

ACCRINGTON AND ROSSENDALE COLLEGE

**MINUTES OF A MEETING OF THE
FINANCE AND EMPLOYMENT COMMITTEE
HELD AT 5.00pm ON TUESDAY 24th NOVEMBER 09
IN THE CONFERENCE ROOM, BROAD OAK CENTRE**

PRESENT:

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

In attendance: Mrs S Collinge : Vice Principal (Corporate Services)
Mrs L Higham : Director of People and Performance
Mrs C Jarvis : Director of Finance
Miss A Akhtar : Minuting Clerk

42.1 Apologies for Absence

Apologies for absence were received from Mr D Welsby, Prof Roger Wilson, Mr M Aslam and Mr Andy Armiger (Clerk to the Corporation).

42.2 Declaration of Interest

There was no declaration of interest

42.3 Minutes of the Meeting held on 17th March 2009

The Finance and Employment Committee members approved the Minutes of the Finance and Employment Committee Meeting held on 17th March 09 as a true and accurate record of the meeting.

342 RESOLVED To approve the minutes of the meeting held on 17th March 2009 as a true and accurate record.

42.4 Matters Arising (not otherwise on agenda):

- (i) College Financial Regulations (Item 40.8):** The chair reported that the changes to the Financial Regulations were taken to the Audit Committee on 9th June 09 and noted. The Recommendation was taken to the Board at the 30th June 09 meeting and adopted.
- (ii) Treasury Management Policy (Item 40.10):** The Chair said the Committee had previously decided that the Treasury Management Policy must be reviewed annually therefore the 'Treasury Management Policy' will appear on the agenda for Finance and Employment Committee Meeting on 9th March 10.

A **HR Items**

42.5 **HR Strategy Monitoring and HR Update including Annual Pay Review 2008/09**

Mrs Higham, The Director of People and Performance, presented her report for members to note. The report provided information on some of the current HR issues and also provided information on progress with the HR strategic action plan for 2008/2009.

Mrs Higham said the HR team have identified areas in which progress has not been made "in year". These key areas where work continues are staff development, staff reviews and absence.

The Director of People and Performance stated that absence has dropped 5% from last year and the College continues to work to bring down the absence level further. It was noted that significant progress has been made in long term absence (clarified as 4 weeks sickness). Mrs Higham reported that although the AoC Annual Absence Survey will not be published until late November 2009, the College absence rate is below national benchmark.

The Director of People and Performance said although significant savings has been made, there are still some staff savings that still need to be made. Since September 2009, there have been 14 staff members that have left College through voluntary or compulsory redundancy. It has been proposed that the college merges two Curriculum Teams under one Curriculum Manager. Informal consultation has started with the two relevant Curriculum Managers.

The total saving made in the current academic year is more than £450k.

The Director of People and Performance said Curriculum Managers had raised over 12 months ago that the difference in the pay between the top graded lecturers and a Curriculum Manager is only £2,100. Advance Practitioners can attract a salary up to £34,241 making the difference of only £457. As result of discussion at Staffing Group Meeting, 14 Curriculum Managers have been regraded with effect from 1 November 09 and given 2 additional increments which is equivalent to just over £2k per annum.

The Director of People and Performance said a new policy has been documented for 'Fixed Term and Temporary Contracts' which she presented.

The Director of People and Performance said a full report on Safeguarding Authority will be presented at the next Finance and Employment Committee Meeting and reported that currently work is underway with the PEER Group.

The Director of People and Performance said the College is currently defending two claims to the Employment Tribunal. The following was noted:

- Case 1 - The claim is for unfair dismissal and age discrimination. The first hearing will take place on 12th and 13th January.
- Case 2 - The claim is for unfair dismissal and religious belief discrimination. The EEF solicitor was in college on the 15th and 17th November 09 to meet key members of staff and take witness statements. This case involves 6 members of staff and it is likely that all 6 staff members will be required to attend the hearing when arranged.

The Director of People and Performance said over the years the cost of offering counselling to staff has increased therefore the College took the decision to buy in a service which will be cost effective. The College has bought in the service from a company named Ceridian. Staff members have received details of this scheme.

The Director of People and Performance said Staff Voice Group Meetings have now started taking place. The aim of the meeting is to have an opening dialogue with staff members and pick up on key and current issues. The first meeting has taken place and was very positive. The meeting is documented. Currently there are 20 voluntary staff members that participate in the meeting.

The Director of People and Performance said that the AoC tabled an offer of 1% on all salaries and allowance from the 1st August 09 which was rejected by the trade unions. The National Joint Forum and the AoC made revised recommendations and offered an increase of 1.5% which was then accepted by unison and other trade unions. The College will be implementing the 1.5% pay award in January 2010 in line with the budgetary provision agreed by the Board in January 2009.

The Director of People and Performance reported that she has reviewed and rewritten the College's Pensions Discretions policy as a result to changes to the LGPS regulations in 2008. The Director of People and Performance said employers have the right to transfer their pension during the first 12 months of employment. Transfer of pensions after the first 12 months is at the discretion of the College and will not normally be accepted. However, it is recommended that procedures provide for a decision to allow transfer to be taken by the Principal, Governing Body or a sub-committee of the Governing Body in some circumstances. Mrs Higham noted that Governors should be aware that if they exercise their discretionary powers in an unreasonable manner, they could be subject to public law proceedings or appeal ultimately to the Secretary of State or redress through the Pensions Ombudsman.

