

## CENTRAL SUSSEX CORPORATION

### Minutes of a meeting of the Resources Committee held at 5.00 pm on Thursday, 24<sup>th</sup> September 2009

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

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

\* = present

#### **APOLOGIES FOR ABSENCE**

1. Apologies for absence were received from Gill Marshman.

#### **DECLARATION OF INTERESTS**

2. There were no interests to declare.

#### **MINUTES OF THE MEETING OF 9<sup>th</sup> JULY 2009**

3. The minutes were signed as a correct record.

#### **MATTERS ARISING**

4. There were no matters arising that were not covered elsewhere on the agenda.

#### **HUMAN RESOURCES REPORT**

5. Jenny Poore introduced the report and laid round some additional tables analysing the sickness absence statistics.
6. It was noted that, as forecast, the number of staff employed by the College had reduced. Jenny Poore drew attention to the difference between the number of Full Time Equivalent (FTE) support staff employed at the end of February and the FTE number at the end of July; a reduction of 16.76 FTE. The academic staff had also reduced by 2 FTE.
7. The age analysis table 2a showed that the majority of the College's staff were aged 45 and over; this represented a long term risk to the College, as experienced staff reached retirement age. At the same time, it was recognised that this might present opportunities for reducing staff costs.
8. Jenny Poore drew attention to the additional information that she had laid down analysing sickness absence; this was an advance copy of part of the Health & Safety Annual Report. The tables showed absences on a term by term basis for lecturers, management and support staff, analysed by type of illness. The largest numbers of occurrences of illness were for coughs and colds and gastro-intestinal illness; however the duration of these absences from work averaged less than two days.
9. The expected correlation between age and sickness absence had not materialised on further analysis.
10. When analysed by length of absence rather than number of occurrences, it was musculoskeletal disorders that predominated. There was little that could be done to manage such long-term absences, hence the focus on managing short-term absence.

11. It was noted that, in general, there was a higher proportion of absence due to sickness among support staff than among teaching staff.
12. Jenny Poore confirmed that the College participated in the Association of Colleges (AoC) benchmarking survey for absences.

Tony Hyams-Parish joined the meeting at 5.17 p.m.

13. It was pointed out that, while the average sickness absence for College staff was in line with that for the public sector generally (c. 10 days) the average for the private sector was c. 4 days. 10 days absence per year was considered worryingly high.
14. It was confirmed that sickness absence did not follow any particular age related pattern despite expectations. The Principal advised that he and Jenny Poore were investigating sickness absence further to try and identify the key measure to report against, to try and simplify the reports to the Committee.
15. It was confirmed that the monthly meetings that had been introduced to review absences with managers were beginning to have an effect; the College's occupational health nurse was always involved to ensure any significant health concerns were identified. Where appropriate she referred the particular individual to the College's independent occupational health physician.
16. Rolling year absence statistics were produced for these meetings, which Managers were finding helpful.
17. It was confirmed that the stress management initiative was continuing on a college wide basis; individual cases were pursued as necessary. There did not seem to be a significant problem of stress for the organisation.
18. A staff opinion survey was planned for the latter part of the year, in line with the Committee's agreed programme of surveying staff once every two years.
19. The Committee was informed that the response rate to the Equality & Diversity survey (reported to the last meeting) had now risen to 70%.
20. A confidential summary of grievances, disciplinary hearings and dismissals carried out during the last twelve months was circulated and reviewed.
21. **The report was noted.**

#### **FORECAST OUTTURN FOR THE PERIOD ENDED 31<sup>ST</sup> JULY 2009**

22. **It was agreed to take the Management Accounts with this item.**
23. The Principal introduced the report, informing the Committee that the position had deteriorated since last reported. He drew attention to the analysis of the factors leading to the deficit that had been reported previously. These were in essence the reduced income from employer responsive funding streams (including full cost programmes) because of the economic downturn; the need to drive up contract values in March and April (to secure contract values for the current year) through partner providers and the delay in implementing the Human Resources Plan until February.
24. The deterioration from the May forecast (reported to the Corporation in July) was largely attributable to additional payments to external providers for Train to Gain achievements, totalling c. £300k. It had been anticipated that these achievements would be claimed during the three months August to October and would therefore fall in the 2009/2010 financial year. In the event the learners achieved sooner than anticipated and the claims were presented to the College in July. The equivalent CSC learner achievements would be claimed during the 2009/2010 financial year.

