

**The Corporation Board of Accrington and Rossendale College**

**Minutes of a Meeting of: The Resources Committee**

**Date: 24<sup>th</sup> November 2015**

**Location: Conference Room, Broad Oak Centre**



**Confirmed**

**Members Present:**

|                 |   |
|-----------------|---|
| Mr B Stephenson | Chair of the Committee and Independent Member |
| Mr M Aslam      | Independent Member                            |
| Dr M Walker     | Independent Member                            |
| Mrs S Taylor    | Principal                                     |
| Mrs S Lynch     | Staff Governor                                |

**In Attendance:**

|                |   |
|----------------|---|
| Mrs S Collinge | Vice Principal (Finance and Corporate Services) |
| Mrs L Higham   | Director of People & Performance                |
| Mr S During    | Director of IT & Facilities                     |
| Mr A Armiger   | Clerk to the Corporation                        |

**Apologies were received from:**

|           |                    |
|-----------|--------------------|
| Mr Z Shah | Independent Member |
|-----------|--------------------|

Draft Minutes Prepared by: AA  
Draft Minutes approved by the Chair: BS  
Minutes Approved by the Committee:

Date:  
26-11-15  
28-11-15  
15-03-16

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

The Chair welcomed members to the meeting noting that Mrs Spencer has now moved to the Curriculum and Quality Standards Committee and will no longer attend Resources Committee meetings

**RC**

**15/16-1.1 Apologies for Absence**  
Apologies for absence were received from Mr Shah

**15/16-1.2 Declarations of Interest**  
There were no declarations of interest.

**15/16-1.3 Minutes of the Meeting held on 23<sup>rd</sup> June 2015**  
The Minutes from the meeting held on 23<sup>rd</sup> June 2015 were approved as a true and accurate record of the meeting.

**Resolved RC 15/16-1.3 to approve the Minutes of the Meeting held on 23<sup>rd</sup> June 2015 as a true and accurate record of the meeting**

**15/16-1.4 Matters arising not otherwise on agenda**  
The Clerk to the Corporation advised that there were three recommendations made from the previous meeting and all had been actioned as follows:

**RC 14/15-3.6 iii) recommend the proposed Capital 2015/16 expenditure as part of the 2015/16 Revenue Budget to the Corporation Board for approval**

The proposed 2015/16 Capital expenditure as part of the 2015/16 Revenue Budget was recommended to the Corporation Board and approved

**RC 14/15-3.7 ii) recommend the Subcontractors Management Fee Policy 2015 to the Corporation Board for approval**

The Subcontractors Management Fee Policy 2015 was recommended to the Corporation Board and approved

**RC 13/14-3.8 ii) that a final draft Revenue Budget for 2015/16 will be presented to the Corporation Board for consideration and approval**

The final draft Revenue Budget for 2015/16 was be presented to the Corporation Board and approved

**Resolved RC 15/16-1.4 to note the actions taken following the meeting on 23<sup>rd</sup> June 2015**

**15/16-1.5 HR Report**  
The Director of People and Performance presented her report. Mrs Higham began by providing members with an update on general issues affecting the FE Sector and the College. It was reported that following meetings with the NJF and sector feedback the AoC had determined that it would make the recommendation that there was no pay award for the sector this year. Members noted that that this was the first time the AoC had made this type of recommendation and that it was in line with the College's position. It was noted that the college will, as always, continue to consider the position as the year progresses.

Members discussed the communication to College staff of the position on pay. Mrs Taylor confirmed that as in previous years together with the Director of People and Performance she would be drafting a letter to all staff giving appropriate explanation.

This will be shared with the Chair and Vice Chair of the Corporation prior to issuing to allow comment and amendment if required. This is expected to be issued in January.

Moving on Mrs Higham informed members that a national strike was held by members of the UCU on 10<sup>th</sup> November 2015, but no members of the college staff had participated in the action. Members asked that their appreciation of this position was noted.

Mrs Higham went on to inform members that the College was continuing its work on its Transformation Plan and that she and her team were currently carrying out consultations with College teams with regard to redundancies. Members were informed of the current situation regarding the consultation programme. Mrs Higham went on to say that although redundancy consultation is never easy there have been no major employee relations issues arising from the process.

