Tony Hyams-Parish, Alan Morris and Adam Passingham.

DECLARATIONS OF INTEREST

2. There were no interests to declare.

REVIEW OF 3 YEAR FINANCIAL FORECAST 2008-2011 AND BUDGET FOR THE YEAR 1ST AUGUST 2008 – 31ST JULY 2009

3. The Principal introduced this item, reminding the meeting that, at the last Corporation meeting, in July, when it was necessary to approve a budget for 2008/2009, the value of the Learning & Skills Council (LSC) allocation funds had been included as an estimated figure. At that time £3.5 million of the LSC funds were unknown because of the LSC's delay in announcing the allocated amounts to all providers.
4. It had been expected that the College would be able to establish the actual values by August, therefore it had been agreed to hold a Special Corporation Committee to consider the implications for the operating budget.
5. In the event the LSC did not complete the allocation of its funds until the first week in August (after the deadline for submitting the return to the LSC of the budget and three year financial forecast); at that time it was learned that the College's Additional Learning Support (ALS) allocation had been cut by £300,000.
6. The Principal chaired a meeting of the Sussex Principals earlier in the week; the meeting had found the reduction in ALS unacceptable, both because of its lateness and because there was no transparent formula or criteria to explain the reduction. This had to be challenged, particularly since the main impact would be on adult learners with disabilities.
7. The Principal pointed out that if the College were a business operating on purely financial grounds, he should cut the number of adult learners with

disabilities by 40, or charge them excessive fees. He and the Executive had decided, however, to maintain services to those 40 learners, at least until Christmas, in the anticipation that a solution to the funding gap would be found. This was a national issue that was being taken up at a national level.

8. As well as the reduction in ALS the value of the proposed contracts for apprentices and Train to Gain was stated to be £900,000 less than the aggregate value of the targets agreed earlier in the year (with the local LSC). One of the priorities over the summer period had been to establish why there was this shortfall.
9. The LSC had now confirmed in writing that, regardless of the stated contract value, it would pay for all 16-18 year old apprentices at the full national rate and would also honour all sums earned under the Train to Gain contract. This guarantee did not however extend to adult apprentices. Should all the Region's providers achieve their agreed targets there would be insufficient funds to meet them in full. This was, however, considered unlikely by the LSC, who were encouraging Colleges (and all providers) to maximise the number of adult apprentices.
10. The Executive had therefore concluded that the full value of the targeted income should remain within the budget for 2008/2009, although the risk that the income would not be achieved had worsened, particularly with respect to adult apprentices. The decision to do so had been informed by the fact that the College had over-performed on both apprenticeships and the Train to Gain contract in 2007/2008 and was already recruiting well onto its apprenticeship programmes in the current year.
11. The Principal confirmed that the College planned to recruit more 16-18 year old apprentices than adults, but that the number of adult apprentices was significant, the proportions being approximately 400:200 respectively.
12. The LSC had also advised all providers that they would be paying them on account, according to the profile of their proposed contract over the period until Christmas. Because the College had received a reduced allocation, this would impact cashflow.
13. The Sussex Principals had asked the Principal to write on their behalf to raise this concern also.
14. Suri Araniyasundaran advised the meeting that the LSC had confirmed that a reconciliation with the actual earnings for the period would be carried out in January, with a view to the required adjustment being incorporated into the February payment. The reason for this was that the LSC had restructured itself to meet the requirements of the demand-led approach, but the necessary software to manage the change was not yet available to support it.
15. The Principal was asked if he knew whether every region had been treated in the same way as the South East, or whether money had been moved around the country. He responded that he had asked that question, but had not been able to find out the answer.
16. Suri Araniyasundaran advised that the reduction in the allocation represented some 5% of the College's budget and that he was expecting there to be a

shortfall in payment over the first five months of some £150k; it would cost the College about £11k in overdraft interest charges.

17. It was noted that £11k represented approximately the cost of half a post and it was suggested that the LSC should be reminded of the human cost of someone having to lose that employment.
18. The Principal then pointed out that the College would have to make efficiency gains over the year amounting to 1.5% to 2%; this would need to be achieved in the main through improved staff utilisation. He was proposing to carry out a major review in November to establish the extent to which improved utilisation could be achieved through prudent management actions.
19. It was noted that an additional risk should be included on the College Risk Register, namely organisational/structural change by Government or the College's main funders; this was being experienced in other parts of the Government currently as well.
20. It was suggested that the proposed review should take place before November. It was explained that there was an initial period of the year during which timetables were adjusted and bedded-in before it was possible to review the planned timetables.
21. The Chair asked that, in future average class sizes and staff utilisation be reported to the Corporation.
22. Suri Araniyasundaran then took the meeting through the papers that had been circulated before the meeting. He pointed out that he had not adjusted the pay expenditure to reflect the planned efficiency gains; these were shown as a separate line. He had not, as yet adjusted the cashflow forecast to reflect the need to draw on the College's overdraft facility; he would be addressing this in more detail at the Resources Committee meeting on the 29th September.
23. The budgeted figure for tuition fees and charges represented a higher risk than previously, because of the deterioration in the general economic climate; however it remained achievable. He had identified an additional 0.5% efficiency gain for the non-pay budget; this would not be easy to achieve because the original budget figures had been drawn extremely tightly.
24. He confirmed that no account had been taken of any possible pension adjustment to meet Financial Reporting Standard (FRS) 17 requirements; the pension contributions were based on forecast payments not actuarial adjustments.
25. It was noted that, notwithstanding all the efficiency measures, the budget was only break-even; there was no headroom to address any unforeseen difficulties.
26. The question of monitoring the efficiency measures was raised: would they be tracked against the relevant cost centres within the Income & Expenditure Account, or would they be shown as a block entry? Suri Araniyasundaran advised that, as this was a presentational issue it should be discussed by the

