

The Corporation Board of Accrington and Rossendale College

Minutes of a Meeting of: The Resources Committee

Date: 26th November 2013

Location: The Boardroom, Broad Oak Centre



Confirmed

Members Present:

Mr B Stephenson	Chair of the Committee and Independent Member
Mr D Ingham	Independent Member
Mrs S Taylor	Principal
Miss C Robinson	Staff Governor

In Attendance:

Mr S During	Director of IT & Facilities (Items 13/14-1.6 and 1.7)
Mrs L Higham	Director of People & Performance (Item 13/14-1.7)
Mrs C Jarvis	Director of Finance
Mr A Armiger	Clerk to the Corporation
Mrs N Tattersall	Minuting Clerk

Apologies were received from:

Mr M Aslam	Independent Member
Mrs S Collinge	Vice Principal (Business & Innovation)

Draft Minutes Prepared by: NT-AA
Draft Minutes approved by the Chair:
Minutes Approved by the Committee:

Date:
28-11-13
28-11-13
11-03-14

.....*Brian Stephenson*.....
Chair

RC

The Chair welcomed everyone to the meeting. The Clerk to the Corporation advised that the Vice Principal (Business & Innovation) had requested an additional item to be placed on the agenda relating to related to the continuation of the Overdraft Facility with HSBC. This was agreed and would be dealt with as Item 13/14-1.16 agenda.

13/14-1.1 Apologies for Absence

Apologies for absence were received from Mr M Aslam.

13/14-1.2 Declarations of Interest

The Chair declared an interest in item 13/14-1.16, the additional item relating to the HSBC Overdraft Facility as Mr Stephenson is an employee of HSBC

13/14-1.3 Minutes of the Meeting held on 25th June 2013

The Minutes from the meeting held on 25th June 2013, were approved as a true and accurate record of the meeting.

RESOLVED

13/14-1.3 to approve the Minutes of the Meeting held on 25th June 2013 as a true and accurate record of the meeting

13/14-1.4 Matters arising not otherwise on agenda

The Clerk to the Corporation advised that there were three recommendations made from the previous meeting and updated as follows:

- 468 i)** to recommend the Revenue Budget 2013/14 to the Corporation Board for approval. This was presented to the Corporation Board on 9th July 2013.
- ii)** to discuss with members of the Corporation Board, at its meeting on 9th July 2013, the process to be adopted in approving the Sports Hall project. This was discussed at the Corporation Board on 9th July 2013 and agreed at the following meeting 24th September 2013.
- 469 ii)** that the Director of Finance would provide an update within the Revenue Budget 13/14, in relation to the Living Wage. This was presented to the Corporation Board on 9th July 2013.

13/14-1.5 Annual Health & Safety Report for 2012/13

The Director of IT & Facilities presented the Annual Health & Safety Report for 2012/13 and outlined the key aspects of the report:

There had been no major accidents reported for 2012/13 and therefore there has been no Reporting of Injuries, Diseases and Dangerous Occurrences (RIDDOR) to the Health & Safety Executive. Mr During reported all accidents that took place were classed as minor and that the majority of these, particularly cuts had taken place at the beginning of year due to basic risks in specific curriculum areas i.e. hair and beauty, hospitality, floorcovering and carpentry/joinery.

Mr During advised members that for the previous three years the college had actually received a rebate on its insurance due to the lack of claims against the college but that was unlikely this year due to a claim upheld concerning a member of the public being involved in an accident in the colleges training restaurant and another initiated by a member of the public attending the Accrington Carnival, which was held on college premises.

Mr During reported that there was still a significant outstanding claim which was still being dealt with regarding industrial hearing loss from a former member of staff, member of staff claiming loss of hearing. The college has taken advice from its solicitors and the AoC with regard to the college's liability in this matter as the part of claim dates back to prior to the colleges incorporation in 1993 and the LCC had responsibility for claims prior to this point.

Mr During continued with his report explaining that Allianz Insurance had carried out several inspection visits throughout the year and following one of the visits the college had commissioned an updated asbestos survey and that this survey had only found one high risk which has since been contained.

