



**ACCRINGTON AND ROSSENDALE COLLEGE**

**MINUTES OF A MEETING OF THE  
FINANCE AND EMPLOYMENT COMMITTEE  
HELD AT 5.00pm ON TUESDAY 8<sup>TH</sup> MARCH 2011  
IN THE CONFERENCE ROOM, BROAD OAK CENTRE**

**CONFIRMED**

**PRESENT:**

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

<b>In attendance:</b> Mrs S Collinge :	Vice Principal (Corporate Services)
Mrs L Higham :	Director of People and Performance ( <i>Item 46.5</i> )
Mrs C Jarvis :	Director of Finance
Mr A Armiger:	Clerk to the Corporation
Mrs N Tattersall:	Minuting Clerk

**46.1 Apologies for Absence**

Apologies for absence were received from Dr S Bhatti. Mr M Aslam was also absent from the meeting. The Clerk confirmed that the meeting was quorate.

**46.2 Declaration of Interest**

There were no declarations of interest

**46.3 Minutes of the Meeting held on 23<sup>rd</sup> November 2010**

The Finance and Employment Committee members approved the Minutes of the Finance and Employment Committee Meeting held on 23<sup>rd</sup> November 2010 as a true and accurate record of the meeting.

**380 RESOLVED To approve the minutes of the meeting held on 23<sup>rd</sup> November 2010 as a true and accurate record.**

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

The Clerk presented the Resolutions with Actions Required report and confirmed that the all actions required from the previous meeting held on 23<sup>rd</sup> November 2010 had been carried out. No further action was required.

## **A HR and Related Items**

### **46.5 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 and Ambitions. Mrs Higham highlighted some key areas:

- All relevant Curriculum and Management Information managers had attended a compulsory session on the Qualifications and Credit Framework (QCF). This was delivered by Nick Linford, a former director of Planning and Performance at Lewisham College. Following this session, the in-house management training programme has been revised to include sessions on change conversations, performance management and college promotion and reputation.
- Following an internal review of staffing efficiencies Mrs Higham met with individual curriculum managers throughout November 2010 to look at their team reports and identify concerns. Whilst the majority of staff were timetabled for their contracted hours there were some staff who appeared to be below. Managers were therefore asked to review their teams and focus on those individuals below hours. Since the last efficiency report which was issued in January, a significant improvement has been made in relation to staff under hours. At the Staffing Group it was agreed that anyone below 90% of the contractual hours would be reviewed. Mrs Higham also advised that unfortunately in a high number of cases, timetabled hours for an individual were not supported by the register hours marked by the teacher. This issue is being investigated by Managers. Mr Rintoul confirmed that the Efficiency Reports were a useful tool for Managers.

In relation to legislation changes, Mrs Higham reported that following advice taken from our Health Practitioner the Breastfeeding Policy was being changed to assist both staff and learners returning to college. The abolition of the Default Retirement Age (DRA) under the coalition government has been fast tracked. Therefore any employee who turns 65 on or after 1 October 2011 cannot be retired under the DRA. Retirement has also been removed from the list of fair reasons for dismissal, it is no longer exempt from age discrimination law and statutory retirement procures are removed.

Mrs Higham then went on to advise that the Bribery Act 2010 was due to come into force in April 2011 which will require the college to put in place adequate procedures to prevent bribery and corruption in its business. The Ministry of Justice has announced the Act will be delayed due to continuing delay in the publication of associated government guidance. Mrs Higham advised that the college would need to see the guidance before it took any action. She also noted that the Board would need to consider the guidance. The Chair noted that he had received training at his workplace based on bribery and the procedure is still unclear.

Mr Stephenson commented that the college needs to be careful in relation to new Tenders, as they need to be totally transparent. Mrs Higham also advised that it was possible that a huge risk assessment would need to be carried out once guidance is received. All members confirmed that an update would need to be provided for the Board's consideration in the future.