Resources Committee at its December meeting, following the November Review.

27. It was noted that the forecast outturn for pay during 2007/2008 was significantly higher than the budgeted figure; Suri Araniyasundaran explained that in general, the additional costs were supported by income streams and he agreed to provide a high-level analysis for the Resources Committee.
28. It was noted that growth in 16-18 numbers during the current year would not be funded in 2008/2009, but would be incorporated into the funding allocation for 2009/2010. It was suggested that, since that funding was linked to the current year's activity, it should be included in the 2008/2009 accounts. It was explained that it would not be classed as having been earned in the current year; it would be consolidated into the baseline funding for the following year. Similar treatment would be accorded in 2010/2011 for any growth in 16-18 year old learners in 2009/2010.
29. The question of risk and sensitivities built into the budgeted income was raised. It was stated that enrolment to the three main income streams was looking very positive to date. The College's track record on Train to Gain was good. The figure for tuition fees and charges had been left unchanged, although that may be a little optimistic in the light of the changed economic climate. The figure had been set at the level of growth achieved in previous years.
30. The levels of Adult Funding and Additional Learning Support funds included in years 2 and 3 of the financial forecast were questioned. The Principal advised that, in accordance with LSC guidance these had not been based on the current year's allocation. This was another of the points that he would be raising with the LSC on behalf of the Sussex Principals.
31. It was suggested that the risk factors for the major funding streams should be reviewed and Suri Araniyasundaran confirmed that this would form part of the major review in November. It was critical that decisions were taken for the long-term health of the College, not merely to balance the books in the short-term.
32. It was recommended that the implications of a 5% to 10% reduction in Government spending be considered as this was one of the possibilities being discussed in other forums. The Principal confirmed that this possibility would be taken into account within the future planning for the College.
33. The risk of the banks imposing penalties and/or penal increases in interest rates was raised. Suri Araniyasundaran advised that the banks had accepted the College's track record for the last three years and its financial projections for the coming three. They were prepared to accept considerable leeway over the College's current ratio and there was a low risk that the covenants would be breached. However it was correct that, were the College to breach its covenants, or offer the banks an opportunity to revise the agreed terms because of other changes in contractual arrangements, the banks were likely to impose less advantageous terms.
34. It was noted that while current enrolment trends were very positive, the College continued to recruit learners throughout the year. What effect was the economic downturn or changes in Government policies or actions likely to

have on recruitment? The response was that it was very difficult to predict the impact. On the one hand it might stimulate recruitment of learners: on the other hand it might hit tuition fees. Suri Araniyasundaran reiterated that, at present, there was no basis for reducing the forecast for tuition fees and charges; however this would be another of the factors for the November review to consider.

35. The Principal advised that the investment in the sales force and selling arrangements made during the previous year were beginning to have a positive impact; however it was too early to tell whether the sales of short courses would continue to grow despite the economic downturn.
36. Maureen Kilminster drew attention to a new contract that the College had been awarded, to provide skills training for Ford apprentices (through Skillsnet). This contract had an annual value of £250k; two groups of apprentices had already started and it was going well. The apprentices were drawn from the South East of England. She confirmed that the contract had not been negotiated at the time the budget was set. However, it had to be recognised that other contracts which had been included within the budget figures could be at risk in the economic downturn.
37. **It was agreed to re-confirm the budget for 2008/2009 and the Three Year Financial Forecast, approved at the 14th July Corporation meeting.**