The Chair said that he felt that the report reflects a very positive picture given the number activities that take place in college and the number of staff/learners and visitors on site. Mr Stephenson said the report shows that the health and safety of the college is well managed within reasonable tolerances and thanked Mr During and his team for their work. Members

Resolved
13/14-1.5 to note the report

13/14-1.6

Property Update

The Director of IT & Facilities began by saying that at the last meeting of this committee he had reported about the progress being made on works in and around the Hameldon building. He told advised members he was happy to report that all work is complete, the sports curriculum team have now moved in to their new accommodation and the area to the rear of the Hameldon building looks fantastic.

Mr During then moved on to the new Sports hall and told members that following a tender process a project manager , Mr John Fay, had been appointed and that the college was now in process of appointing the principle contractor who will be responsible for appointing some of the other consultants including architects to finalise the building.

Mr During expected the building to be ready by September 2014. He advised members that progress had been delayed slightly as the college had applied for a grant from Sports England, which he felt the college is 75% confident of obtaining. This should offset some of the match funding the college has to put in to the project.

Mr During went on to explain that two other grants have become available to apply for; the first being a capital grant from SFA. If the college were to receive the grant it would be used to fund re development of the IT infrastructure. The 2:1 funding is seen as good value as its work the college needs to be doing anyway.

Members were informed that the college is currently exploring another Sports England grant for improving the existing the changing facilities in the Hameldon building.

The Principal advised that all capital funding previously received from the SFA will be soon distributed through the Local Enterprise Partnerships (LEP) in the future. A review of our previous and future capital plans will be undertaken to ensure the college meets stated LEP priorities and that it was about positioning the College as strongly as possible. Mrs Taylor said that members would be updated as this work

progressed; Mr Stephenson added that this area will need consideration by the Board. Following further discussion members

Resolved
13/14-1.6 to note the report

The Chair thanked Mr During for his reports

Mr During left the meeting

13/14-1.7 HR Report incl. 2013/14 Pay Award Update

The Director of People & Performance presented her report and began by updating members on college staff reviews and restructures highlighting work carried out within the Curriculum Management teams, the Facilities team, the Studio @ Across, the Marketing team, the Quality management team, the Computing curriculum team and the Corporate Support Team. Members noted the movement of staff, the limited redundancies made and costs involved.

Mrs Higham moved on to College teaching staff utilisation This key indicator is looked at each year, and all teaching teams are graded using a very tough criteria (i.e. 100% - grade one outstanding to 95% - grade 4 unsatisfactory). Using these criteria the college was self-assessed as a Grade 2 as it had only achieved 99% efficiency. Members reviewed the grades presented for the teaching teams. The first report of year has gone out to curriculum Heads of Faculty (HoF) for investigation and will also be discussed at SMT. The Chair asked if it would be possible to have overall team SAR grades shown alongside the team grading to show any correlation Mrs Higham said that she thought this would be possible and would look at providing this information for the next update.

Mrs Higham presented information on staff absence levels – because of the intricacies of college new HR system she reported that she could only advise members that there was an overall absence rate of 3.3% for 2012/13 (2.8% in 2011/12) which compared favourably to an AoC survey of NW Colleges of 3.6%. The College rate mainly due to long term absence and the HR will be prioritising the need for controlling short term during 2013/14

Moving on to Staff Turnover Mrs Higham reported that there had been an overall turnover rate of 13.9%. (12.9% in 2011/12) Members discussed what reasons there might be for this and what at if anything the Board could do to ensure staff wanted to stay at the college. His Higham said that this question is often addressed at SMT meeting. It was noted that the college was very good at developing staff, as had been seen by recent internal appointments at senior levels, and this development often allowed staff to move on to higher level jobs in other institutions.

Mrs Higham recapped with members the recently made appointments to Principal, Vice Principal (Curriculum and Quality) and Director of Curriculum posts, all of whom had been internal candidates following rigorous interview processes. There were now two Head of Faculty posts to fill as a result of this upwards movement and recent resignation of one HoF.

Mrs Higham moved on to the second part of her report regarding national issues and employment legislation. She began by outlining the final position on national wage negotiations noting that both the AMiE and Unison members had voted to accept the final recommendation, but UCU had not and gone to ballot on strike

action. Mrs Higham reported that she had received information since writing her report that UCU members had voted nationally to strike on 3rd December and was not sure at the time of this meeting how this would affect the college.