An update was then provided by Mrs Higham on:

- **College Disciplinary Policy** – this policy has recently been amended and additions made in relation to gross misconduct, harassment and guidance on safeguarding children and safer recruitment. Members were asked to note the

content of the report as the policy is owned by the Board, but delegated to the Principal and senior managers.

- **Independent Safeguarding Authority/Vetting and Barring Scheme** – Mrs Higham reminded members that the Government were intending to review the VBS last year and the outcomes had been published. A summary of the recommendations were detailed in Mrs Higham’s report. Mrs Higham reported that every member of staff is CRB cleared at the highest level.
- **Pension Review Outcomes** – following a review by the government, it is proposed that contributions to teachers’ pensions will increase from 6.4% to between 9.5% and 9.8%. This will be phased in over a two year period. Mrs Collinge reported that the employers’ contribution could see an increase from 16.8% to 19.6%, which would result an additional cost of £100k to the college. This increase would be effective from April 2011.
- **UCU Strike Action** – Mrs Higham advised that following grievances with the Secretary of State in relation to the 2011 pay award and the changes to the teachers’ pension scheme, UCU have called for industrial action. Previously the college has seen low levels of industrial action.

**381 RESOLVED To note the report**

#### **46.5b 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 to date on Management Reviews, Restructures, Efficiency Savings and the plans for the future. It was agreed that the report would remain confidential and be reviewed in 12 months.

**382 RESOLVED To note the confidential report**

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

##### **46.6a Financial Monitoring: Management Accounts to 31 January 2011 and Outturn Forecast (including cashflow forecast)**

The Director of Finance presented the Management Accounts to 31 January 2011 and the End of Year Forecast. The budget was brought to the Finance & Employment Committee in June 2010 where a surplus of £350k had been predicted, Mrs Jarvis confirmed that it was now expected to be a Nil surplus before taking into account FRS17, which is expected to be around £450k.

Mrs Jarvis highlighted the key areas:

**Adult Learner Responsive** – this line is now part of the “single adult budget” which incorporates Train to Gain and 19+ Apprentices. The college has the flexibility to earn an overall contract value, which is an aggregation of the individual contract values.

**19+ Apprenticeships** – the college has proved successful in recruiting to this stream and has been actively focusing on this as a replacement to Train to Gain activity.

**Train to Gain** – recruitment has proved difficult this year due to the withdrawal of some of the flexibilities available last year. The funding rates have also been adjusted which has affected the cash earned.

**Tuition Fees** – in order to earn some of our contracts, the college had to waive some fees. It has therefore been difficult for the college to achieve the adult lines.

**WBL Fees** – training provider contracts have reduced this year however, some good news is that where we thought HE providers may reduce, contracts have continued.

Mrs Jarvis noted that the College still reports to the Skills Funding Agency (SFA) on a monthly basis.

In relation to self funded activity, this has been hit this year by the loss of the Vetassess income. Some of the planned work has also been turned into “adult learner responsive activity” to ensure those targets are met.

With regards to expenditure, the original budget for permanent pay included a contingency for a pay award of 1% and a contingency of £97k for redundancies. The college, after Board approval, had made an award of 0.5% to staff and management. However, the contingency in relation to redundancies in the original budget will be inadequate due to the significant management restructure. In relation to part time teachers, the budget is reduced from the original budget level.

Mrs Jarvis commented that the college had entered into a number of partnership arrangements with other providers. This is partly to “test out” potential partners in anticipation of the Skills Funding Agency’s stance on Minimum Contract Levels, which will result in some smaller providers looking to move their contracts to bigger providers and partly to work towards the college’s own contract targets. The margin on delivering through partnerships is lower than direct delivery and this is the main reason for the reduction in the college surplus. There are also additional risks involved despite robust contract arrangements and due diligence checks. The Principal would be reporting further on progress with this at agenda item 46.13.

The Exams and Validation Fees have also reduced mainly due to partnership arrangements.

The cashflow was presented in the report and the days in hand are similar to those in the previous report to the Committee.

