



**ACCRINGTON AND ROSSENDALE COLLEGE**

**MINUTES OF A MEETING OF THE  
FINANCE AND EMPLOYMENT COMMITTEE  
HELD AT 5.00pm ON TUESDAY 21<sup>ST</sup> JUNE 2011  
IN THE CONFERENCE ROOM, BROAD OAK CENTRE**

**CONFIRMED**

**PRESENT:**

Mr B Stephenson (Chair)  
Dr M Lee  
Mr S Carlisle  
Mr R Grigorjevs  
Mr D Ingham  
Dr S Bhatti  
Mr M Aslam  
Mr D Rintoul

**In attendance:** Mrs S Collinge: Vice Principal (Corporate Services)  
Mrs L Higham: Director of People and Performance (*Item 47.5*)  
Mrs C Jarvis: Director of Finance  
Mr A Armiger: Clerk to the Corporation  
Mrs N Tattersall: Minuting Clerk

**47.1 Apologies for Absence**

Apologies for absence were received from Mrs D Connell.

**47.2 Declaration of Interest**

There were no declarations of interest

**47.3 Minutes of the Meeting held on 8<sup>th</sup> March 2011**

The Finance and Employment Committee members approved the Minutes of the Finance and Employment Committee Meeting held on 8<sup>th</sup> March 2011 as a true and accurate record of the meeting provided the following amendment was made. Mrs Collinge requested that Item 46.7 reference to “two consecutive ‘good’ years” be changed to “two consecutive ‘financially sound’ years”. Members

**395 RESOLVED To make the amendment noted above and approve the minutes of the meeting held on 8<sup>th</sup> March 2011 as a true and accurate record.**

**47.4 Matters Arising (not otherwise on agenda)**

The Clerk presented the Resolutions with Actions Required report and confirmed that all actions required from the previous meeting held on 8<sup>th</sup> March had been carried out. In relation to Resolution 388, Mrs Collinge confirmed that she was still meeting with Brokers and would provide an update at the next meeting. Members

**396 RESOLVED That Mrs Collinge will provide an update in relation to Resolution 388 on Brokers to the next Finance & Employment Committee.**

**Matter arising with reference to Item 46.9 Tuition Fee strategy for Further and Higher Education**

The Chair asked members to consider a paper which had been approved at a Senior Management Team meeting in relation to the Higher Education Tuition Fee Strategy for 2012/13. A paper was circulated for members to review. The Chair advised that the paper set out the recommendations for setting a fee for 2012/13 of £5,900. Mrs Collinge commented that this fee had been set based on a number of criteria specifically in relation to Widening Participation and also fees set by Higher Education Institutions and other Colleges. It was felt that £5,900 was an acceptable amount which would also allow for an element of approximately £400-£500 to be used as additional support for learners. Mr Carlisle advised that larger organisations were setting their fees at the maximum amount of £9,000. It was noted that the College has a different mix of HE learners and it was therefore felt that the figure set was fair and reasonable. Mr Carlisle also commented that the Government have stated that if institutions have fees below £6,000 there is the possibility of growth in the future but those who have price above would be capped.

Dr Lee asked for clarity as to whether the £5,900 proposed related to Full Time Degree courses. It was confirmed that this was the case and fees would be charged pro-rata for Part Time courses. It was also confirmed that both Full Time and Part Time students will be able to apply for loans. Dr Lee also asked if it was wise for the College to start collating data so it knows how much courses cost. Mrs Jarvis agreed to do this and will present the information at the next meeting in November.

The Chair asked whether there was an argument of under selling with other institutions charging higher fees. Mrs Collinge responded by saying that the fee level actually contributes to widening participation rather than making allusion towards it. Mrs Higham commented that she felt it will all be about how the College markets its proposition and there would be complete transparency with regards to what students will receive for the fee

Dr Bhatti advised that the suggested fees were a good idea but did the College have evidence to show market testing to make sure the fees were right. Mrs Jarvis commented that the College was clear about its programme mix and profile of students.

After further discussion around the cost of individual courses and course contribution rates. The Chair asked if members were happy to support the proposed fees of £5,900 as recommended by the Senior Management Team and recommend them to the Board. All members were in agreement.