25. Although the deficit for 2008/2009 had worsened by £300k there was a compensating increase of £300k in the headroom for 2009/2010; it would be important to build this into the target outturn for 2009/2010 to ensure it was not lost within the general income and expenditure. It was planned to sub-contract much less of the employer responsive training to avoid any repetition of the volatility in timing experienced at the end of 2008/2009.
26. It was noted that the Human Resources (HR) Plan had achieved a significant reduction in underlying pay costs for 2009/2010, amounting to c. £900k.
27. The budget for 2009/2010 included provision for a general pay award of 1%. The Association of Colleges (AoC) had revised this offer upwards to 1.5% (in contrast to the Sixth Form Colleges' Forum that had offered 1% only). Staff had been informed that, although the College would endeavour to pay a general pay award, no decision could be made before January 2010 at the earliest, since the College's ability to pay the award would depend upon its financial performance.
28. It was confirmed that increments would be paid to those staff on incremental pay scales, as they were a contractual entitlement. The majority of teaching and support staff were on incremental pay scales, although a number of them had reached the top of their scale and would therefore not be entitled to receive any increment.
29. The Principal advised the Committee that in making a decision about the pay award, he had to weigh up the financial sustainability of the College against staff morale; so far staff had appeared poised and realistic.
30. It was confirmed that the £900k savings (consequent upon the HR Plan) represented between 20 and 30 posts. A larger number of posts than this had been dis-established; however some had been offset against newly established posts that were needed to meet the shift in the College's requirements, as funding streams and demand altered.
31. The Principal confirmed that staffing requirements continued to be monitored on a weekly basis by the Executive; the overall impact of any staffing movements was assessed rigorously before any staffing decisions were made. It would be necessary to continue to look for possible savings between now and the next budget round, to ensure the College was ready for the anticipated reduction in future Government funding.
32. It was confirmed that the fees for developing the Crawley Masterplan and Haywards Heath Phase 3, which had previously been capitalised, would have to be written off against General Reserves in the 2008/2009 accounts. However it was still anticipated that the College would achieve a positive cash position by April 2011.
33. The Committee was concerned that the current overdraft facility may not provide a sufficient safeguard against unforeseen fluctuations in income or expenditure levels (particularly during the period January to May). **It was agreed that this should be considered at the next meeting of the Committee when the annual review and renewal of the facility arrangements would be on the Agenda.**
34. It was confirmed that longer term savings would have to be achieved by increasing average group sizes in general, accommodating growth in learner numbers without establishing additional groups for teaching purposes. The support services would have to develop smarter working methods with greater use of IT resources, drawing on process engineering techniques. Possible ways of saving back office functions between Colleges would also be explored to achieve economies of scale.
35. The FRS17 report from the actuaries was received. It was noted that the underlying trends were very concerning; this was a sector wide problem.
36. **The report on the forecast was noted.**
37. **The Management Accounts for the month ended 31<sup>st</sup> August 2009 were received.**

38. **It was agreed to recommend to the Corporation that the budget for the year ending 31<sup>st</sup> July 2010 be revised to show a reduction in Non Pay Expenditure: Teaching-Core for the year of £300k and an increase in the Operating Surplus of £300k, in line with the forecast outturn.**
39. The recommendation by the Learning & Skills Council auditors, that management accounts should be given to Corporation Members on a monthly basis, was discussed. One of the major concerns expressed was that providing too much information could lead to its significance being overlooked. The focus should be on providing key information when it was needed.
40. **It was agreed to recommend to the Corporation that management accounts be provided on a monthly basis to the Chair of Resources Committee, with copies to the Chair and Vice-Chair of Corporation; any points of significant concern would then be communicated to all Corporation Members.**