Mrs Higham then presented the College Conflict of Interest Policy explaining the background to its introduction and confirming that it applied to Corporation Board members, College Staff, Volunteers Student Teachers, Subcontractors and staff engaged through third party agencies. It was noted that all Board members declared interests annually through the Clerk.

Mr Stephenson asked how the policy would be policed. Mrs Higham replied that it would be a part of new college staff induction and by picking up cases when they arose. It was believed that this was not necessarily a large issue with College staff. Mr Stephenson suggested that the confirmation of understanding becomes part of the annual staff appraisal process and information is gathered and dealt with at that time. Mrs Higham agreed that this was a good idea and would look to implement the process in that way. Information gathered would also provide a good evidence base that the policy was being enacted. Following further discussion members

**Resolved      RC 15/16-1.5A: to recommend the Conflict of Interest Policy to the Corporation Board for approval**

Mrs Higham moved on to provide members with an update on the year-end progress against specific KPIs and other targets supporting the College's Strategic Objectives. Discussion turned to those highlighted as red or amber and in particular issues and challenges in recruiting staff to certain areas of the College. Mrs Higham noted that it was increasingly hard to recruit already qualified staff to areas such as motor engineering and plumbing. Dr Walker advised that from his experience in teacher education he felt it was a national issue particularly in Construction and Motor Vehicle.

Mr Stephenson asked if the College was happy with its recruitment of English and maths staff, given the concern over its 2014-15 results. Both Mrs Taylor and Mrs Higham replied that the College had been able to recruit new young teaching staff for this area and that they were already making an impact, and so were assured that this recruitment stream had worked well.

With regard to staff turnover members felt that although the target of 5.5% had been narrowly missed it was not overly concerning as it was helpful to have some fluidity of movement in staff to refresh the staff body and allow flexibility in curriculum changes required. Mrs Higham noted that the inability to reach the sickness absence target had been affected by some cases of long term absence rather than an abundance of short term sickness. It remained in line with national averages.

Moving on Mrs Higham gave members an overview of the year end results against actions taken within the College's Risk Plan. Members focused on the area of the results of the staff survey and its excellent results particularly the overall rise in staff satisfaction from 68% in 2013-14 to 74% in 2014-15 with a 15% increase in staff participation. The Chair advised that the College should be commended on these results given the nature of the FE sector as a whole. Mr Stephenson went on to say that whilst it was pleasing to see it was recognised that there was, as ever, still work to do in this area. After final discussions of the report members

**Resolved RC 15/16-1.5B: to note the report and the issues contained within it.**

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

**15/16-1.6 Annual Health and Safety Report for 2015-16**

The Director of IT and Facilities presented his report by informing members that a new Facilities Team Leader, Karen Jackson, had recently been appointed who will be responsible for the operational management of Health and Safety on a daily basis.

Mr During moved on to provide an analysis of accidents for 2014-15 informing members that there had been around 11% less accidents reported than in 2013-14. He also confirmed that there were no accidents requiring HSE notification under RIDDOR.

With regard to the College Risk assessment Mr During reported that Royal Sun Alliance, the College's newly appointed insurance service provider conducted a detailed risk assessment. Only a few minor issues were identified and all but one promptly resolved. Members were informed of the existing issue and the actions being taken to resolve it, completion expected by March 2016.

One issue was identified in an engineering inspection regarding lifting equipment in the Motor Vehicle area, but by the time the HSE inspector arrived the issue had been resolved and the inspector was able to lift the prohibition notice from the equipment and issue a certificate of compliance.

Mr During turned to the issue of work experience placement health and safety assessment. Members were informed that new DoE guidelines had been published for this area of the College's work, that colleges no longer had responsibility to undertake work placement risk appraisals and this was to be carried out by the employers themselves. Colleges now only have the responsibility to confirm that employers have carried out the risk assessments and that if there are more than 5 employees there is a written risk assessment in place.

