



**Accrington and Rossendale College
Corporation Board – Finance and Employment Committee**

**Minutes of the Meeting Held at
5.00pm on Tuesday 6th March 2012
in the Conference Room, Broad Oak Centre**

UnConfirmed

Present:

Mr B Stephenson	Chair of the Committee and Independent Member
Dr M Lee	Independent Member and Chair of Corporation Board
Mr S Carlisle	Principal
Mrs D Connell	Independent Member
Mr D Ingham	Independent Member
Mr Rob Grigorjevs	Independent Member
Mr D Rintoul	Staff Member

In Attendance:

Mrs S Collinge	Vice-Principal (Corporate Services)
Mr H Tallon	Vice-Principal (Quality & Standards) – For Item 49.12
Mrs C Jarvis	Director of Finance
Mrs L Higham	Director of People and Performance
Mr A Armiger	Clerk to the Corporation
Mrs N Tattersall	Minuting Clerk
Mr S During	Director of IT and Facilities – For Item 49.13

Apologies were received from:

Dr S Bhatti	Independent Member
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Draft Minutes Prepared by: NT- AA	Date:
Draft Minutes approved by the Chair of the Committee:	08-03-12
Minutes Approved by the Committee:	10-03-12
	<u>19-06-12</u>

Chair

49.1 Apologies for Absence

Apologies for absence were received from Dr S Bhatti.

The Chair welcomed members to the meeting.

49.2 Declaration of Interest

There were no declarations of interest.

49.3 Minutes of the Meeting held on 21st November 2011

The Finance and Employment Committee members approved the Minutes of the Finance and Employment Committee Meeting held on 21st November 2011 as a true and accurate record of the meeting. Members

424 RESOLVED i) To approve the minutes of the meeting held on 21st November 2011 as a true and accurate record.

49.4 Matters Arising (not otherwise on agenda)

The Clerk presented the Resolutions with Actions Required report and confirmed that the two actions which were required from the previous meeting held on 21st November 2011 had been carried out.

The Chair advised that, as the Vice Principal – Quality & Standards and the Director of IT & Facilities both had commitments this evening, their items would be taken first (Items 49.12 and 49.13 respectively).

49.12 Financial Support for Students Update

The Vice Principal – Quality and Standards presented his report to update members on the College's Financial Support for Students. In previous years, 50% of the College's 16 - 19 full time learners claimed an Educational Maintenance Allowance (EMA) and because of its demise the college put its own financial support package together, with a financial contribution from Hyndburn Borough Council.

Mr Tallon reported that the Market Intelligence Data Exchange Service (Mides) in 2011/12 had published that 16-18 year old learner numbers in the national sample declined by 1.78% between 2010/11 and 2011/12. However, the recruitment pattern was quite varied across the country with over 41% of colleges reporting an increase in enrolment and around 59% a decline. 16-18 year older learner numbers fell sharply in the most deprived areas with declines of over 2.5%. Despite the large decline in the North West and the most deprived areas the college has successfully achieved its recruitment target for 16-18 year olds.

Mr Tallon noted that it has been difficult to obtain feedback from learners on the need for subsidised support as it may be perceived as a stigma and they had been reluctant to take part in the feedback process. However, focus groups were arranged and around 80% of those

present claimed that they could not have attended college without free uniforms and essential kit and a similar figure said that transport subsidies were an important factor. Some of the students commented that they initially found information available to them from FE institutions and Training Providers on their entitlement for subsidised travel confusing. A significant number of students were also finding it difficult to find a part time job and nearly 10% lived with grandparents, siblings or independently so did not have access to financial support from parents.

Mr Tallon advised that the college had set aside £150k in the budget to provide financial support to students and it was on target to maintain that level.

The Principal noted that it was critical the college offered what it could in relation to financial support for students, not least because of the competition but also the impact of losing what could be around 135 learners. This could equate to a loss of £0.5m funding.