#### **KEY PERFORMANCE INDICATORS**

41. It was agreed to take this item together with Item 11, Enrolments Progress Report.
42. The Principal took the meeting through the Enrolment Progress report. He stressed that lessons had been learned from the experience of the previous year, particularly in respect of the recruitment to Work Based Learning programmes. Apprenticeship recruitment would be monitored extremely closely as the year went on, to ensure that any danger signals were spotted and acted upon at the earliest stage.
43. Overall, the picture was very positive; Further Education funded 16-18 learners had increased by approximately 5%.
44. The year on year increase in applications to the College had been significantly greater than this; however it had become clear that more applications had been made several institutions than in previous years.
45. In view of the increased number of applications, particularly to Sixth Form Haywards Heath, the Local Community Board (LCB) were developing proposals for handling waiting lists, which would be considered by the Curriculum, Quality & Standards Committee and the Corporation in due course.
46. The number of full-time 19+ learners was already above target; the part-time 19+ enrolment was encouraging but since enrolments were planned to continue throughout the year, would require careful monitoring. The funded adult and community learning enrolments had had a slow start, but was not a cause for concern.
47. The Train to Gain position was very positive for the immediate future; however the funding year had been divided into two unequal periods, the first lasting eight months and the second of four (to match the Government LSC funding years). The carry over from last year would absorb much of the funding available for the first eight months; from April there would be money for new starts. There was concern that it would be difficult to regenerate demand from employers after April if they were discouraged from accessing the initiative during the first part of the year. The situation was eased a little since the College had just received an additional £100k Train to Gain funding.
48. As far as apprenticeships were concerned the College had already met its financial profile for the period up to the end of October; however there was an imbalance in recruitment between 19+ apprenticeships and 16-18 apprentices. There were not sufficient apprenticeships for 16-18 year olds being offered by employers; by and large 19+ apprentices were already in employment.
49. One approach being adopted was to start 16-18 year olds in programme led apprenticeships. In these programmes teaching was front-loaded into the first six

months; by the end of that period an employer must be found to engage the learner in a full apprenticeship.

50. Although the figures looked good at this stage in the year, the lesson from 2008/2009 was that it was essential to recruit almost all the apprentices at the beginning of the year. Apprenticeships in Construction were holding up well and the early signs were very encouraging. However the indications were that the Motor Trade was not recovering from the economic downturn and as a result Technology could struggle to meet its apprenticeship targets. Care and Training Solutions were profiled to recruit later in the year. The major concern that needed to be addressed was the lack of 16-18 year old apprentices.
51. **The report was noted, as was the table of Key Performance Indicators.**
52. **It was agreed that in future the table of Key Performance Indicators should include a column showing the percentage of the annual target achieved and another with the percentage of the profiled target to date.**

### **CAPITAL AND SPECIAL WORKS**

53. Paul Harding advised the meeting that he was convening a Task & Finish Group Meeting to review its original remit and to consider how to move forward with a strategic review of the College's capital developments.
54. John Peel advised that he had recently chaired a meeting between Geoff Russell (the Chief Executive of the Learning & Skills Council (LSC)) and the Sussex Chairs. This meeting had arisen because of a letter sent by Russell Strutt on behalf of the FE Sussex Colleges, raising concerns about the lack of funding for capital developments and in particular, fees for abortive work. The Chairs had expressed themselves robustly at the meeting about how let down they felt. Some of them were looking for reassurances in writing that they were not held to be at fault by incurring the abortive costs of fees.
55. Geoff Russell had made it perfectly clear that he did not blame Colleges or their Corporations for the situation they now found themselves in. The Treasury had unexpectedly run out of money because of the onset of the recession; this had coincided with 70 projects being presented to the LSC for funding.
56. The Chairs had then focussed on future developments and had asked about the possibility of new funding packages being developed with the banks.
57. Geoff Russell had made it clear that any further capital developments would have to be funded through borrowing by Colleges and that few projects could be considered for approval before 2011.
58. The responses to the College's tenders were considered. It was suggested that, in view of the earlier discussion about the overdraft facility, the banks might be asked to lend a higher amount. It was explained that, although the banks might agree to this, it was not good practice to mix borrowing for capital with operational needs. It was proposed to fix the rate for the ten year period to achieve certainty for future financial planning.
59. It was confirmed that the costs of servicing the loan had been built into the three year financial forecast.
60. **It was agreed to recommend to the Corporation that Bank B be appointed as the preferred lender, and that the Executive be authorised to negotiate on the stated terms (or better) for a fixed rate loan of £2.5m over a ten year period.**

### **PROVISION FOR BAD DEBTS**

61. **It was agreed that the College should provide a charge of £6,000 in the 2008/2009 accounts, to retain the overall provision of £24,000.**

**REVIEW OF ACADEMIC YEAR 2008/2009 AND ASSESSMENT OF RESOURCES COMMITTEE PERFORMANCE**

62. It was agreed that all Members of the Committee should submit a Committee Self-Assessment Form to the Clerk for collation and report to the Governance & Search Committee at its meeting in November.

**REVIEW OF THE TERMS OF REFERENCE FOR THE RESOURCES COMMITTEE**

63. It was agreed that there was no need to revise the Terms of Reference.

**ANY OTHER BUSINESS**

64. It was noted that a decision on the submission to establish a University Centre in Crawley had been deferred, to enable further guidance to be sought from the Higher Education Funding Council of England (HEFCE) Board. A decision had been promised in early October.

There being no other business, the meeting closed at 6.50p.m.