Discussion turned to the college provision for a pay award. The Chair reminded members that the revenue budget for 2013/14 did not include any provision for a pay award as it was a balanced budget and this had been decided to protect wherever possible staff posts. Mr Stephenson said that Board would need, throughout the year, to reflect on this position and that if the college could be seen to be creating a surplus as the year progresses the Board would want to review the possibility of a pay award of some kind. Mrs Jarvis said that the College normally makes a decision to pay in January but a review could take place in March and again June to consider the budget implication. Mr Ingham asked if the damage had already been done by making it known there wouldn't be a pay award as it stands at the moment. Miss Robinson said that most staff recognised the financial situation the college is in, but it would always be best, of course, to honest with staff when situations change

Mr Stephenson reiterated that it would be the Board's intention to review the college's position on this matter when suitable data is available however no commitments could be given.

Leading members further through her report she highlighted current changes in employment legislation but reflected that these changes would not mean any significant changes for the college.

The discussion turned to the UK Living Wage. Members discussed the Board's position on this in relation to action taken by the college to implement it. Mrs Higham said that the college had not been able to action the implantation of the Living wage due to the Board's setting of a balanced budget and that if action had been taken savings, possibly in staffing, would have to be made elsewhere.

Members were also reminded that the 10 staff who this issue affected also benefitted from being on college contracts in terms of sick pay, paid holidays, local government pension and other benefits not received by workers in other sectors. The Chair felt that this was a management issue and should be dealt with in the same way as the annual pay award, in that the Board approves the annual revenue budget and college management decides if a pay award can be made and notifies the Board what has happened.

Mr Ingham said that he thought it remiss if a publicly funded body can't have all staff earning at least the Living Wage. Mrs Higham said that whilst she couldn't disagree with the concept, the college would need to justify the additional savings that would need to be made. Mrs Taylor said that the college operated in a complex world and risky financial scenarios and it was important that a balance was found. Following further discussion members agreed that they would advise the Board of the current situation and that it will be considered again at this committee's March meeting unless the Board expressed an alternative view in December.

Mrs Higham informed members that she would usually at this point report on HR actions against strategic priorities, but that she had been unable to do this due to the recent work by the Board and SMT on the Strategic Aims of the college. She noted that she will be able to update further when the college's new Strategic Aims and key performance indicators had been finally established and approved. Following final discussions on the report members

Resolved

13/14-1.7

- i) to note the report**
- ii) to update the Corporation Board, at its December 10th meeting, on the College's current situation on the payment of the Living Wage to members of college staff**

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

13/14-1.8 Financial Situation to July 31st 2013

The Director of Finance presented her report and began by reminding members that the 2012/13 revenue budget forecast a surplus of £350k and that this was revised during the year down to 250k. Mrs Jarvis was pleased to inform members that the actual surplus was nearly £370k (before the effect of any FRS17 adjustments).

Mrs Jarvis led members through the key findings in her report including a £191K favourable various in income due to overachievement of other grant income.

Members were reminded that in respect of the Hyndburn Studio School the Board had resolved to underwrite £100k the school for any "losses" in year. This had in actual fact been exceeded by £11K but this in turn had been more than offset by favourable variance due to services provided by the college.

Mrs Jarvis moved to the KPIs of General Reserve, Cash Days in Hand and Net Asset Ratio explaining that they all showed favourable position compared to targets set.

Another key issue was the over achievement of adult allocation for the second year running and the under achievement of the 16-18 allocation which will give the college cause for concern for funding allocation for future.

Mr Ingham said that he felt that adult education may have too much capacity and it was very big market, which could be a "life saver" if the college could work out how to access funding. Mrs Jarvis said the funding landscape continues to change significantly and the college now need to consider its position with regard to LEP priorities, apprentices and traineeships. The college had positioned itself well to deal with the worklessness agenda, but funding was now not available for this area. Mrs Taylor informed members that the college often has to take some risk, do work and hope that eventually funding is received. Mrs Jarvis told members that the college is matrixing and risk assessing every line of the college provision. Mrs Taylor said it was previously thought that the only major growth areas were in traineeship and apprentices but this was quashed at by speakers at the previous weeks AoC conference which she and Mr Stephenson had both attended.