Mrs Jarvis advised that the cash reserves are looking healthy for next year and the net current ratio is still above 1 but lower than previously reported as the college will have to take into account possibly having a big creditor at the end of the year i.e. the Skills Funding Agency, due to the possible clawback of funding although this was not certain.

The key risks relate to the adult single line and management of the partnerships.

The Chair asked about the Globe Centre and whether Tesco had made a significant impact on whether it was still viable. Mrs Jarvis commented that Tesco had made an impact but the provision had been on the radar for a while. Mr Carlisle noted that it was a very expensive model and the college was looking at more viable options.

#### **Mr Grigorjevs left the meeting at 18.05**

Mr Ingham asked whether the adult learners line would be at a loss. Mrs Jarvis advised that it wouldn’t, but the college was unable to get the margins. Normally the college would receive contributions of around 40-50% but it was currently only around 20-30%.

The adult learner line will be difficult to achieve but the college is looking at all the different options available ie., replacing Train to Gain with Adult Apprentices, but this is a slow process to bring on board. Members

**383 RESOLVED To note the report**

#### **46.6b Skills Funding Agency Mid-Year Update on 2010/12 Forecast**

The Director of Finance advised that the Skills Funding Agency has requested that the college complete a two year financial plan. This return is in addition to the regular returns, and covers the period from 1<sup>st</sup> August 2010 to 31<sup>st</sup> July 2012. This is a “one off” request and is a result of recognition that when the college completed its most recent forecast in June 2010, there were a significant number of uncertainties which made forecasting difficult. There is no requirement for Board approval on this occasion; however the college always endeavours to share all relevant financial information with the members.

The information contained in the plan reflects the college’s mid-year forecast and cashflow forecast, which will be presented to this committee at its meeting in March 2012. The college’s financial health position has come out at Satisfactory for this year end and Good for next. Members

**384 RESOLVED To note the two year SFA forecast for the college for the period 1<sup>st</sup> August 2010 to 21<sup>st</sup> July 2012**

#### **46.7 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. Members agreed that Mrs Collinge should continue to update this report on a termly basis and update the Finance & Employment Committee yearly. Mrs Collinge commented that the issues remain the same but have a slightly different slant due to the introduction of Partnerships etc. Mrs Collinge will also re-introduce the “traffic light” monitoring system as had previously been reported.

In relation to the Financial Notice to Improve, Mrs Collinge advised the Skills Funding Agency had recently advised that they would not lift the notice to improve until the college has two consecutive financially sound years. Mr Carlisle confirmed that he had challenged this response but to no avail.

**385 RESOLVED a) To note the report; and  
b) Mrs Collinge is to continue to report on progress to this committee**

#### **46.8 Capital Expenditure 2010/11**

Mrs Jarvis updated members on the capital expenditure to date for this year. At the previous Finance & Employment Committee, members agreed that the up to £250k could be invested at the college’s discretion. Mrs Jarvis confirmed that £220k had been spent to date on minor work. A full breakdown was provided in Mrs Jarvis’ report.

In relation to the Property Strategy, Mrs Jarvis noted that overall college depreciation levels would not significantly increase in future years from current levels as a result of the investments.

The new catering contract with Mellors has facilitated investment in a new catering unit in the Hameldon Building. The planned £90k investment was funded upfront by Mellors and will be deducted from a guaranteed return on the contract over a period of 6 years. The final investment overall will reach £110k meaning the College will fund an extra £20k. Members

**386 RESOLVED To note the report**

#### **46.9 Tuition Fee Strategy 2011/12 for Further and Higher Education**

The Vice Principal (Corporate Services) presented her report and began by noting that these strategies had previously been reported separately, but the Board had requested in March 2010 that the college should look at reporting them together. However, the future direction of the HE fee setting may give rise to the need to have separate strategies in 2012/13.