- 343 RESOLVED (i) To note the report.
(ii) To approve the updated Employer Discretions-
Statement of Policy**

B **Finance Items**

42.6 Financial Situation to 31st July 2009

The Finance Director presented the 'Provisional Financial Situation to 31 July 2009 Commentary on Variances Compared to Budget' report, which shows an update on the College's financial position as at 31st July 2009. The report has previously been presented to SMT.

The Finance Director said the variances are spread over a range of budget areas, with no single area being responsible for the majority of the variance. The key areas identified in the report are:

- o Income
 - LSC Adult Learner Responsive
 - Apprenticeships 16-18
 - Apprenticeships 19+
 - LSC/HEFCE other Grants
 - Fees

- Expenditure
 - Pay
 - Building Maintenance
 - Teaching Consumables
 - Non Teaching Consumables
 - Exams & Validation Fees: The Director of Finance said there are ongoing issues with Exams and Validation Fees. The overspend has arisen with over recruitment on 16-18 Learner Responsive students.
 - Bank Charges / Bad Debts: The Director of Finance said debt charge increased last year as there is an outstanding debt charge from BD Associates. The total bad debt charge is £35k.

The overall deficit is £808k.

344 RESOLVED To note the report.

42.7 Financial Statements for the year ending 31st July 09

The Director of Finance presented the 'Financial Statements 2008/09' and requested the Finance and Employment Committee to approve the reported figures and narrative.

The Director of Finance said the accounts presented in the report have been checked by the Financial Statements Auditor. The accounts will be presented to the Corporation for approval at the Board's 8th December meeting before they are sent to the LSC on 31 December 09.

The committee noted that several minor changes were required in the narrative to reflect current governance practice.

345 RESOLVED To note the draft accounts of the College for the year Ended 31 July 2009 and to recommend that, subject to minor changes in the narrative, the Corporation approve the Financial Statement.

42.8 Financial Situation to 31st October 2009

The Director of Finance presented the 'Financial Situation to 31st October' report and said this report has been presented to the SMT.

It was noted that the original budget which was presented to the Corporation on 30th June 09 had a planned surplus of £350k. The main points put forward by the Director of Finance were:

- Apprentices: 16-18 is currently showing a negative variance.
- T2G: T2G is currently showing a positive variance.
- Exams and Validation Fees: The final expenditure in last year exceeded the expected amount. There is a potential risk that the budget amount will be exceeded again in this year. It was noted that a working group has been set up to examine this area of expenditure.

The Director of Finance said the overdraft facility stands at £600k.

346 RESOLVED To note the report.

42.9 Capital Expenditure 2008/09 and 2009/10

The Director of Finance presented the 'Capital Expenditure 2008/09 & 2009/10' report. The report shows capital expenditure for 09/10 in various curriculum areas.

347 RESOLVED To note the report.

The Chair decided to take Item 42.12 next on the agenda to allow the Director of Finance to leave after the item.

42.12 Other Urgent Business

Planning for Success Monitoring: Contribution Rates

The Director of Finance tabled a report on 'Planning for Success Monitoring: Contribution Rates' and said this is a recently published report which Curriculum Managers and Curriculum Directors will be using to review their targets. The report looks at the contribution generated by each team towards the College overheads and surplus.

The following was noted from the report:

- Overheads costs have increased from last year.
- Eleven out of eighteen teams improved their contribution levels between 2007/08 and 2008/09 and also exceeded their target.
- The average contribution rate of the College increased from 41% to 47%.
- The Workforce Development Teams, apart from Land Transport, all achieved below 30% contribution and showed a reduced level of contribution compared to 07/08. This will require monitoring.
- The Land Transport and Cleaning Science Team merged last year and this has produced a significant improvement.

348 RESOLVED To note the report.

The normal agenda order was resumed.

***B* Finance Items**

42.10 Financial Action Plan

The Vice Principal (Corporate Services) presented a 'Review of Financial Situation and Actions Taken (October 2009)'. As already reported the outturn for year ending 31st July 2009 was a deficit of £807k. This compares to the original budget which had a target surplus of £350k and an April forecast that predicted a deficit of £500k.

The report of actions taken and planned had been prepared for the LSC. The Vice Principal (Corporate Services) stressed that actions in response to the predicted deficit had started during the year 2008/9 and would continue through the current financial year. The Chair and Vice Chair had been kept informed of these actions.

One consequence of the deficit is that, even though the college's bankers have agreed an overdraft facility of up to £600k, the LSC has restricted College borrowing to £180k without LSC agreement.

349 RESOLVED To note the report.

C Miscellaneous Items

42.11 Annual Health & Safety Report

The Principal presented the 'Annual Health and Safety Report 2008/09' stating that it is a requirement by the LSC for the College to produce this report.

The Principal reported there have been no major health and safety issues to date and that H&S continues to be a strength of the college. It was noted that the College has successfully taken steps to minimise the possible effect that Swine Flu could have on a large institution like the college.

350 RESOLVED To note the report.

42.12 Other Urgent Business

There were no urgent business items other than the item on Planning for Success Monitoring: Contribution Rates previously discussed.

42.13 Date and Time of Next Meeting

Tuesday 9th March 10 at 5pm

The meeting closed at 7:20pm.