Mr Ingham commented that the final decision will rest with the Board but asked if marketing strategy, if it was available, could be brought to the July 5<sup>th</sup> Corporation meeting to aid members with their decision. Members

**397 RESOLVED**

- i) that Mrs Jarvis will prepare information sheet to demonstrate how much HE programmes cost to run**
- ii) that marketing plans for HE for 2012/13, if available, be brought to the Board's 5th July meeting; and**

**iii) to recommend to the Corporation Board, for its approval, the proposed fees of £5,900 for Higher Education Courses for 2012/13**

**A HR and Related Items**

**47.5a HR Strategy Monitoring**

The Director of People and Performance updated members on the progress made since her last report by the HR team towards its Strategic Priorities. Mrs Higham highlighted some key areas:

- The Curriculum Management Restructure has now been completed and all managers have been appointed to their new posts.
- The firststaffing efficiency and utilisation report has been produced for the “Planning for Excellence” business planning with all curriculum areas identified as outstanding with efficiency levels ranging from 93% to 132%.
- Early and tentative discussions underway about the feasibility of providing a HR advisory and support service to local partner organisations. This is an area the HR Team are keen to be involved in.
- Internal procedures tightened in relation to staff being employed before they are CRB checked – a tighter risk assessment will be carried out by the Director for People & Performance and the Vice Principal – Quality & Standards.
- The AoC have now published guidance to Colleges in relation to The Bribery Act 2010. This had also been discussed by members at the Audit Committee on 14<sup>th</sup> June. A copy of the ‘The Bribery Act 2010 – A Quick Start Guide’ published by the Ministry of Justice was provided for members.

At this point, the Chair asked whether members had any questions. Dr Bhatti asked how long it takes for CRB checks to be carried out. Mrs Higham advised that this could be anywhere between 10 -15 days or 4- 5 weeks dependent on the time of year. The majority of checks are completed within 10-14 days. Dr Bhatti also noted that it was clear the College strives for Excellence and wondered if there was a process in place for rewarding those who go above and beyond. Mrs Higham advised that each year the College has awarded a “Going the Extra Mile” award to staff. This has now been renamed as “Excellence Awards” and is presented to college staff, or teams of staff who it is felt have gone beyond, on behalf of the college, the performance of their normal duties. Governors have in the past been invited to attend these awards.

Mrs Higham then went on to update on the following:

- UCU Strike Action – The next planned day of action is 30<sup>th</sup> June 2011.
- Pay Negotiations - discussions are underway with the AoC and Trade Unions. The College has, for 2012, budgeted for a 2% pay award. A further recommendation in relation to the pay award will be given at the next meeting in November.
- Staff Voice – this is an informal meeting chaired by the Principal and attended by a range of college staff and it felt that interesting and constructive discussions take place. All members of the Staff Voice wish to continue with this valuable forum next year.

The Chair then asked about the College’s plans for the increase in staff mileage allowance. The Chair asked why the College had not automatically increased to the HMRC

recommendation of 45p per mile. Mrs Collinge advised that to do so would cost around £6,000 and by only increasing to 42p it could provide increased amount of funding for supporting students. Mrs Higham commented that this had been addressed at a recent Staff Voice meeting and the increase from 40p to 42p had been well received. Members

- 398 RESOLVED**
- i) **To note the report; and**
  - ii) **that Mrs Higham is to report on the latest Pay Negotiations at the next committee meeting.**

#### **47.5b HR Update – Confidential**

*Due to the sensitivity of this report, this item was deemed confidential. The Director of People and Performance updated members on the progress made in relation to the Management Reviews, Administration Review, Restructures and Efficiency Savings. It was agreed that the report would remain confidential and be reviewed by the committee in 12 months.*

- 399 RESOLVED To note the confidential report**

The Chair thanked Mrs Higham for her reports

#### **Mrs Higham left the meeting at 6.20pm**

#### ***B Finance Items***

#### **47.6 Financial Monitoring: Management Accounts to 30<sup>th</sup> April 2011 and Outturn Forecast (including cashflow forecast)**

The Finance Director presented the Management Accounts to 30<sup>th</sup> April 2011 and Outturn Forecast. Mrs Jarvis advised that the College conducted a review mid way through the financial year (as reported to this committee on 8<sup>th</sup> March 2011) where it forecast a nil surplus at 31<sup>st</sup> July 2011. The latest report predicts a full year surplus of £135k (before FRS17) and compares the revised figures with the mid-year outturn forecast. Mrs Jarvis then went on to update members on key findings.