In relation to FE, Mrs Collinge advised that collecting tuition fees and other fees from adult learners was becoming more challenging. Future academic years and the introduction of “student loans” for learners wishing to study courses at levels 2 & 3 will present even greater challenges. A schedule of the changes to funding entitlements for 2011/12 was highlighted in Mrs Collinge’s report. Mrs Collinge advised that where possible the college will charge a full fee however it reserves the right to waive or reduce this fee where required in order to maintain learner participation.

In relation to HE, Mrs Collinge advised that from 2012/13 the government’s radical overhaul of the HE funding regime will result in a completely different approach to fee setting. 2011/12 will be the last year of the current fee regime. Mr Carlisle commented that the difficulty will be in where the college places itself. There will be few institutions charging £6k, most will charge £9k.

There will be a deadline for the college to decide on what to charge, therefore it was agreed that there should be a discussion amongst board members to decide the colleges strategic direction in this area. Mr Lee advised that perhaps this was something the new Futures Group could discuss. Mrs Collinge confirmed that those HE learners who had commenced on the £1,345 fees would continue on that rate.

After further discussion members

**387 RESOLVED To recommend the Tuition Fee Strategy for 2011/12 for Further and Higher Education to the Corporation Board for approval.**

#### **46.10 Treasury Management Policy**

The Vice Principal (Corporate Services) presented the Treasury Management Policy. At the 17<sup>th</sup> March 2009 Finance & Employment Committee, it was recommended that this policy should be reviewed periodically and formally reviewed yearly. The

policy has been reviewed and it is thought that there were no changes required unless members thought otherwise.

The Chair noted that he had had two thoughts: (a) about early settlement discount – does the college take advantage of these; and (b) the possibility of sharing money between other colleges/councils. Mrs Collinge advised that in relation to (a) this was something the college does consider; and (b) this had previously been discussed with other colleges and at finance network meetings, but there seemed to be no appetite amongst colleges for this type of collaboration as there were a number of risks surrounding it.

Mrs Collinge advised that at the next meeting she would update on meetings arranged with potential “brokers” who will invest on our behalf. Members

**388 RESOLVED a) to approve the Treasury Management Policy; and  
b) that Vice Principal (Corporate Services) is to provide the committee, at its next meeting, with an update on discussions with “brokers”**

#### **46.11 College Financial Regulations Update**

The Director of Finance presented the updated Financial Regulations and advised that all relevant changes had been marked in “red”. It was noted that these financial regulations still reflect the new structure.

Members confirmed their acceptance of the changes and

**389 RESOLVED To approve the Financial Regulations and recommend to the Corporation Board that they should be adopted with immediate effect.**

### ***C*** **Miscellaneous Items**

#### **46.12 Property Strategy Update**

The Principal updated members of the committee on the latest position regarding the property strategy for the college.

**Sports Pitch and Pavilion:** Excellent progress has been made; the project is on budget and is expected to be completed by the end of March. An official “All Stars” opening event is scheduled for 13<sup>th</sup> April 2011, followed by a Sports Person’s dinner in the evening. A charge will be made for this dinner with the proceeds going towards student team kits. Mr Carlisle advised that he expected Governors to be able to view the pitch on Tuesday 22<sup>nd</sup> March before the Board meeting. In relation to the Pavilion, Mr Carlisle advised that full planning permission had been granted but until the college knows what funding will be required, any decision to complete will not be made until June. It is estimated that the cost will be around £300k and the Skills Funding Agency announced this afternoon that their contribution will be £83k.

Mr Ingham asked whether it was the college’s intention to use any surplus to cover the cost. Mrs Collinge advised that this was the case.

**Bacup:** Members will remember that the curriculum delivery in this area ceased around 2 years ago. However, there is now the potential of obtaining premises at Stubby Lee Park free of charge or on a peppercorn rent. As this possible scheme was in the very early stages, Mr Carlisle agreed to update members at the next meeting on progress with this project.

