



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

**Minutes of the Meeting Held at
5.00pm on Tuesday 19th June 2012
in the Conference Room, Broad Oak Centre**

Confirmed

Present:

Mr B Stephenson	Chair of the Committee and Independent Member
Dr M Lee	Independent Member and Chair of Corporation Board
Dr S Bhatti	Independent Member
Mrs D Connell	Independent Member
Mr Mohammed Aslam	Independent Member
Mr D Rintoul	Staff Member

In Attendance:

Mrs S Collinge	Vice-Principal (Corporate Services)
Mrs C Jarvis	Director of Finance
Mrs L Higham	Director of People and Performance – For Item 50.5
Mr A Armiger	Clerk to the Corporation
Mrs N Tattersall	Minuting Clerk
Mr S During	Director of IT and Facilities – For Item 50.10
Mrs S Marsh	PA to the Vice Principal (Quality and Standards) - Shadowing Minuting Clerk

Apologies were received from:

Mr S Carlisle	Principal
Mr R Grigorjevs	Independent Member
Mr D Ingham	Independent Member
Mr P Trickett	Co –Opted Member

	Date:	
Draft Minutes Prepared by: NT- AA	22-06-12	
Draft Minutes approved by the Chair of the Committee:	25-06-12	
Minutes Approved by the Committee:	25-11-12Dr Mike Lee (as Chair of meeting).....
		<u>Chair</u>

50.1 Apologies for Absence

Apologies for absence were received from Mr S Carlisle, Mr R Grigorjevs and Mr P Trickett.

The Chair welcomed members to the meeting and introduced Sara Marsh who was work shadowing the Minuting Clerk.

50.2 Declaration of Interest

There were no declarations of interest.

50.3 Minutes of the Meeting held on 6th March 2012

The Finance and Employment Committee members approved the Minutes of the Finance and Employment Committee Meeting held on 6th March 2012 as a true and accurate record of the meeting. Members

435 RESOLVED i) To approve the minutes of the meeting held on 6th March 2012 as a true and accurate record.

50.4 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 6th March 2012 had been carried out.

Dr Lee noted that following approval at the last Finance & Employment Committee for additional expenditure to repair the lift in the Broad Oak Centre, the lift still appeared to be not working. The Vice Principal – Corporate Services and the Director of IT & Facilities, advised that work had commenced but contractors were awaiting parts. Mr During advised that works would be completed during the summer break.

In relation to Item 49.9, Tuition Fee Strategy 2012/13 for Further and Higher Education, the Vice Principal – Corporate Services advised that new guidance had now been received from the Skills Funding Agency in relation to the Government Contributions for Learners aged 19 years and older. Mrs Collinge suggested that the Strategy be revised to include the new rules, where the age range is now 19-23 years rather than 19-24 years and that fees for the Access to HE Pathway are increased from £300 to £455. This increase in fees, is following a review carried out by the Dean of Higher Education of fee charged. Members

**436 RESOLVED i) to accept the new rules for Government Contributions for Learners aged 19 years and older for incorporation in to the Tuition Fee Strategy for Further and Higher Education; and
ii) that fees for adults on the Access to HE Pathway are increased from**

£300 to £455.

The Chair advised that the Director of IT & Facilities item, would be taken first (Item 50.10).

50.10 Property Strategy Update

The Director of IT & Facilities presented a report on the latest position regarding the College's property strategy. The report outlined the action being taken following the College's unsuccessful application to the Skills Funding Agency for capital funding. Mr During updated on progress made to date:

Stubbylee –progress on the work is on schedule and progressing within budget. The target completion date is 4th July 2012. Mr During advised that plans are in place to launch the new provision on Saturday 14th July, jointly with Rossendale Borough Council. Dr Lee asked why a Saturday had been chosen, Mr During noted that this was seen as an excellent opportunity to get the local community involved with the project.

Broad Oak Campus—the main focus will be on the development of a new HE Centre, creation of a new science laboratory, construction of a new basket/volley ball court, improvements to the car parking facilities and the access road between the Hameldon Building and Sports Pavilion.

Mr During advised that a bid will be submitted to Sport England to support the development of the basket/volley ball court. The Chair asked what the likelihood was of receiving the funding from Sport England. Mr During confirmed that it is always difficult to predict as it is a very competitive process. The advantage to the College is that it doesn't have to commit large college resources to submit the bid. The overall cost of the court is around £200k, and it is hoped that some funding will be received, but there are no guarantees. There are no plans to commence work until confirmation is received from Sport England of a successful bid.