Members asked for reassurance that the College still visits work placements before students start work experience and that assurance was given. It was also stated that a full set of procedures are in place regarding work placements and learners are encouraged to identify possible risks and report them to the College. Members were also informed that some potential work placement providers have been rejected because they do not have the risk assessments in place.

Mr During concluded his report and members

**Resolved RC 15/16-1.6: to note the report, the issues identified and the actions taken**

### **15/16-1.7 Property Update**

The Director of IT and Facilities presented his report. Mr During began by giving members an update on the Heartwood Centre saying that the centre was now fully functional with all major issues resolved. The on-going snagging process continues with monthly meetings taking place with project managers E3Cube. Mr During informed members that a post project review will be presented to the Committee at its March 2016 meeting. With regard to the financial situation of the project Mr During advised members that the approved budget was currently overspent by £63k because of the cost of a ground water attenuation system and provision of additional electricity supply to the campus to cope with the new kitchens.

Members were informed that the college has held back a 3% retention fee in respect of penalties for late completion of the project and ongoing snagging issues. Mr During then outlined the remaining risks of the project which included further costs arising during the final negotiations of the accounts, but as highlighted previously regular meetings are being held with the College, the project management and main contractors to agree the final costs. Members asked if the project management team were continuing to provide good support to the college. Mr During confirmed that they were and had lived up to the confidence the college had had in them in their appointment.

Moving on to other College locations Mr During informed members that the College continues its withdrawal from the Globe Centre Premises and that the lease for the Maden Centre in Bacup will not be extended beyond 31st December 2015 because of an ongoing property review being carried out by LCC. The College is now looking for alternative venues in the district to make available its adult English and maths provision to residents of the area. Members expressed their concern at not having a centre in Bacup as it was important to ensure the College maintained a foothold in Rossendale. Mrs Collinge said that the College needed to ensure that any new accommodation had access to child care facilities, as there was at the Maden Centre, to allow adults to be able to access courses. Mrs Taylor added that much of the curriculum provision carried out in Bacup was now not funded so there would be a restriction on what could be offered in future.

Finally, Mr During advised members that the College has submitted an expression of interest to the Lancashire LEP for funding toward the development of a centre for Excellence in Digital technology, in line with the current property strategy. Mr During advised members that they would be kept up to date with the progress of the bid and further information brought to the committee's meeting in March 2016. Members recognised the potential of the bid, without the need for major construction work as it is mainly infrastructure related project.

Following final discussion of Mr During's information members

**Resolved RC 15/16-1.7: to note the report and the issues within it**

The Chair thanked Mr During for his two reports and Mr During left the meeting.

### **15/16-1.8 Financial Situation to 31st July 2015**

The Vice Principal (Finance and Corporate Services) presented the first of her financial reports to members and began by informing them that there had been some amendments made to the financial situation since it was last reported on to the Corporation Board in September. This included a variance of £44k of 16-18 Apprenticeship funding which will now roll into 2015-16, ESF funding of 323K of which



Mrs Collinge referred members to a statement concerning the College as a 'Going Concern' contained within the document and asked members to consider the report **15/16-1.9B - Going Concern Rationale**. Mrs Collinge advised that the report had been produced at the request of Grant Thornton to enable members to discuss the decision to be made regarding the College as a 'Going Concern'. It was noted that the report had already been discussed at the recent Audit Committee meeting. Members reviewed the report with particular emphasis on current discussions with College financial stakeholders i.e. the SFA and the Banks.

Mrs Collinge informed members that at that Audit Committee meeting, as part of the consideration of the financial statements and the auditor's report, Grant Thornton had raised the issue of the possibility of including a paragraph in the audit report setting out an 'emphasis of matter' with regards to the College's going concern status and that members would need to take regard of its meaning before approving the signing of the financial statements by the Chair and Principal (as Accounting Officer).

The Clerk informed members that the Audit committee had taken the decision not to recommend the Financial Statements be approved for signing, but instead resolved that the Statements should be considered by the whole of the Corporation Board before a decision is made. The Clerk also informed members that Mrs Love of Grant Thornton would, at the request of herself and the Chair be attending the full Board meeting on the 10th December to present the finalised Audit report for members' consideration.