The Chair asked how much it actually costed to administer compared to what had been paid out. Mrs Jarvis confirmed that a lot of time had been spent this year in setting up the systems but most of the processing work was undertaken during the enrolment process over two days. The Chair also asked where the college stood for next year, Mrs Jarvis noted that the college would initially be maintaining the offer as this year as it has a two year arrangement with Hyndburn Borough Council.

Members

425 RESOLVED to note the report

Mr Tallon left the meeting.

Mrs Higham and Mr Trickett joined the meeting at 5.15pm

49.13 The Carbon Management Trust

The Director for IT and Facilities updated members on the work undertaken by the College in relation to reducing its energy use and carbon dioxide emissions. Over the last twelve months the College has been working with the Carbon Management Trust to establish a carbon management plan. The plan brings together the result of work undertaken so far on energy and carbon management and outlines how the college will further reduce this in the future.

Mr During advised that in 2008/9, the college spent £293k on energy and emitted 1,359 tonnes of CO₂. The vision for the college for the next few years is to become a leader in carbon management within the local community and ambitious carbon reduction targets have been set to reduce the carbon emissions by 45% from a 2008 baseline.

Mr During noted that if over time the college does nothing the emissions are likely to increase, the impact of which were highlighted in the graphs contained in the report. If the plan is fully implemented and the planned target hit the college would reduce carbon emissions to 748 tonnes and the potential savings would be around £188k. Payback is expected to be around 4.5years.

The Principal advised that the Power Perfector at a cost of £35k has a payment of under four years and investment in this would have been from part of the enhanced renewal grant. As the enhanced renewal grant was not received, Mr Carlisle commented that this would now have to be part of the colleges normal investment.

Mr During noted that he had brought two copies of the Carbon Management Plan, if members wished to review.

The Chair noted, and members agreed, that the Mr During's report made very good reading and

426 RESOLVED i) to note the report and support the continuing work

Mr During left the meeting.

A HR Items

49.5 HR Strategy Monitoring and HR Update

The Director of People and Performance updated members on the key areas contained in her report. There are currently two areas under review at the present time, these are Horticulture and Care, Health and Early Years (Learner Responsive). Following another year of low recruitment and low contribution rates, it has been proposed that the current Horticulture provision at the College be withdrawn for 2012/13. The decline has largely been due to reductions in funding and the loss of Train to Gain. Mrs Higham advised that Horticulture programmes are generally seen as Level 1 provision for full time learners, with very little progression. There are currently two members of staff employed to deliver the provision and consultation has begun with these members of staff.

In relation to Care, Health and Early Years (Learner Responsive), Mrs Higham advised that the team had been in Special Measure for the past 18 months. This has been due to the programme falling below Minimum Levels of Performance and the need to significantly improve retention, effective assessment and success rates on programmes. It was clear that if significant improvements were not evident in the current academic year the provision was vulnerable. Following a review by the Head of Curriculum and the Staffing Group, the decision has been made to withdraw the Health and Social Care provision. The Childcare provision will continue.

Mrs Higham reported that new provision for learners wishing to pursue a career in nursing or other medical related fields, at Levels 2 and 3 were currently being developed and promoted for

September 2012 to replace the existing Health and Social Care provision. These changes also support the National and College drive to increase STEM provision and participation. Consultation has begun with members of staff involved and Mrs Higham advised that three members of staff may face redundancy.

Another area currently being reviewed is the Care, Health and Early Years (Employer Responsive). Mrs Higham advised that a meeting was held with the team in January to share serious concerns raised by the Head of Curriculum about the performance of the team, specifically around outstanding learner completions, assessors not up to caseload and a low contribution rate of 7%. The team, were given until the end of February to increase caseloads, complete outstanding learners and work towards ensuring that success rates will be over 90% in year. Unfortunately, the decision has been taken to remove this provision and the team will be notified on 8th March 2012.

Mrs Higham then went on to update on the following areas, involving the HR Team:

Hyndburn Surestart – the HR Team are continuing to provide an HR and Health & Safety advisory and support service to Surestart Hyndburn. To date the service has been under utilised.

Hyndburn Studio School – work is continuing to support the establishment of the Hyndburn Studio School.

