

CENTRAL SUSSEX CORPORATION

Minutes of a meeting of the Resources Committee held at 5.00 pm on Thursday, 11th March 2010

Membership: Patrick Berry (Chair)*, Russ Bryan*, Paul Harding, Tony Hyams-Parish*, Gill Marshman*, Sylvia Meli* and Phil Roberts*.

Also present: Annie Henry, John Peel, Russell Strutt, Suri Araniyasundaran, Maureen Kilminster, Jenny Poore, Helen Tracey and Nick Whitley (Clerk).

* = present

APOLOGIES FOR ABSENCE

1. Apologies for absence were received from Paul Harding.

DECLARATION OF INTERESTS

2. There were no interests to declare.

MINUTES OF THE MEETING OF 30th NOVEMBER 2009

3. With the correction of a typographical error in line two of paragraph 4 (“discriminating” in place of “discrimination”) the minutes were signed as a correct record.

MATTERS ARISING

4. **Job Evaluation/26:** The Principal advised the meeting that the model scheme had now been agreed with local and regional union officials, and had been referred by Unison to their national officials. A response from these had been promised imminently. This was causing staff concern because they wanted to know the result.

HUMAN RESOURCES PROGRESS REPORT

5. Jenny Poore introduced the report, which had been prepared in a revised format. One of the main changes was to provide an analysis of staff numbers by family, giving monthly figures for the year. It was recognised that the figures demonstrated that tight control was being exercised over the management of vacancies; there was a planned shift from overhead support posts to direct, front-line activity. She pointed out that the year on year pattern of staff turnover was broadly unchanged.
6. The other main change was in the reporting of absence management. It had been decided to report absences in terms of days lost; this enabled the College to benchmark itself against national data. When measured against national data, the College's absence management record appeared better than previously thought, being within the median for the economy as a whole and in the lower quartile for the public sector generally.
7. It was planned to re-analyse previous years' figures into the same format to establish the pattern over time using the new measure. The Principal advised that the Executive would be reviewing an appropriate target for absence management, which would be presented to the Committee in due course for consideration.
8. It was confirmed that the number of staff on long-term absence was now in single figures. It was agreed that, in future, the short and long term absences should be identified separately within the statistics.
9. The Principal advised that Equality & Diversity would be reported on directly to the Corporation, as some of the necessary information was not yet available.

10. The Principal advised that stress management was being addressed through a Well Being training programme that was being rolled out across the College as a whole. The main focus was to ensure that every member of staff was aware of the main stressors, and that they must raise any concerns they may have with their managers. A staff survey was planned for either the end of the summer term, or the autumn term.
11. Concern was expressed at the delay in implementing the Job Evaluation scheme because of a lack of response from the Unison national office. The Principal advised that the College had tested the scheme to ensure that there was no gender bias within it, and that it was inherently fair. Should there be no response from the Unison national office by Easter, he would consider implementing the scheme unilaterally; however before he did so, he would ask the College Secretary to take legal advice on the risks of doing so. The main risk that he foresaw currently was to the working relationship with the Unions.

MANAGEMENT ACCOUNTS FOR THE HALF-YEAR TO 31ST JANUARY 2010

12. Suri Araniyasundaran introduced the accounts. The grounds for believing that the deficit from the first six months' activity would become a significant surplus during the second half year were tested. Suri Araniyasundaran drew attention to the fact that the College was in fact already some £500k better off in the current year than last year. He then went through the figures in some detail.
13. For the first time in a number of years the Learning and Skills Council (LSC) had given the College an in year increase (of £50k) to its main allocation.
14. It was agreed to consider the Key Performance Indicators (Agenda Item 8) alongside the analysis of the accounts and the financial forecast. As far as 16-18 numbers were concerned, the College had already achieved its target; the main focus now was on retention and achievement. It was expected that the Adult Learner Responsive targets would be achieved, on the basis of planned recruitment during the remainder of the year.
15. Apprenticeships were the main area of concern, mainly relating to 16-18 apprenticeships; a shortfall of £300k had been included within the financial forecast for the year. Some new 16-18 apprenticeships were being started (including programme-led apprenticeships); while this was encouraging for the longer term, it would not make a significant difference to the earnings within the current year. This and had been taken into account in the forecast.
16. It was noted that there were continuing difficulties in persuading employers to take on apprentices; the Colleges in West Sussex were working with West Sussex County Council to support its initiative to increase the take up generally. One of the difficulties was the employers were generally unwilling to pay tuition fees for apprentices; while this could generally be accommodated for 16 - 18 year olds, the funding for 19 - 25 apprenticeships was at a much lower level, since the Government policy was that employers should share the cost.
17. Train to Gain was above profile, and it was expected that the full year target would be achieved, with a focus on timely completion and achievement. The HEFCE (Higher Education Funding Council for England) target had already been achieved.
18. The other income targets would be achieved, although the number of 14-16 learners was below target.
19. Because of the way the demand-led contracts were structured (taking into account achievements, for example), the profile of payments was not even across the year and higher earnings were to be expected in the latter part of the year.
20. The anticipated efficiency savings were being closely monitored; non-pay savings were expected to start showing in the March figures. The improvement in cash was marked; the Committee was informed that, in consequence, the College would not be making as much use in future of leasing arrangements for capital purchases.