Moving on Mr Stephenson advised members that the numerical values within the statements had been audited and they could therefore accept that these aspects of the Financial Statements represented a true picture of the college finances for the year 31st July 2015. Members agreed. Following scrutiny of the document, Mr Stephenson asked that Mrs Collinge ensured that the Auditors completed their relevant sections prior to the Board meeting on the 10th December.

Members turned their attention to the paper **15/16-1.9C - Investigation into the Underachievement of 2014-15 Income Targets**, again it was noted that the paper had also been presented to the Audit Committee. Mrs Collinge discussed the paper with members noting that the two most significant contributors to the financial deficit were:

- the College's inability to achieve the planned levels of funding; and
- the College's inability to provide accurate in year forecasts

Mrs Collinge explained the perceived reasons for the above and took members through the detailed resultant action plan now put in place to minimise the risk of similar issues being seen in future years. In summary Mrs Collinge advised members that several of the 'root causes' could be linked to the target setting process and recruitment and monitoring issues.

Mr Stephenson said that he had spoken with Mrs Andrews and she had agreed with him that the report was honest and open and provided a detailed action plan that can be monitored. It was also noted that this aligned with a further, forward looking, report completed recently by the College's Internal Auditors. It was clear that the Board (supported by Internal Audit) will need to question future revenue budgets deeper to ensure that the targets set for income are realistic and achievable, additional work is planned already to address this.

The Clerk informed members that all of the papers presented as part of Item 15/16-1.9 would be sent to all members prior to the Board meeting on 10th December.

Members asked Mrs Collinge to clarify the role of the Curriculum Funding Development Group (CFDG) and its responsibilities. Mrs Collinge explained the group's purpose and how it had been changed for 2015-16 to ensure a harder focus on student numbers and related funding. The Clerk said that he would ensure the group's remit was attached to this paper when sending out to members for their information. Mr Stephenson said that that this would have been a difficult paper to write, given the ensuing results of the investigation and the honesty with which it was written. Mrs Collinge agreed, but felt the process and result of the report could only strengthen the College's forecasting and monitoring processes for future years. The independent contribution to the final conclusions was also appreciated.

Finally, within this report members had received copies of the SFA's letter concerning the College's Financial Health 2015-17 which had been judged to be 'Inadequate' for 2014-15 and 2015-16 moving to 'Satisfactory' in 2016-17, based on detailed forecasts provided by the college. Following questioning by members Mrs Collinge advised that the satisfactory grade for 2016-17 may need to be reviewed dependent on allowed Apprenticeship growth and the impending Government Spending Review (which was to be announced the following day). Members noted that the college would be required to send monthly management accounts to the SFA for monitoring and also to submit a revised financial plan by the 28th February 2016 to allow the SFA to update the assessment of the College's financial health.

Members discussed the course of action to take regarding the signing off of the Financial statements for the year ended 31st July 2015. Members agreed that it would be best to wait for the full Board meeting on the 10th December before making a final decision with regard to the financial statements. However, it was noted that not all the final information may be available on that date so it may be necessary to delegate authority for a final decision. This would be discussed at the full Board meeting, with the External Auditor's guidance. After final discussions members

**Resolved**      **RC15/16-1.9:**    **i) to note the reports and the issues presented as part of this item;**  
                             **ii) that all papers, with additional appendices as discussed, relating to this item be presented to the full Board at its meeting on the 10th December**  
                             **iii) not to recommend the Audited Financial Statements for the year ended 31st July 2015 to the Corporation Board at this point, pending a full discussion at the Board meeting on 10th December regarding the statements**

**15/16-1.10**      **Curriculum Contribution Rates 2014-15**  
Mrs Collinge presented her report on the contribution made by Curriculum Teams to College overheads reminding members that the report measures provides a measure of curriculum team efficiency by comparing all attributable income to all direct team expenditure. The paper's appendix provided an overview of the contribution rates for teams in 2014-15 compared to those in 2013-14. It was note that the range of contributions was from 8% - 63% dependent on team function and funding streams. It was also noted that the number of teams with 'Inadequate' contributions had increased from 4 to 8.



