

Minutes of a meeting of the Resources Committee held on Thursday, 17 June 2010 in the Boardroom

Present: J Holliday (Chair); M Davidson (Items 5-11); C Richardson;
M Stanger; D McSweeney

Apology: Adrian Taylor

Also present: K Wilson, Deputy Principal Finance & Corporate Services;
J Bayliff, Human Resources Manager; Jane Murray (Clerk)

11/10 Minutes

The minutes of the meeting held on Thursday, 4 March 2010 were agreed and signed as a correct record.

12/10 Declaration of Interests

Mark Stanger declared an interest in Item 11 in that the company he worked for held contracts with a company referred to in the report. It was agreed that, as this did not involve any direct involvement in the contracts referred to, no prejudicial interest existed.

13/10 Management Accounts

The Deputy Principal Finance and Corporate Services presented the management accounts, advising that the picture was tighter than last year, but still on track to retain an 'outstanding' grading in financial evaluations.

A key concern was an increase in staffing costs – costs were on par or just below average for the sector – which had arisen through a need to service income-generating contracts. There would need to be a move towards delivery with the College's own staff.

A workforce planning group had been set up at the start of the year to address the situation and the Principal and Human Resources Manager were conducting a thorough review. A substantial proportion of staff were on flexible contracts allowing hours to be reduced by one-third in any one year (or in other circumstances increased). The review also covered the rationalisation of roles and responsibilities and other efficiency gains such as merging small classes.

Having noted the redundancies happening in the sector elsewhere, the Committee questioned whether this might be something the College could face. There was general agreement that this would only be considered as a tool of last resort, and that all other avenues open to the college would be explored. The College's performance in recent years put it in a better position to weather the storm than many others. The Principal added that she was taking every opportunity to keep staff informed of the changing funding climate, both formally and informally.

Of key concern was the shift in funding from Train 2 Gain to apprenticeships. With the structure of the local economy, the College had struggled this year to secure apprenticeship places with local employers and it was unlikely that the current contract would be achieved.

Asked whether vacancies were being scrutinised for efficiencies before being filled, assurance was given that this practice was now taking place.

With respect to FRS17 – the accountancy adjustment required to take account of future public sector pension payments – it was confirmed that a decrease in staffing costs would decrease the liability.

The current ratio – the working capital required to cover liabilities – was strong at 3.68%. The sector did not require an upper limit (general practice 4%) and the college had always adopted the principle of re-investing in the college.

Agreed – to note the financial update in the Management Accounts

14/10 Budget for 2010/11

The Deputy Principal cautioned that there were considerably more risks in next year's budget than in previous years, given the uncertainties and lack of financial planning information arising from the change of Government.

Although the requirement was for a three-year financial plan, this was reviewed every year in great detail and revised.

The plan included a pay increase of 2%, which was cautious in the current climate – it was questionable whether there would be a nationally-agreed pay increase this year, and if so not likely to exceed 1%. These assumptions provide some mitigation against the risk of not achieving full efficiency savings in year.

An assumption was being made that although Train 2 Gain funding was to cease, that provision would be made for the rollover of the current contract. Provision for income of £680,000 was being made, but there were no guarantees at this stage.

As previously mentioned, there would be a need to reduce the volume of franchise activity and to deliver this with the College's own staff.

The plan did not assume any build for a new construction facility at this stage as the feasibility study was only just underway. The likely cost would be in the region of £7m, as it was felt that the build could take place on College land.

It was confirmed that the depreciation – an accounting entry – included for this building was over 50 years.

Sales and marketing effort was now taking place with key employers to promote the benefits of apprenticeships, directly supported by the Principal. Smaller businesses did appreciate the benefits of apprenticeships. The curriculum offer was also being reviewed with a view to expansion of the offer.

The way in which 'worklessness' training was being delivered had already been changed, with more of the initial training taking place outside of the College in response to the need of the user group, such as through the outreach centres.

In considering the risks to the plan, best possible scenario would be an operating surplus of £600k, the prediction was £400k and absolute worst case scenario would be a deficit of -£1.425m, if all risks materialised.

Asked whether the prediction was not too optimistic and a more aggressive approach was needed, it was felt that the action being taken already would mitigate the risks, but that the risk profile would be kept under review.

If there was a need, once further guidance was received, a special meeting of the Corporation would be called to consider any changes to the budget for 2010/11.

Resolved –

- 1) That the financial plan be recommended to the Corporation, subject to any subsequent guidance being received that would significantly alter the current plan for 2010/11, in which case a special meeting would be called.

- 2) That the self-assessment financial grading of 'outstanding' be recommended to the Corporation.

15/10 Disciplinary Procedure

The Disciplinary procedure had been reviewed and revised in accordance with the ACAS Code of Practice in Discipline and Grievance.

The Committee considered the changes and asked that 'breaches of legislation' be added to the list of offences at 9.4.

It was noted that in considering offences, that mitigating circumstances were taken into account by the investigating officer.

Resolved – that the disciplinary procedure be approved.

16/10 Human Resources Update

The Human Resources Manager gave an overview of Human Resources activity, noting 92% productivity for teaching staff.

It was noted that the unions had may a pay claim of 3.5% in the 2010/11 negotiations against an AOC (Association of Colleges) opening proposal of a 0.2% non-consolidated pay award. Negotiations would continue.

The HR Manager advised the Committee that the Independent Vetting and Barring Scheme had been put on hold pending a review by the new Government.

Staff absence was reducing – year to date figures were 9.1 days against 10.2 in 2008-09 - with the input of an occupational therapist and absence trends were being monitored.

Specific actions were being taken to address issues raised in the staff climate survey, although the response was low and the survey being reviewed. A staff focus group had achieved better results.

Agreed – that the update be noted.

17/10 Minutes of the Joint Staff Consultative and Negotiating Committee

The minutes of the above meeting were received and noted.

18/10 Facilities Management Report

The Deputy Principal Curriculum & Quality reported that the soundings were still quite positive on the possibility of a new build for construction, more positive than expected.

Funding for a dedicated 14-16 Centre from Cumbria County Council had to be committed by August 2010. This would be a vocational centre attached to the college. Finance for the scheme would require to be committed by the County Council by August 2010 and the Committee might expect a paper tabled at the July meeting of the Board if need be.

Governors asked that congratulations should be passed to staff on the reductions in health and safety incidents, which showed significant improvement over the same period as the previous year.

19/10 Sub-contracting provision

The Committee had received a comprehensive report and their previous meeting. Provision continued to be strong with new community development work this year.

The programme to be run by the Fire Service in Maryport was a Prince's Trust programme and the College would be learning from the different delivery model for their own Prince's Trust programmes.

Agreed – to note the update

20/10 Cumbria Colleges Ltd

The Committee received the minutes of the Audit Committee of CCL of 21 May 2010 and the Principal gave an update. The company would continue to be run until December 2010.

The intention was to operate and bid for contracts alongside the company on an informal footing under the banner of Cumbria Colleges Group, with the longer-term intention to wind up the formal company, but subject to any further significant shifts in Government funding.

Agreed – to note the update

The meeting closed at 7.15pm