REVIEW OF PROGRESS ON CAPITAL DEVELOPMENT PROJECTS

MINUTES 38 – 44 ARE HELD CONFIDENTIAL TO PROTECT THE COMMERCIAL INTERESTS OF THE COLLEGE

45. A meeting had been arranged with LSC Officers to review the learner numbers in the educational case in preparation for its submission to the Regional Infrastructure Group (an LSC Officer group that scrutinised all bids for capital support before their submission to the Regional Council). Suri Araniyasundaran confirmed that the submission included a new sports hall. He advised that Mansell's had agreed to hold the prices included in their tender bid until mid-January; since the LSC approval processes would take longer than that, it would be necessary to negotiate a revised price.
46. The Corporation noted that, although the Crawley Masterplan had been registered in July, the LSC Officers had withdrawn it from the process pro tem. *This would impact on the College finances because it delayed the College's claim for funding of fees for the design work and was likely to result in increased costs for the project.*
47. Paul Harding expressed thanks to the Executive Team for their activity over the summer; they had put a great deal of time and effort into making sure that the Haywards Heath Phase 1 and 2 buildings were ready for occupation for the beginning of September, including cutting short their holiday time.

PREPARATION FOR INSPECTION

48. At the request of the Principal, this item was taken next. He stated that he was expecting a telephone call any Monday from now on, to give three weeks notice of an OFSTED inspection, since both Crawley College and Haywards Heath College had been inspected four years ago.

49. Sue Dare would be the College's nominee for the inspection and as such would join the inspection team when they came. The inspectors would want to meet a group of Corporation Members. It was confirmed that the Chair and Vice-Chair of the Corporation would make themselves available if at all possible, supported by Paul Harding and Sylvia Meli and at least one of the Staff Governors. **It was agreed that any other Member of the Corporation who was willing to volunteer to join the group should contact the Principal or the Clerk.** A more detailed briefing would be given to the group a week before the actual inspection.
50. The Principal stressed that he was very confident that the Corporation Members would give a good and positive account of themselves and their stewardship of the College, particularly because they were well steeped in learner success, resources and financial management.
51. The Principal then took the meeting through the high level briefing stressing that an evidence file was being collated to support the responses to the highlighted statements taken from the Inspection Handbook. However, he stressed that the real strength of the Corporation would become apparent to the inspectors once the meeting moved beyond the question and answer stage and Corporation members relaxed and spoke from the heart.
52. The Chair informed the meeting that he had attended the two recent inspection meetings held by the Principal. The College Managers had come across as positive and "up for it", relishing the opportunity to display a good College that they were proud of.

EQUALITY & DIVERSITY

53. The Clerk laid round copies of the report. The Chair pointed out that, while the Corporation and the College had done a great deal to promote Equality & Diversity, this paper represented the first occasion that all the different strands and initiatives had been drawn together, so they could be reviewed in the round.
54. The Principal explained that much of the detail in the paper would not normally be presented to the Corporation itself, but would be scrutinised by its two main Committees: Resources for staffing and Human Resource aspects and the Curriculum, Quality & Standards Committee in respect of learners and the curriculum. He wished to express particular thanks to Judith Field, the College's Equality & Diversity Officer, for setting out so clearly the various duties that the College had with respect to Equality & Diversity. He could reassure Corporation members that all the elements were already in place, but had not previously been brought together in this way.
55. The critical question for the Corporation and the Executive was, are the measures that have been put in place having any impact. There was evidence that they were. For example, there was a strong improving trend over the last three years in the success rates of learners from minority ethnic groups; this also held true for learners with disabilities, those with additional needs, and (when comparisons were made) with national benchmarks by gender. The trends were good, but this needed to be articulated more clearly.

56. The proportion of learners from ethnic minorities was above the level in the local Crawley population; when comparing the staff with the Crawley population, it was a little below, but if the Crawley campus figures were separated out, the picture was much healthier.
57. Some of the other significant achievements were a doubling of the intake of Asian students and an improvement in recruitment from the most deprived wards in Crawley. This was evidence of the College's role in promoting community cohesion.
58. The Chair of Resources drew attention to concerns raised at the Resources Committee: in particular questioning the level within the College at which black and ethnic minority (BME) staff were well represented. The Principal responded by stating that there was a good gender balance at all levels; however BME groups were not well represented at managerial levels,
59. It was commented that Equality & Diversity issues were one of the areas of concern when the merger proposals were being developed: it was good to see that the College was making a positive impact.
60. The question of age discrimination was raised: in particular why there was no specific initiative to address it. Jenny Poore pointed out that at present there was no duty to have a specific scheme to address ageism; however it was likely that the Government would bring in a Single Equality Act. She confirmed that the College did have a retirement policy, with a retirement age of 65; it had been agreed with the Unions that it should not apply to those members of staff who were already over 65 when it was brought in.
61. The Chair asked Ramesh Shingadia how the Hindu community regarded the College; he responded that he could only talk from personal experience and anecdotally: the general view appeared to be positive and he had heard very few criticisms of the College. He questioned whether any surveys had been carried out; in response it was stated that, while there had not been a specifically focussed survey, the general feedback was positive.
62. **The report was noted.**

ANY OTHER BUSINESS

63. There being no other business the meeting closed at 6.40 p.m.