IFL – it is still unclear of the action needed to be taken as the College is awaiting the outcome of an independent review before deciding on any further course of action regarding IFL membership. Mrs Higham will update members at the next meeting.

Teachers' Pension Scheme Contribution Rates – increased rates of employee contributions are being implemented from 1 April 2012. These increases are separate to the proposed changes to the Local Government Pension Scheme and Teachers' Pension Scheme from April 2015. The employers contribution will remain capped but the members' rate of contribution will move from a flat rate to a tiered rate dependent on salary levels.

Local Government Pension Scheme – Contracting out rebates to fall from April 2012 – members who are currently contracted out of the Second State Pension receive rebates on their national insurance contributions, however the Government has published a statutory order that reduces this NI rebate from April 2012. There will be a small reduction in members take home pay from April 2012.

Mrs Higham advised there had been a number of legislative changes during 2011/12 which the HR Team were addressing. In October 2012, employers will be required to automatically enroll all eligible employees who are not already part of a workplace pension scheme. Mrs Higham advised that Lancashire County Council have agreed to assist the HR Team should it be required.

A number of proposed changes have also been announced regarding the Criminal Records Bureau and Independent Safeguarding Authority and Vetting and Barring Arrangements for Vulnerable Adults. The proposed changes by the Government could see Colleges not having to

carry out extensive checks on members of staff in the future and this was felt to be a worrying proposition. The Association of Colleges is currently lobbying Government departments and officials to ensure Colleges concerns and interests are represented and considered before the Bills are finalised.

The Chair commented that he shared the concerns of the college regarding these proposed new arrangements.

The Chair asked if the college was currently involved in any employment tribunals. Mrs Higham reported that it wasn't.

Members

427 RESOLVED i) To note the report

Mrs Higham left the meeting

B Finance Items

49.6 Financial Monitoring: Management Accounts to 31st January 2012 and Outturn Forecast (including cashflow forecast)

The Finance Director presented the Management Accounts to 31st January 2012 and Outturn Forecast (including cashflow forecast). Members were asked to recall that the college underachieved the adult skills budget in 2010/11 and made a provision in the budget, for the full value of an expected clawback. However, the SFA applied a 10% tolerance due to an overall underachievement in the sector. The college was within this 10% tolerance, which meant that no clawback was made. Mrs Jarvis advised that the change was deemed to be a non-adjusting event by the auditors for the 2010/11 financial statements and therefore will be included in the 2011/12 accounts. This will have a significant cashflow benefit in the current year.

Mrs Jarvis advised that the overall projected outturn for the year, based on information currently available, remains at £350k. In addition, the college will benefit from the SFAs decision in December 2011, not to recover the underachievement in 2010/11 amounting to £443,700k. This brings the overall surplus before FRS17 to £793,700.

Mrs Jarvis then went on to say that the main variances within the overall forecast position were contained within the report. However, it was noted that the 16-18 apprenticeship contract has been re-profiled down and remains a challenge to recruit to and work is still being undertaken with sub-contractors to achieve this contract.

All the key performance indicators are improved and the staffing expenditure is being managed.

Mr Ingham asked whether the £300k savings discussed at the previous meeting, still needed to be achieved. Mrs Jarvis confirmed, that all savings still need to be achieved but the college doesn't need the contingencies in place as expected to achieve the adult budget.

The Chair commented about Exam Fees, as highlighted in the report at 3.1.7 and the thought process behind it. Mrs Jarvis confirmed that the college was seeing a higher number of learners being referred by the job centre and are therefore struggling to pay exam fees. The college policy is to charge exam fees where possible, but it is felt that some learners would not enrol if they were asked to pay a fee and the college remains committed to allowing learners access to provision wherever possible.

A question was asked as to why the college was only receiving half of the original income anticipated in relation to the Mellors Contract. Mrs Jarvis informed members, that there had been an error in the original financial structures when the contract was set up. Mr Stephenson noted that a lesson has been learnt from the process and Mrs Jarvis agreed.