**Single Adult Budget** – there is a favourable variance of £165k, however the College is still below the Train to Gain contract value. Included in this budget is £766k of partnership activity of which £471k has already been enrolled. Mrs Jarvis advised that Curriculum Teams have worked exceptionally hard towards bringing in extra adults to try and meet the target.

**Apprenticeships 16-18** – anticipated partner activity of £132k is anticipated to enhance this line.

**Expenditure** – the overall level of pay is approximately £22k over budget. The adverse variance is as a result of an increase in employers NI and LGPS contributions. The overall additional cost is estimated at £30k in year.

**ATA** – the College has made plans to set up an Apprenticeship Training Agency. This agency will employ apprentices and allow employers to hire them for periods of time on an agency basis. The College expects to employ 10 apprentices.

**Shared Services** – several shared services contracts with partners have been agreed.

In relation to the cashflow, Mrs Jarvis advised that the final cash in hand days forecast for July is 33 which is slightly reduced from the previous projection. The sensitivity analysis and risks were highlighted in the report. The main risks relate to the adult single budget line and projected income.

Members of the committee asked about the Thomas Barnes claim, Mrs Jarvis confirmed that this had now been finalised and Thomas Barnes had now reimbursed the money agreed. The Chair asked if there were lessons to be learnt and both Mr Carlisle and Mrs Collinge responded positively and advised that these would be borne in mind as new projects were undertaken.

Mr Ingham asked about the situation with regards to the college's accommodation at the Globe Centre. Discussion took place between members on the matter and the principal will bring a further update on future plans the next committee meeting.

**Mr Rintoul left the meeting at 6.35pm with apologies to the Chair.**

**400 RESOLVED**

#### **47.7 Financial Action Plan**

The Vice Principal (Corporate Services) advised that this report was produced two years ago in response to the college's financial performance. Mrs Collinge advised the plan had now been updated to include progress to date. The plan will also incorporate the "traffic light system" but the risks identified had been included in the cover sheet to the full report. These risks related to partner risks of delivery of adult provision where partners are used to maximise the contract, grants and full cost income and examination fee expenditure.

Mr Ingham asked how much of the projected surplus was at risk due to the partner delivery risk. Mrs Collinge advised that the absolute worst case would result in a loss of £104k on the bottom line. Members

**401 RESOLVED To note the report**

#### **47.8 Capital Expenditure 2010/11**

The Finance Director updated members on the capital expenditure to date for this year. At the previous Finance & Employment Committee, members agreed that up to £250k could be invested at the college's discretion. Mrs Jarvis confirmed that £230k had been spent to date but the College would, by the end of July, be using the full £250k allocation. A full breakdown was provided in Mrs Jarvis' report. Mrs Jarvis advised that the College would be maintaining the new Football Pitch as it had been cheaper to purchase equipment than enter into a maintenance contract.

Dr Bhatti advised that he was interested in what the College was doing in relation to micro power generation Mrs Collinge commented that the college was making good progress in this area. Mrs Jarvis said that the Director of Facilities & IT was responsible for this agreed to ask the Director to prepare a report on progress for the next committee meeting. Members

**402 RESOLVED** i) to note the report  
ii) that the Director of Facilities & IT to prepare a report on the college's Micro Power Generation strategy and present it at the next committee meeting

## 47.9 Revenue Budget 2011/12

The Finance Director presented the Revenue Budget for 2011/12 to the committee. Mrs Jarvis advised that the College was projecting a surplus of £350k and highlighted the following key points:

**YPLA 16-18** – an increase in allocation of £167k against the 2010/11 contract. This contract is not subject to in year reconciliation and the College expects to achieve this contract.

**SFA Adult Skills** – the adult grants excluding apprentices has now been confirmed. £126k of this relates to a new “Job Outcomes” which the College can earn. Since writing the report Mrs Jarvis advised members that the College will not have to ‘earn’ this amount in 2011/12, but it may do in the future. The College has also agreed with an existing Partner to take on its adult skills contract. This will be worth an additional £110k to the College. Government changes to the benefit system will reduce the number of students entitled to fee remission and the full rate of funding. The College has therefore set a contingency of £180k for underachievement.

**HEFCERecurrent Grant** – the overall learner contract numbers are similar to 2010/11, however the College has been awarded an increase of 645% on the “Teaching Enhancement and Student Success” element of the allocation.