Mrs Collinge moved on to detail an analysis of various scenarios for 2015-16 noting that an average team contribution rate of 44.31% needed to be achieved in 2015-16 to ensure achievement of the approved revenue budget deficit. However to ensure that the Barclay's Bank covenant was not breached during 2015-16 the College would need to ensure teams made an average contribution rate of 45.12% Avoidance of the Lloyds Bank Covenant would require a 50% contribution rate overall.

Members noted that this was a real challenge for teams, but one they needed to rise to. It was important that teams realised that every little bit of saving in expenditure was important alongside every opportunity to increase income. Mrs Taylor assured members that this message had been delivered to key management and staff.

Mr Stephenson led a discussion on how the spreadsheet could be enhanced to deliver a review of income/expenditure whilst also reflecting on the quality of provision and progress of curriculum teams, effectively linking to the SAR. Various ideas were exchanged and Mr Stephenson asked that relevant information be sent to him so that he could look at how that information could be presented and then presented to the full Board at its next meeting. The Clerk advised that he would put an item on to the Board agenda for the 10th December meeting.

After final discussions on team contribution rates members

**Resolved**      **RC 15/16-1.10: i) to note the report, the issues presented and the actions being taken to ensure the required rise in curriculum team contribution rates for 2015-16**  
**ii) Mr Stephenson will revise the existing report for presentation to the full Board on 10th December**

**15/16-1.11      Financial Situation to 31st October 2015**

Mrs Collinge presented her report on the current College financial situation noting that it was a difficult report to produce but was necessary to provide any early indications of any issues arising. The monthly report will also provide a full year forecast for the SLT and Board (as previously discussed in Item 15/16-1.8).

Mrs Collinge detailed the current issues (negative - and positive + relating to income including:

- SFA Apprenticeships 19+ (-);
- SFA Apprenticeships 16-18 (-);
- ESF and other projects (-);
- Advanced Learner loan fees(+);
- Higher Education Fees (+); and
- Commercial income (-)

Members expressed their concern regarding the level of curriculum commercial income being generated and asked what was being done to improve the situation. Teams who are able to generate commercial income are given annual targets but Mrs Collinge had to report that those teams were all below the current profile required at this time. Regular meetings are being held with the College Commercial Manager to ensure an improvement in income. Mr Stephenson asked that Board members are contacted to ask if anyone could provide advice on this area.

Mrs Collinge moved on to summarise the risks identified. Mrs College advised members that the forecast outturn for 2015-16 is still in line with the approved

revenue budget but there are areas of high risk including teaching pay costs and income related areas previously discussed. Members were informed that it appeared from current information that the College could improve on the approved deficit position, but a more accurate forecast can be made at the end of December 2015 after key data submission points are passed.

Members discussed the current situation with regard to Bank covenants and Cash flow forecasts provided by Mrs Collinge

After final discussions members

**Resolved**      **RC 15/16-1.11: i) to note the report and the current College financial situation, the risks identified and actions being taken to ensure the College meets or improves on the approved revenue budget deficit**  
**ii) that members be contacted to see if anyone of them could assist in providing advice regarding improving the College's Commercial income capability.**

**15/16-1.12      Capital Expenditure: Final Outcome 2014-15 and Planned Expenditure 2015-16**

Mrs Collinge presented her report and began by reminding members that the Board approved investment in minor capital works and equipment in 2014-15 was £300k and £300k in 2015-16.

Mrs Collinge presented members with details of the final expenditure in 2014-15 noting that the college had spent £295K against the £300K budget.

Moving on Mrs Collinge advised members that to date the College had authorised £255k of spending against the £300k budget. Members were provided with a list of approved spending. Members discussed the allocations noting the continuing capital expenditure in the Motor Vehicle section of the College.

Mrs Collinge advised that the college continues to explore leasing options wherever possible and there has been some success with this allowing the College to spread the cost of equipment over 3 years with a minimal final payment e.g. gym equipment. Mrs Collinge noted that to date £143k of expenditure has been purchased via leasing in 2015-16.