Hyndburn Studio School – there is currently a delay on works commencing on the premises for the Studio School as the necessary due diligence and signing of the purchase agreement has not yet been received. It is unlikely that the premises will be occupied before November 2012 and therefore contingency plans are being put in place. Drawings of the building were included within Mr During's report.

Maden Centre—negotiations with Lancashire County Council to relocate the Vocational Training Centre to smaller accommodation has now been completed. A new lease has been agreed.

Skills Funding Agency's Renewal Grant and Enhanced Renewal Grant (Phase 3) – although this new round of bidding this was announced recently, after careful consideration it has been decided not to apply for either grants as the College doesn't meet the current full criteria and would involve expensive consultation time.

Dr Lee asked that the College started to use the correct spelling for Stubbylee. It is all one word.

Members

437 RESOLVED to note the report

The Chair thanked Mr During for his report and *Mr During left the meeting*

A **HR Items**

50.5 **HR Strategy Monitoring and HR Update**

The Director of People and Performance updated members on the key areas contained in her report. Mrs Higham noted that the reviews, previously reported in relation to Horticulture and Care, Health and Early Years Employer Responsive and Learner Responsive have now all been concluded. A review of the Learning Support and Skills for Life provision is now underway, which is being led by the Director for Learner Services. Mrs Higham advised that due to the reduction in funding against a growing need for learner support and the need to increase the level of Maths and English taught in Colleges, the College took the decision to improve efficiency of delivery and reduce costs where possible. Once the review is completed, the team will be renamed the “Advanced Skills Team” and will comprise of highly qualified staff experienced in the delivery of Maths, English, ESOL and Learning Support. The new team will also spearhead the development of E-Learning across the College and pilot “Flipped Learning” from September.

Mrs Higham then went on to update members on the following areas:

Surestart Hyndburn – meeting in July to discuss the service required by the HR Team for next year. The service to date has been under utilised but has been a good learning experience.

Hyndburn Studio School – the HR Team have been involved in the appointments of the Deputy Head, Personal Assistant and two learning coaches.

At this stage the Chair asked if members had any questions.

Dr Lee asked whether the College received income from the Hyndburn Studio School, for providing the HR support. Mrs Higham confirmed that funding will be received from the “Lead Funding” and that hours spent were logged.

The Chair asked what “Flipped Learning” was, Mrs Higham advised that there was a notion that learners should be able to learn independently, especially with “Generation Z” being brought up using new technologies. The intention is that learners will come to lessons prepared by having researched the topic being studied and undertake the harder exploration part of their lesson with Teachers.

New Integrated HR/Payroll System – approval has recently been given to go out to tender for the purchase of a new integrated HR and Payroll System. The drivers for purchasing a new system now extend further to the need to bring the payroll system in-house. These relate to Shared Services, Reporting, Data and New Features – full details of each were contained with Mrs Higham’s report.

UCU Industrial Action – action was called on the 10th May 2012, however Mrs Higham noted that no members of the College staff had taken action on that day.

Institute for Learning (IfL) – the Government will set in motion a formal process of consultation with the view to removing the statutory obligation for teachers to register with the IfL.

Proposed Teachers' Pension Reforms – the teacher's pension scheme is being reformed, with the new scheme in place from April 2015. The new scheme will be based on career average salaries. Details were contained in Mrs Higham's report.

In terms of Employer Legislation, Mrs Higham confirmed that all policies affected by any changes to legislation, have been updated. However, there is one area of concern which relates to the rules for the Criminal Records Bureau and Independent Safeguarding Authority. Mrs Higham advised that following lobbying by the Association of Colleges (AoC) with Government officials, the Home Office maintains that "it is not proportionate" to allow employers, including Colleges, to access barred list checks for new appointments in work that is not regulated activity, because a barred person is not precluded from doing such work. This new legislation is likely to be in place from November 2012. Mrs Higham noted that this will mean that only Teachers can be checked and that other staff, who still have direct contact with learners, will be unable to be checked.

Mrs Higham commented that the decision by the Home Office is of great concern across the sector and she would update members at the next Finance & Employment Committee of any movement in this matter in November. Members asked whether it was worth the College also lobbying against the decision made by the Home Office, especially in terms of safeguarding its learners, as there are a lot of risks attached. It was agreed that, Mrs Higham would ask the Vice Principal – Quality & Standards, if it was appropriate to write to local MPs, as the designated Safeguarding representative. Dr Lee advised that the decision should be left to Mr Tallon's judgment as he will know what the AoC are doing. Dr Lee informed members that the AoC are very effective in consulting with the Government, and have members who they lobby. Mrs Higham will update on the decision at the Corporation Board in July.