The Chair noted that this report had been much more positive than in previous years and it was encouraging given the challenges faced with regard to funding reductions. Members

428 RESOLVED i) To note the report

49.7 Financial Action Plan

The Vice Principal (Corporate Services) presented the latest Financial Action plan from January 2012 to December 2012. Mrs Collinge reminded members that the financial action plan was introduced following the College's Financial Notice to Improve (FNTI) and supplements the Risk Management Plan.

Mrs Collinge advised that crucial indicative funding allocations have been received from the SFA and YPLA for 2012/13, which shows potentially significant cuts in funding. The college is confident however, that the SFA and YPLA will take a more lenient view, as the college is doing well mid- year.

In relation to pay, linking to what Mrs Higham and Mrs Jarvis had reported earlier, Mrs Collinge noted that the Staffing Group meets regularly each month to identify not only how staff leaving will be replaced but to review how teams are progressing and consider options for teams who are under performing. Mrs Collinge advised that the Staffing Group continually strive to make saving but there would always be a lag between action taken and actual savings, whilst at the same time ensuring standards are maintained.

Mr Ingham asked if a report could be prepared six monthly to highlight the savings being made by the College. Mrs Collinge replied that she would look into this and see how this could be presented to the committee.

Mrs Collinge then went on to advise that the 16-18 apprenticeship contract had been reduced, which is disappointing as the college is taking every opportunity to get placements for students. With regards to under achievement of Grant Income, additional opportunities are being sought for collaborative bids.

Mr Ingham asked about comparison of income and whether the college had seen a decline in its turnover. Mrs Collinge advised that turnover this year is £17m compared to £17.2m last year. All work undertaken by the college relating to income is based on a turnover of £16.5m. Mrs Jarvis commented that the college was seeing some decline but it was not significant at the moment.

After presenting her report, Mrs Collinge advised that the college has just received confirmation from the SFA, that its Financial Notice to Improve (FNTI) had been lifted and that the SFA were also in agreement with the colleges assessment of its Financial Health as "Satisfactory". Mr Ingham commended the college for this achievement. Mrs Collinge confirmed that the college was now in a position to borrow money again without going first to the SFA

The Chair thanked all those involved for their hardwork and commitment which has enabled the FNTI to be lifted. Members

- 429 RESOLVED**
- i) to note the report; and**
 - ii) Mrs Collinge to investigate reporting, six monthly, on the savings made by the College**

49.8 Capital Expenditure 2011/12

The Finance Director updated members on the capital expenditure to date for this year. Mrs Jarvis confirmed that the whole £250k had already been committed. A full breakdown was provided in Mrs Jarvis' report. The most significant expenditure has been in relation to Business Support and Facilities based on Carbon Management and IT. In reality, Mrs Jarvis advised that it was becoming increasingly difficult to purchase everything the college would like on the budget set. Since this report was prepared, Mrs Collinge noted that the Goods Vehicle for the Driving Academy will come in below the amount stated.

The Vice Principal (Corporate Services) advised that after the budget was set and Mrs Jarvis's paper prepared, the lift in the Board Oak Centre has been causing problems and needs some investment. Mrs Collinge noted that she had spoken to Dr Lee, as there is a requirement to fix the lift to meet the individual needs of the college's disabled learners. The cost will be in the region of £18.5k. The Chair advised that it was vital to have the lift in service and asked members for their agreement. Members

- 430 RESOLVED**
- i) To note the report; and**
 - ii) approved the additional cost of £18.5k to make the lift in the Broad**

Oak Centre usable again

49.9 Tuition Fee Strategy 2012/13 for Further and Higher Education

The Vice Principal (Corporate Services) reminded members that the college revisits its fee strategy for both FE and HE annually. After consolidating the HE and FE strategies for 2011/12, they are now being reported separately. This is due to the significant changes to the HE Fees structure for 2012/13 onwards.

Mrs Collinge advised that collecting tuition and other fees from adult learners is becoming more and more challenging. The assumed tuition fee remains at 50% for 2012/13, however other factors will impact on the college's ability to maximize the collection of fees.