Resolved

13/14-1.18

to note the report

13/14-1.9 Financial Statements for the year ending 31st July 2013

The Director of Finance presented the Audited Financial Statements for the year ending 31st July 2013 which reconciles with the 2012/13 management accounts and the surplus of £370k (before the effect of FRS17). The College is compelled to have the accounts audited, then approved by the Corporation Board and sent to SFA before 31st December 2013. The Clerk informed members that the Audit Committee have considered the audit aspects of the work on the Financial Statements and that Grant Thornton, the college's external financial auditors, "will issue a true and fair unqualified opinion on the Financial Statements of the college and will issue a final

unqualified regularity opinion to the college and the Skills Funding Agency". Mrs Jarvis reminded members that the college does have a subsidiary company, but ARC Enterprises has continued to be dormant so no consolidation was required.

Members worked through the financial statements and made very minor alterations to aspects of the narrative and then following final discussion

Resolved

- 13/14-1.9** **i) to note the report**
ii) to recommend the Financial Statements for the year ending 31st July 2013 to the Corporation Board for approval and signing

Mr Stephenson thanked Mrs Jarvis for the work carried out on the preparation of the Financial Statements

13/14-1.10 **Capital Expenditure 2012/13: Final Outcomes and Capital Expenditure 2013/14**

The Director of Finance presented her report giving members an update final outcome of college capital expenditure on 12/13 and current commitments for 13/14.

Looking at the 2012/13 outcome Mrs Jarvis asked members to note that there had been an underspend of approx. £50k on the £350k approved by the Board, which related to the new telephone system which will need to be accounted for in 2013/14. Mrs Jarvis asked that members defer the 50k from 12/13 to 13/14 for telephone system.

Moving on to the programme for investment for 2013/14 Mrs Jarvis advised members that £288K had already been allocated (including the new telephone system)

Looking through the list of approved expenditure the Chair noted that all it was good to see that all expenditure had a student focus. Mrs Taylor agreed and told members that the priorities for capital expenditure were learners and health and safety.

Mrs Jarvis also took the opportunity to update members on current property strategy investment informing them that remaining £644K of the SFA ERG 3 grant will be used for the Sports Hall development and completion of road works to the Hameldon centre.

Members

- 13/14-1.10** **i) to note the report**
ii) to approve the deferment of £50k from the 2012/13 Capital Expenditure Budget to the 2013/14 Capital Expenditure Budget with regard to the new college telephone system

13/14-1.11 **College Financial Situation**

The Director of Finance updated on the college's current financial situation. Mrs Jarvis apologised for the fact that she was unable to produce the normal set of management accounts with this report but these were not yet available due to problems with the sector wide funding software and although the college's new financial software is working well with day to day aspects, she had been unable to produce the report she had wanted for this meeting due to VAT and other same issues. Mrs Jarvis confirmed that management accounts will be available for the

Board meeting on 10th December, which would also be distributed to members of this committee as soon as they became available.

Moving on to the accounts themselves, Mrs Jarvis highlighted potential areas of concern about income which are being addressed by the college. She began by talking about the adult skills budget which she said was typically about over achievement and trying to secure an increase in year to offset against savings to be made and maintain colleges level of turnover. Members were told that unless this funding is secured the overall turnover will be reduced. Moving on Mrs Jarvis said that recruitment to 16-18 apprentices remains a concern and although a small contingency had been made in the revenue budget for underachievement, cash per learner may have changed for 2013/14 and this will cause a problem. On the positive side and based on 2012/13 the college was very prudent in its estimation of achievement on other income lines which will help to temper potential failure to reach targets.

With regard to college expenditure issues have already been identified issues with pay, both part time and permanent staff, and the college is working towards targeted savings amounting to £600k. The college is half way to securing most of these savings which are constantly monitored by the staffing group. As discussed previously in the meeting there is no current provision for a pay award made in original budget.

Mrs Jarvis moved on to the Sub-contractors provision. She advised members that there had been no contracts agreed for new starts this year however the college had had a commitment to contractors for those who already had learners. The 2013/14 budget approved in July Budget was based on likely rollover learners but there have been significantly more of these which will produce a variance.

Members were advised that college cash levels are still ahead of the forecast presented to this committee in June and in summary Mrs Jarvis told members that there are a number of areas of concern and the budget target is potentially at risk. However, there are also some clear opportunities to increase income and make savings. Following discussion on the points made members

Resolved

13/14-1.11 to note the report

13/14-1.12 Further Education Fee Strategy 2014/15

The Director of Finance advised members that this item was being presented sooner in the year to allow earlier business planning for curriculum teams. Mrs Jarvis commented that it was similar to 2013/14 as the strategy had been fundamentally reviewed at that time due to extensive funding changes so very limited changes had been made for 2014/15. She told members that the strategy was still appropriate and had been tested against competitor strategies. Mrs Jarvis said that it was still flexible enough to be able to respond to changes, for example around adult skills budget.