Mr Ingham asked what curriculum delivery would be offered. Mr Carlisle advised that it would be likely to include Horticulture and Construction. This would be alongside the possible provision, at the Maden Centre in Bacup, of full time care and health programmes.

Mr Lee advised that some of the buildings in Stubby Lee Park were Grade 2 listed so asked the college to note this and the probable expense in upkeep when considering the options. Mr Carlisle noted this and said it was one of the key considerations in the initial planning.

**Oswaldtwistle:** Mr Carlisle advised that the college had looked at returning curriculum provision (mainly carpentry and joinery) at the Norman Road centre to the Hameldon Building. . The intention is to extend the Hameldon Building with a temporary building which would be at a cost, but savings would be made once the lease ends. A request to extend the lease on Norman Road for a further 6 months was requested at a cost of around £12k. Members were in agreement and

**390 RESOLVED To note the report and approve the lease extension for a further 6 months on the Norman Road site**

#### **46.13 Partnerships and Franchising - Confidential**

The Principal briefed members on developing relationships with private training providers and franchising arrangements with a number of potential partners. Mr Carlisle highlighted the processes, systems and structures applied to date. It is important to note that the main driver for the shift within the colleges approach is the significant policy and funding changes that have resulted in the need to remove significant areas of delivery which were delivered as a Train to Gain provision.

During discussions, the Chair and members agreed that Mr Carlisle as Principal could sign all Partnership and Franchising Contracts on behalf of the Finance & Employment Committee. Members were informed that Mr Tallon, Vice Principal for Quality and Standards had carried out rigorous quality checks with the potential partners as part of the negotiation of contracts and would continue to do so with possible future partners

Mr Carlisle agreed to present a termly report to the Finance & Employment Committee on progress with existing and future partners. Members

**391 RESOLVED**

- a) to note the confidential report; and**
- b) that Mr Carlisle, as Principal could sign on behalf of the Corporation, all contracts in relation to Partnerships and Franchising**
- c) that the Principal will present a termly report to the Finance & Employment Committee on progress with existing and future partners**



#### **46.14 Shared Services Provision - Confidential**

The Principal reminded members that, at the Board's Strategic and Development event in January 2011 the issue of pursuing shared services opportunities was endorsed. Mr Carlisle updated members on the progress to date in developing shared service relationships with potential partners.

Mr Carlisle advised that shared service opportunities were also being discussed through the Lancashire Colleges Principals' Group and a consultancy firm, DTZ, had been commissioned to look at opportunities across all the Lancashire colleges. The final report will be presented at the next meeting. Members

- 392 RESOLVED**      **a) to note the confidential report; and  
b) that Mr Carlisle will bring the Lancashire Colleges Principals' Group Shared Services report and its implication for the college to the next meeting of the committee**

#### **46.15 Updated Terms of Reference for the Finance and Employment Committee**

The Clerk presented the updated Terms of Reference for the committee. Mr Armiger advised that following this evenings discussions, a new reference at 3.5 would be included: "To approve and monitor partnership arrangements" to make the committees delegated responsibility for these matters implicit. All members were in agreement for the revised terms of reference and

- 393 RESOLVED**      **To recommend the amended and updated Terms of the Reference for the Finance and Employment Committee to the Corporation Board**

#### **46.16 Declaration of any Confidential Items**

Three items were deemed confidential. Mr Armiger and Mr Lee explained to members about the different types of confidentiality. Following this explanation, members agreed that Item 45.6b will remain permanently confidential as these items referred to individual members of management who could be identified. Members agreed Items 46.13 and 46.14 would remain confidential, to be reviewed by the Committee in 12 months time, due to business sensitivities. Members

- 394 RESOLVED**      **a) that Items 45.6b remains permanently confidential; and  
b) that items 46.13 and 46.14 would remain confidential for a period of at least 12 months and will be reviewed by the committee at that time**

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

The date and time of the next meeting is Tuesday 21<sup>st</sup> June 2011 at 5pm.

**The meeting closed at 7.25pm**