In relation to expenditure, Mrs Jarvis advised that:

**Pay Costs** – the overall level of pay has been reduced for next year. Following the management restructure temporary protected salaries to the value of £130k are included in 2011/12. The College continues to review all staffing in light of funding pressures, particularly related to our adult contracts. Assumptions have been made regarding staffing savings that will be targeted, around £80k. Previously this amount had been £400k. A pay award of 2% has been budgeted for January 2012 which will be recommended to this committee in November for approval, subject to financial constraints. NI and LGPS contributions have also increased from 1 April 2011, it is estimated that this will cost around £120k in 2011/12. Prior to the academic new year, Mrs Jarvis advised that some re-categorisation of posts within the staffing budget would need to take place, so the budget reflects the new management structure once it is complete.

**Premises** – contingencies have been provided for remodelling the Stubbylee premises at Bacup, subject to Board approval of the project.

**Learner Support** – an amount of £150k has been budgeted following the withdrawal of the EMA scheme.

Regarding other activities, Mrs Jarvis advised that provision had been made in relation to Shared Services and the new ATA (Apprenticeship Training Agency).

The predicted cash reserves as at 31 July 2012 are £1,470k, this represents 33 days cash in hand. The forecast incorporates an assumption that the sports pavilion, subject to final board approval, will go ahead and all related cash flows are included. The lowest cash balances, which will be particularly affected by the funding bodies’ payment profiles, will be experienced in March and April where the lowest balance is forecast at £656k. Mrs Jarvis advised that the College did not expect to use its overdraft facility at this point.

Mrs Jarvis noted that 2011/12 will be, unsurprisingly, another challenging year. However it is important that the College achieves a surplus of at least £350k in order to maintain its cash reserves and mitigate the risk of contravening bank loans. The main areas of uncertainty and risk to budget income and expenditure were noted by Mrs Jarvis as follows:

- Changes to adult funding allocations following final outcome for 2010/11
- Uncertainty over funding rules
- Underachievement of the Adult Skills budget
- Managing partner contracts
- Control of the pay expenditure
- Expenditure required to remodel building to meet future needs
- Opportunities for “project” funding
- Success of the ATA

Committee members were asked to consider the draft Revenue Budget for 2011/12 and recommend it to the Corporation Board for approval. The Chair also asked members if they were happy to maintain the capital expenditure at £250k. Members

- 403 RESOLVED**
- i) To recommend the Revenue Budget for 2011/12 to the Corporation Board for approval; and**
  - ii) Approve the capital expenditure at £250k for 2011/12**

**C** **Miscellaneous Items**

**47.10 Pavilion Project**

The Clerk to the Corporation presented his report to members which recorded all the details of what had been carried out, via e-mail, in relation to approval by members for the Pavilion Project. The Clerk advised that of 8 out of 9 members had replied positively, 1 member had not responded and that the committee had effectively agreed to recommend the project to the members of full Corporation Board. The clerk advised that the recommendation had been emailed to the remaining Board members (those not on the F & E committee) for their consideration

Dr Bhatti asked whether voting via e-mail was incorporated within the Standing Orders. The Clerk advised that the Standing Orders were currently being revised and would be presented to the Board for its approval at its September meeting and this issue would now be incorporated into the Orders (subject to approval). The Clerk commented that he felt it was acceptable to this method (and that had proved successful on this occasion) as the pace of change required was not always accompanied by the number of times members could meet to deal with issues.

- 404 RESOLVED**
- i) to note the report**
  - ii) that the Clerk will include this method of voting in the revised Standing Orders, which will be presented to the Board for its approval at its September 2011 meeting**

**47.11 Property Strategy Update – Bacup Vocational Centre**

The Principal reminded committee members that the College sought to establish a Vocational Centre in Bacup. Following discussions with Rossendale Borough Council and the Bacup Neighbourhood Forum, capital of £80,000 has been secured. This capital is subject to final approval at the Rossendale Borough Council Cabinet meeting at the end of this month. Mr Carlisle advised that the College will need to invest further capital over the next 3/4 years which could be around six figures. The site is expecting to be fully operational by September 2012.

Mr Carlisle advised that surveys were being carried out on the premises proposed at Stubbylee in Bacup and discussions were taking place with Rossendale Borough Council in relation to its staff relocation. Mr Carlisle, as Principal of the College, advised that he was fully committed to the project, and its positive impact in Rossendale and felt it was the right time to venture into this project.