Mrs Taylor commented that from her point of view there was not much variation across the sector so she felt there was need no need to change much of the strategy. Members agreeing

Resolved

- 13/14-1.12** **i) to note the report; and**
ii) to recommend the Further Education Fee Strategy for 2014/15 to the Corporation Board for approval

13/14-1.13 **Higher Education Fees Strategy 2014/15**

The Director of Finance presented this report saying that there had been very little change in setting the fees and for the same reasons as the 2013/14 strategy i.e. the college needs to take into account the OFFA agreement and also it was reported that HE programmes had recruited well. The college was reassured that it was pitching its fees at the right level, so there had been no major proposal to change.

Members were told that the only significant aspect changing for next year was the entrant pack would be discontinued as the college now has access to the National Scholarship Programme (NSP), 31 awards valued at £3,000, and would use this as an incentive to recruit students from local 6th form provision the only exception to this is that the HE software engineering programme still hopes to offer students a laptop. Mrs Jarvis said she would forward on the criteria for the NSP for their information.

Members asked if the college was under valuing its HE programmes in terms of fees. Mrs Jarvis replied to raise them beyond the existing level would create significant amounts of work to implement an OFFA agreement and then would be required to increase the fees significantly under the agreement. This in turn could have a considerable impact on recruitment.

Resolved

- 13/14-1.13** **i) to note the report;**
ii) to recommend the Higher Education Fee Strategy for 2014/15 to the Corporation Board for approval; and
iii) that Mrs Jarvis will forward details of the National Scholarship Programme to members

13/14-1.14 **Sub-Contractors Fee Policy (Draft)**

The Director of Finance presented this item informing members that this policy was a requirement of SFA funding agreement and is required to be published on the College website. The policy demonstrates the colleges approach to applying fees and charges to sub-contractors, how they will be guided and terms of payment etc. With regard to use by the college it is basically risk based approach document members paid particular attention to the final page which shows the risk banding framework and the % of contract value the college would.

Mrs Jarvis commented that the document had been really helpful for us in justifying the process internally. The Chair said he thought the document was a very good, transparent piece of work which will help members to appreciate the role of subcontracting funding stream within the college.

- 13/14-1.14** **i) to note the report; and**
ii)to recommend the Sub-Contractors Fee Policy to the Corporation Board for approval

13/14-1.15 Contribution Rates 2012/13

The Director of Finance concluded her set of reports by giving members an insight into the financial performance of college curriculum faculties and teams. Mrs Jarvis noted that although the level of income by teams has taken a slight dip their contribution has gone up to 48% (46% in 11/12). She also noted that the range of contributions rates across the various faculties has narrowed with 42% being the lowest and to 54% the highest.

The Chair asked what impact this key performance indicator has on teams. Mrs Jarvis replied that the teams care about this measure; it becomes quite competitive, and has more impact than just team income alone.

Mrs Jarvis went on to say that 2013/14 will bring more significant reductions in funding income and teams will be required to increase their % contribution to overheads in order to maintain the overall level of contribution to overheads. This is necessary so that the sustainability of the college infrastructure is not put at risk.
Members

Resolved
13/14-1.15 to note the report

The Chair thanked Mrs Jarvis for her numerous reports

13/14-1.16 HSBC letter with reference to College overdraft facilities

This was an additional item. The HSBC had requested that the college confirm that it wished to continue with its arranged overdraft facility for another 12 months. The provision of such a facility was discussed and agreed that a facility should continue in case it was required at some point in time. Given the previous declaration of interest, Mr Stephenson advised that he had not been involved in the negotiation of the facility from either a college aspect or in his employment capacity. This required that a letter was signed by 2 College/ Board signatories and was accompanied by a Board resolution. Members

Resolved
13/14-1.16 to inform the Corporation Board of the request and recommend for Board approval that the overdraft facility continue for a period of 12 months

13/14-1.17 Dates and Times of Next Meeting
Tuesday 11th March 2014

The Chair thanked members for attending the meeting

Meeting finished at 7.30pm