21. **It was agreed that the Committee would review cash management in relation to the College's loan(s) at its next meeting, together with the requirements for funding further capital investments (be it for premises or equipment).**
22. The aged debtors were reviewed in some detail; apart from one significant failure of a company, the general level of exposure to bad debt appeared to be broadly in line with previous years. It was however anticipated that the provision for bad debts would need to be increased and this had been included within the forecast.
23. The Principal advised the Committee that he was minded to pay the budgeted 1% cost of living pay award, because there was a low risk that the end of year forecast surplus would not be achieved. However he did not propose to make any payment before the May payroll, because he wanted to be certain that, as the Learning and Skills Council (LSC) came to the end of its existence, it made no changes to funding; furthermore, the practical arrangements for making payments to Colleges would change.
24. The Committee concurred with deferring the payment of the pay award on those grounds, and also to give time to test the assumptions built into the forecast that the College's financial position would improve significantly over the latter part of the year.
25. It was recognised that there was a difficult balance to strike between certainty as to the College's finances and the state of morale amongst the staff. The Principal advised the Committee that he had briefed the Unions about his intentions; they were complaining that, if the College paid a 1% pay award, it would be slipping behind the nationally agreed pay scales.
26. The Principal had advised the Union to take this up with the national negotiating team since he (in common with other College Principals) had warned the Association of Colleges (AOC) that 1% was the maximum pay award that could be afforded. There were a number of Colleges that could not afford to pay any increase in the current year. He had been very clear with staff and Unions that 1% was the maximum pay award that could be afforded.
27. **The reports were received.**

PLANNING AND FUNDING

28. The Principal briefed the Committee on the latest position with respect to government funding allocations for the coming year, together with the approaches being taken to address the cut in funding. It was agreed that this should become a standing item for the Committee for the foreseeable future. The proposals addressed a two year target of saving 10%, and did not assume any significant increase in commercial income (although that would be a separate focus for the Executive).
29. The Principal then took the meeting through the main points of the report. He advised that the Executive had reviewed the College's management structure and had concluded that it was essentially fit for purpose. Although there were some adjustments that would be made, major restructuring was unnecessary and would be a major distraction at this time - although nothing could be ruled out in the longer term if the reduction in funding became more extreme.
30. All managers had been set target savings in staffing and non-pay costs; in some cases the negative impact on the College of a reduction in posts would have been unacceptable and in those cases additional savings were being made in non-pay costs. Staff who were placed at risk by the proposals were being informed in advance of a general communication to the college; the Unions had been briefed so that they were in a position to support their members. The attitude of the Unions was constructive and helpful.

31. The Executive had been working behind the scenes to manage the reduction in posts with a minimum of redundancies; this approach would be continued in respect of the further reduction in posts required for 2011/2012 (estimated to be a further 30).
32. The Unions' main concerns appeared to be the impact (in terms of workload) on those left in the organisation, and what potential for redeployment there would be for those whose posts were made redundant. The Unions recognised that College Management had a good record of redeploying staff.
33. It was suggested that a key risk for the College was individuals' and companies' willingness and ability to pay increased tuition fees; however Suri Araniyasundaran reassured the Committee that the value of tuition fees (some £4m) represented only a modest proportion of the College's total income and the actual increases had been kept relatively small.
34. The Clerk was asked to circulate the Principal's paper in full to all Corporation Members to draw their full attention to it, since it set out the position and issues so clearly and comprehensively.
35. It was also recommended that the Executive start planning for more radical change, against the eventuality that future reductions in funding prove to be significantly more severe than anticipated. The Principal acknowledged that the funding reduction and changes in government funding priorities and restrictions were pushing the College towards becoming separate entities.
36. **The report was noted.**

CAPITAL & SPECIAL PROJECTS

37. Suri Araniyasundaran introduced the report.
38. He advised the meeting that the sale of West Green was progressing well, and it was anticipated that the transaction may be completed by the third week in April. The highest bid had been rejected, because it was conditional upon detailed planning application for a large number of dwellings being obtained. This would require change of use for planning purposes and there was no guarantee that the application would be granted (witness the attempted sale of Three Bridges); furthermore the time-scale would be protracted.
39. Progress with plans for the development of Phase 3 at Haywards Heath was discussed; a confirmed price from the contractor was expected during the week to come. This would need to be tested before any scheme could be progressed.
40. The banks had expressed willingness in principle to lend to the College, but would require a formal proposal before they committed themselves.
41. It was noted that the College would be dependant upon the Skills Funding Agency (SFA) (as successor to the LSC) giving consent to the development; it would be essentially the same team of officers as previously who would be working on the proposals.
42. The Committee asked that the Capital Committee, as one of its early priorities, review the purchasing of computers by the College, with particular reference to the FESussex initiatives on procurement.
43. **The report was received.**
44. **It was agreed to recommend that the Corporation formally ratify the decision to accept the unconditional offer from the Church.**

ANY OTHER BUSINESS

Local Government Pension Scheme

45. The Clerk introduced the report that had been circulated prior to the meeting. West Sussex County Council (WSSCC), who administer the Local Government Pension Scheme in West Sussex, had warned the College that the employer's contribution rate will have to rise significantly from April 2011. Based on an interim valuation at 3rd February, the College's contribution rate would rise from 14.6% to 19% plus. A rise to 19% would cost an additional £325k p.a. approximately; if it rose to 20.2% it would cost a further c. £80k.
46. The other complicating factor was that the College was currently in a pool consisting of all the West Sussex Colleges. The intention of the pool had been to spread the risk of fluctuations in the cost of pensions arising from the age, health, salaries etc. of the members of the pension scheme. However, WSSCC and their actuaries had established that some members of the pool were subsidising others to a significant degree and that this was highly unlikely to average out over the foreseeable lifetime of the pool.
47. One college had already stated that it intended to leave the pool, as a consequence of which the contribution rate for the remaining members would have to rise by approximately 1%. Central Sussex College was also a net contributor – subsidising other remaining members of the pool.
48. **It was agreed to recommend to the Corporation that the College withdraw from the Local Government Scheme Pool for Colleges also, to safeguard its contribution rate.**
49. There being no other business, the meeting closed at 6.45 p.m.