Pay Negotiations – in April the AoC received the joint trade unions pay claim for 2012/13, which amounted to a 5% increase and the removal of increments. The next meeting is planned for 28th June 2012. Dr Lee advised that he had received a circular from Unison regarding the "Living Wage", which was around £7.20, and asked if the College had anyone below this. Mrs Higham advised that there were very few staff paid under £7.20 and on the minimum wage.

Dr Bhatti advised that as part of inequality findings, there is a gap between the top and bottom and asked if Mrs Higham could look into this and report back. Mrs Higham will also look at how much it would cost to increase those staff who earn below £7.20 and will update at the next meeting.

Members

438 RESOLVED i) To note the report;

- ii) Mrs Higham to prepare a report on the inequality gap; and
- iii) Mrs Higham to update at the next meeting in terms of costing for increasing those staff who earn below £7.20.

The Chair thanked Mrs Higham for her report. Mrs Higham left the meeting

B Finance Items

50.6 Financial Monitoring: Management Accounts to 30th April 2012 and Outturn Forecast (including cashflow forecast)

The Finance Director presented the Management Accounts to 30th April 2012 and a forecast of the likely position at 31st July 2012. Mrs Jarvis confirmed that the College still expects to achieve a surplus of £350k, which it was felt was excellent news. The full report provided to the Senior Management Team was attached to the report provided to members, which outlined the details to achieving the £350k.

Mrs Jarvis advised members that the main challenges relate to the following areas:

Grant Income - this has been reduced as a result of the likely underachievement of the 16-18 apprenticeship contract. The final assessment of the likely contribution from additional grant income also suggests that this will be less than predicted in January.

Fee Income – the estimate for final fee income has been increased as a direct result of some additional discretionary learner funds being allocated by the SFA. This has been used to waive exam fees for learners with financial difficulty.

Pay – overall, pay is likely to be well within the budget set for January. Higher redundancy costs will be offset by pay savings in year.

Non-Pay Costs – small increases have been identified and were included within the report to the Senior Management Team report.

Commercial Activity – projected contributions are less than predicted in January in a few areas. Most significantly, the target set for the catering provision at Rossendales, has been revised.

In relation to the cash flow forecast, this has been revised in line with the projected outturn position and a budget for 2012/13. The projected cash days in hand at July 2012, have reduced by six days compared to the previous projection. This relates to the 16-18 apprentice funding, which was previously paid on profile and is now paid on earnings.

Mrs Jarvis confirmed that the Senior Management Team were aware of all the issues faced, in order to achieve the £350k surplus.

Dr Lee asked about the Rossendales' Deficit and whether the College received any grant income for learners. Mrs Jarvis confirmed that the total deficit wasn't as large as reported as the College was able to draw down approximately £6k each funding for two apprentices, employed to work at Rossendales. The College is working with Rossendales to revise the business plan as Rossendales are keen to retain the facility which is of benefit to both parties.

439 RESOLVED i) To note the report

50.7 Financial Action Plan

The Vice Principal (Corporate Services) presented the last Financial Action plan. Members were asked to recall that the financial action plan was developed to ensure that all necessary actions were identified and acted upon so as to ensure that the College achieved its targeted financial surplus each year. It had also been used in discussion with the SFA to give them confidence that the College had a realistic plan to improve the College's financial health.

Mrs Collinge noted that the funding allocations received from the YPLA and SFA for 2012/13 show significant cuts in funding. The College is putting in place actions to ensure that the surplus target is achievable and financial stability is maintained. Subcontracting arrangements for 2012/13 are planned to reduce to £500k, in line with the reduced funding allocations.

440 RESOLVED i) to note the report

50.8 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, together with the additional amount approved at the last meeting, for repairs to the lift in the Broad Oak building. The total expenditure amounts to £255,990.

Mrs Jarvis advised that in relation to other capital investment, during the autumn term the Hospitality and Catering Team's restaurant was refurbished, at a total cost of £28,229. The associated depreciation of these investments will be charged to the commercial operation of the restaurant and a corresponding increased income target for the new "Eatery 1853" has been agreed. In relation to the Sports Pavilion, this has now completed.

In terms of capital investment for 2012/13, Mrs Jarvis advised that bids had been received, amounting to £600k. Of the bids received, the most significant request relates to IT, as there are increasing concerns that the College IT infrastructure is in need of considerable upgrading to bring it up to the standard required to support the College's strategic priorities.