The lease with the Council is not yet agreed but when finalised it will be for 10 years, rent free. Mr Carlisle advised that the College will be incorporating a 5 year break clause. It is anticipated that this provision will be permanent and will link with the provision currently available at the Maden Centre.

Dr Lee advised that the College had been trying to set up a Vocational Centre in Bacup for around 7 years and this was its third serious attempt. £80,000 funding is available as a result of the sale of the Bacup Leisure Hall. Dr Lee attended a recent Bacup Neighbourhood Forum meeting with Mr Carlisle where two members of the Council also attended. These Council Members appeared to be in agreement with the arrangements for the centre.

Dr Bhatti asked whether the College, in terms of planning, had looked at Density Planning i.e., bus travel etc. It was noted that the College had looked into this and the Vocational Centre is on the direct "464" bus route.

Mr Ingham asked about the provision of Motor Cycle Engineering and whether there was sufficient demand. Mr Carlisle confirmed that there was the demand especially in the Bacup area and that provision of vocational programmes in partnership with local schools would also support this

In summary, the Chair advised that the proposals for the Vocational Centre at Stubbylee in Bacup meets all the strategic ambitions, particularly in respect of its commitment to Rossendale and that the College had carried out the appropriate financial appraisal. Members therefore agreed to recommend the Stubby Lee Vocational Centre Project to the Corporation Board for approval.

**405 RESOLVED            To recommend the Vocational Centre Project in Bacup to  
The Corporation Board for approval**

#### **47.12 Partnerships, Franchising and Shared Services including Final DTZ Report to the Skills Funding Agency - Confidential**

*The Principal updated committee members on progress to date in relation to the Sub-Contracting arrangements with 4 partner providers and the risks associated and the new Shared Services agreements with various organisations. The shared service arrangements relate to ICT, HR, Maintenance and Apprenticeships. Mr Carlisle advised that the information contained within the report was still confidential and it was agreed that this would be reviewed by the committee for its sensitivity in 12 months time.*

Mr Carlisle also included within his report the final DTZ review on Collaboration and Shared Services with Lancashire Colleges. Mr Carlisle said that the College was already looking at the shared service opportunities that had been identified. Mrs Collinge advised that the College had also bid for the same funding noted within the DTZ report and had been successful. The College will be working with other colleges in relation to IT and also Hopwood Hall/RSM Tenon on curriculum planning.



Dr Bhatti asked that the College considers talking to 2 other providers – Hyndburn Housing and the Lancashire Care Foundation Trust. Mr Carlisle thanked Dr Bhatti and said that he would follow up the recommendations.

**406 RESOLVED To note the confidential report**

#### **47.13 Support for Students**

The Finance Director advised that the College had been looking at support available for students following the withdrawal of the Educational Maintenance Allowance (EMA). Mrs Jarvis' report contains the details of the scheme. Some students will continue to receive EMA in 2011/12 and a contingency has been included in the Budget for 2011/12 (subject to Board approval) as the College will need to make significant contribution to the scheme. Mrs Jarvis also noted that Hyndburn Borough Council had pledged an amount of funding transport to support post 16 students from the Hyndburn Area which the college will administer on behalf of Hyndburn providers. The College has now publicised the arrangements.

Mr Ingham asked whether the College had considered organising the same scheme for students from Rossendale and the Ribble Valley. Mr Carlisle advised that the College had approached Rossendale but without success. Mr Ingham and Mr Carlisle agreed to discuss this issue separately to see if Mr Ingham was able to assist negotiations. Members

**407 RESOLVED i) to note the report; and  
ii) Mr Ingham and Mr Carlisle will discuss opportunities to approach Rossendale and Ribble Valley Councils**

#### **47.14 Declaration of any Confidential Items**

Two items were deemed confidential. Members agreed Items 47.5b and 47.12 would remain confidential, to be reviewed by the Committee in 12 months time, due to business sensitivities. Members

**408 RESOLVED i) that items 47.5b and 47.12 would remain confidential for a period of at least 12 months and will be reviewed by the committee at that time**

#### **47.15 Date and Time of Next Meeting**

The date and time of the next meeting will be in November, a date will be agreed at the Corporation Board in July.

**The meeting closed at 20.10pm**