As discussed in item 15/16-1.7, the College has submitted an expression of interest to the Lancashire LEP for funding toward the development of a centre for Excellence in Digital Technology. Several partners would be involved in this project and funding would include an SFA capital grant a HEFCE annual capital grant and a sum of £97.5k to be funded from the 2015-16, and 2016-17 revenue budget capital allocation. Members will be kept up to date with progress of the bid.

**Resolved**      **RC 15/16-1.12: to note the report and the final capital expenditure for 2014-15 and capital expenditure for 2015-16 to date**

**15/16-1.13      Further Education Tuition Fee Strategy for 2016-17**

Mrs Collinge presented her paper reminding members that the College revises its FE fees strategy annually to ensure the College competes effectively, increases its market share, is able to maximise its overall FE income and to allow accessibility for its learners.

Members were provided with an FE funding matrix which may be updated when the 2016-17 funding guidance is published. Mrs Collinge detailed the existing rules for what the College can and cannot charge learners for and which rules regarding funding apply to the various age groups.

Members were informed that the responsibility for charging fees rest with the Heads of Faculties (HoFs) taking into account:

- Labour Market Information
- Local Needs
- Competition
- Progression
- Types of learners
- Costs involved in programme delivery
- Availability of 'in kind' contributions

Mrs Collinge outlined the College's policy on financial help for learners and payments by employers and finally charges levied on learners who withdraw from their programme. Following discussion members

**Resolved RC 15/16-1.13: i) to note the report; and  
ii) to recommend the FE Tuition Fee Strategy for 2016-17 to the Corporation Board for approval**

**15/16-1.14 Higher Education Fees Strategy for 2016-17**

Mrs Collinge presented the report advising members that the HE Fees Strategy is revised annually. Members noted that there were no fundamental changes from the previous year's strategy. However, members were advised that due to funding restraints the offer of a 'new entrant' pack which has been worth approximately £500 in past years would no longer be able to be provided. Members, whilst concerned that the move may affect recruitment were also aware that savings would be made by the College. Following further discussion members

**Resolved RC 15/16-1.14: i) to note the report; and  
ii) to recommend the HE Tuition Fee Strategy for 2016-17 to the Corporation Board for approval**

The Chair thanked Mrs Collinge for presenting her many detailed and informative reports. Members appreciated the difficulty and the time required to provide the information which was always comprehensive allowing the Committee and the Board to conduct its business with confidence in the information presented.

**15/161-1.15 Additional Item - Amendment to the Lloyds Bank Loan Facility Letter**

Mrs Collinge advised members that Lloyds Bank had asked the College to note that a further amendment had been made to the original Loan Facility Letter and required that the amendment be noted by the Corporation Board and resolve that Mr Stephenson be allowed to sign the amendment letter. After consideration of the amendment at 7.2(a)(iii) which reads 'for the financial year ending 31st July 2018 onwards not more than 150%' members

**Resolved RC15/161-1.15: i) that the loan facility in an original principal sum of up to £1,000,000 arranged with Lloyds Bank plc ('the Bank') in a letter dated 6th January 2015 as amended by our letters 9th April, 7th July 2015 and 14th August 2015 (together the 'Facility Letter') and the**

terms of which were approved by a resolution of the Governors passed on 18th December 2014 be amended in the manner proposed in a letter from the Bank dated 5th November 2015 (the 'Amendment Letter) the terms of which were considered and approved.

ii) that Mr Stephenson be authorised to make the necessary arrangements with the Bank and to sign on behalf of the College the Amendment Letter which was produced to a meeting together with the Facility Letter, and its terms and conditions approved

**15/16-1.16 Date and Time of Next Meeting**

The Chair advised members that although the next meeting was not scheduled to take place until **Tuesday, 15th March at 5.00pm** the Committee may, due to the current financial situation of the College, be required to meet sooner. Members would be informed as soon as possible if this were to be the case.

The Chair thanked all Committee members present and also members of the College management for attending the meeting.

**The meeting closed at 8.10pm**