Mrs Jarvis advised that in order to help to alleviate the situation relating to IT, members were requested to consider that the overall capital expenditure is increased from £250k to £300k for 2012/13 and following years, and that in 2012/13 an additional £50k is approved to undertake the necessary works within the Library to support a new approach to teaching and learning discussed earlier in the meeting. This would make the 2012/13 Capital allocation £350k. The Chair asked if members were in agreement to support the request. All members confirmed that they were.

A discussion then took place in relation to the IT infrastructure and Dr Bhatti asked if there was any other way the College could look at supporting its learners e.g. contributing to home broadband costs, providing IT tablets or notebooks. Mrs Jarvis advised that the College continually looks at how it can support learners, and offers incentives where it can.

Following further discussions members

- 441 RESOLVED**
- i) to increase the capital expenditure allocation from £250k to £300k For 2012/13 and also subsequent years;**
 - ii) to approve an additional £50k for 2012/13 (£350k in total), to support the upgrading of the existing Library facilities**

50.9 Revenue Budget 2012/13

The Finance Director presented the proposed Revenue Budget for 2012/13, for consideration and recommendation to the Corporation Board. Mrs Jarvis advised that there was a proposed surplus projected of £350k.

The two main challenges to this are the reductions in the College's two main contracts. They are the EFA 16-18 contract, which has been reduced by £480k, and the SFA Adult Skills, reduced by £580k. Overall, the College is looking at a reduction in funding of over £1m. The other big challenge is the 16-18 apprentices, which also proved a challenging area of activity in 2011/12. and will continue into 2012/13

Mrs Jarvis then went on to update on the following areas within the proposed Revenue Budget:

Higher Education Loans – these will commence from 2012/13.

HEFCE Recurrent Grant – the new contract includes “core” funding for “old regime” learners only i.e., those learners who commenced their programme before the implementation of the new HE loans scheme. New entrants will not receive any “core” funding and will be expected to pay for the full cost of their programme. Mrs Jarvis advised that a line had been included in the budget for an “entrants pack”, where learners will be given an “Electronic Tablet” as an incentive. Application levels for next year are, currently, good.

Remodeling Costs – a significant amount of remodeling is planned in College, and at this point in time the minimum amount of funding has been allocated. This will be increased should surplus funding be available.

Partnerships – this has been reduced in line with the reduced adult skills budget.

Learner Support – proposed to continue to support learners, however this will need to support both year 1 and year 2 learners.

Commercial Activity – the College has increased targets for many of the commercial activities.

In relation to the cashflow forecast, Mrs Jarvis advised that predicted cash reserves at 31st July 2013 are expected to be £1.9m, this would represent 42 days cash in hand. At the end of this year, the cash reserve will be around £1.5m. However, based on the agreed increased capital investment, earlier in the meeting, the cash levels will reduce.

Mrs Jarvis advised that the balance sheet and risks were noted within her report and that work was progressing with the 3 Year Plan, which will be presented to the Corporation Board at its next meeting on the 3rd July 2012. Overall, Mrs Jarvis advised members that she felt the Revenue Budget for 2012/13 looked healthy and positive given the challenges involved.

Dr Bhatti asked whether any staff were incentivized or commission driven. Mrs Jarvis advised that she wasn't aware of any staff on "reward based contracts". However, incentivizing staff continues to be the senior management team's radar and considered on a regular basis.

Mr Stephenson commented that the March cashflow was also looking healthier and whether there was an opportunity to invest. Mrs Collinge confirmed that she had been looking at investing in a short term investment with regard to the College's Treasury Management Policy.

Dr Lee referred to the contingency in the budget for a pay award. Dr Lee advised members that they would be aware a special meeting had taken place the previous week (minutes of which would be presented to the Corporation Board at its next meeting) to consider the College's policy on pay awards in light of restrictions on awards to public sector staff. The outcome of the meeting was that there would be a recommendation to the Board that current policy on deciding pay awards would continue, and therefore asked members for confirmation that they were prepared to accept the contingency for staff pay detailed in the budget. The Senior Management Team would continue with the freedom to use the amount agreed in the staff pay line, dependent on the college's financial situation. All members confirmed that they agreed.

Mr Stephenson commented that the Senior Management Team and Staff have a track record, in recent years, of setting the budget, which has then subsequently been achieved. This should reassure members in recommending the proposed budget to the Corporation Board.

442 RESOLVED i) to recommend the Revenue Budget for 2012/13 to the Corporation Board for approval

C Miscellaneous Items

50.11 Declaration of any Confidential Items

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

50.12 Date and Time of Next Meeting

The date and time of the next meeting is yet to be confirmed.

The meeting closed at 6.45pm