Mrs Collinge recommended to the members that the college continues to charge £495 to full time 19+ learners and that Curriculum Heads continue to set appropriate fees for individual learning aims, taking into account local competition, market forces and the types of learners involved.

Mr Grigorjevs asked whether the college asks for payments upfront and if learners go into arrears. It was noted that payments are made upfront up to a certain level and the number of learners who go into arrears is limited and monitored.

The Chair also asked if the college had considered asking learners to pay for courses when they are able to afford it, ie., deferred payment. This is not something the college had considered previously, but Mrs Collinge and Mrs Jarvis would investigate the practicalities of a deferred payment scheme. Mrs Connell commented that this route would require a contract to be drawn up. Members

- 431 RESOLVED**
- i) to recommend the FE Tuition Fee Strategy for 2012/13 to the Corporation Board for approval; and**
 - ii) that the Vice Principal (Corporate Services) and Finance Director would investigate and consider the possibility of deferred payments scheme for students**

49.10 Treasury Management

The Vice Principal – Corporate Services presented the latest Treasury Management Policy, which needs to be approved every year. Mrs Collinge advised that the Treasury Policy had not changed since it was approved last year. Mrs Collinge confirmed that systems are now in place for the college to use a brokerage service with Barclays Wealth. All relevant paperwork has now been returned to them.

The Chair advised that he didn't see anything that would give cause for concern and was confident that the college was carrying out all checks as necessary. Members

- 432 RESOLVED** **i) to note the report; and**
ii) approve the Treasury Management Policy

49.11 College Financial Regulations Update

The Finance Director presented the College Financial Regulations, which are reviewed and updated annually. Mrs Jarvis advised that all changes were highlighted in red and noted that the most significant change, related to Bribery & Corrupt Practices as highlighted at Point 8.

The Chair asked if the college had a process in place for recording gifts & hospitality received and if staff were aware of the procedures. Mrs Jarvis confirmed that a register was held by Mrs A Holt (Head of Business Services) and staff were kept informed of the processes. Members

- 433 RESOLVED** **i) to approve the updated Financial Regulations and recommend to the Corporation Board that they should be adopted with immediate effect.**

C **Miscellaneous Items**

49.14 Property Strategy Update

The Principal presented an interim report to members on the Colleges Property Strategy. Following the decision by the Skills Funding Agency not to reward the College with the Enhanced Renewal Grant, there is now a need to review the key elements of the property strategy. A further report highlighting the key priorities will be available for the next meeting.

Mr Carlisle then went on to update members on the following commitments and confirmed that the College budget for property renewal was comprised of:

- £100k SFA Renewal Grant
- £80k Contribution from Rossendale BC for Stubbylee
- £250k College remodelling budget

Hyndburn Studio School – a previously agreed commitment of £100k still remains by the College, this is expected to be in the form of equipment and materials.

Vocational Centre at Stubbylee – plans for the new vocational centre will be considered by planning on 21st March. Work is due to commence in May to ensure the centre is ready for September 2012. Draft leases have been agreed.

HE Centre – it is proposed that from September 2012 much of the HE provision will be located into one area of the college.

Laboratories – there is a need to invest in improving and providing new laboratories by September 2012.

Hameldon Building – work will be undertaken to improve vehicle access and improve car parking facilities and carry out removal of a problematic landscape feature to the rear of the building. The area previously identified as suitable for a Sports Centre is likely to remain untouched pending a bid to Sport England for a new outdoor multi-purpose court.

Dr Lee asked when the college expects to receive the funding from the Studio Schools Trust for the Hyndburn Studio School. Mr Carlisle advised that the college expected to receive funding by April 2012. Members

434 RESOLVED **i) to note the report; and**
ii) Mr Carlisle will provide an update on key priorities at the next meeting

Mr Grigorjevs left the meeting at 6.35pm

49.15 Declaration of any Confidential Items

Members confirmed that there were no items deemed to be confidential.

49.16 Date and Time of Next Meeting

The date and time of the next meeting will be 5pm on Tuesday 19th June 2012.

The meeting closed at 6.40pm