

ACCRINGTON AND ROSSENDALE COLLEGE

**MINUTES OF A MEETING OF THE
FINANCE AND EMPLOYMENT COMMITTEE
HELD AT 5.00pm ON TUESDAY 17th MARCH 2009
IN THE CONFERENCE ROOM, BROAD OAK CENTRE**

PRESENT:

Mr B Stephenson (Chair)
Dr M Lee
Mr S Carlisle
Prof R Wilson
Mr M Aslam
Mr A Armiger
Mrs D Connell

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

The Chair welcomed Miss Atiyah Akhtar who attended the meeting for the first time as Minuting Clerk.

40.1 Apologies for Absence

Apologies for absence were received from Mr D Welsby and Mrs D Pepper.

40.2 Minutes of the Meeting held on 13th November 2008

335 RESOLVED To approve the minutes of the meeting held on 13th November 2008 as a true and accurate record.

40.3 Matters Arising (not otherwise on agenda):

(i) **AoC Absence Statistics (Item 36.4):** The Director of People and Performance reported that she has received the AoC Absence Statistics, her following paper includes commentary on this information.

A HR Items

40.4 HR Strategy Update and Current HR Issues

The Director of People and Performance presented her report for Governors to note. The report provided information on some of the current HR issues as well as progress with HR Strategic Action Plan for 2008/2009.

The Director reported that the AoC are currently involved in national pay negotiations. Following earlier communications from colleges about whether national negotiations continue to be appropriate, the AoC are undertaking a review of this practice. Further updates will follow over the coming months.

The Director advised that the HR department have been in discussions with senior colleagues at Protocol National in regards to the VAT charged on fees. Following a decision by HM Treasury to amend the VAT treatment of agency staffing from 1st April 2009 additional costs will be incurred which will have an impact on our part time hours budget. Protocol national have taken extensive legal advice and proposed an alternative mode of employment that would avoid VAT liability. Having understood that this would involve a potential reduction in employment law protection for the staff involved, members supported the decision to take the additional charge.

The Director advised that long term staff absence at 4.2% is higher than the average for colleges. The AoC absence survey published at the end of 2008 showed an average absence level across FE colleges of 4.2% with the average for North West colleges at 4.41%. Five staff members who had long term absence issues have left the college since August 2008 and a further staff member with short term absence problems had been dismissed. The matter is being closely monitored by HR and appropriate actions are being taken for persistent absence.

The cleaning service has now been successfully brought in-house and all 15 affected staff had transferred to college employment on their existing terms and conditions in compliance with TUPE regulations.

An update as at March 2009 of the HR & Staff Development Strategy 2008 – 2011 having been previously circulated was reviewed and discussed by members.

336 RESOLVED To note the report.

40.5 Staffing & Efficiency Savings

The Director of People and Performance presented her report and reminded members that at the start of 2008/2009 academic year it was identified that there needed to be significant savings made against the staffing budget. In the autumn term it became evident that further savings needed to be made in order to ensure the college would end the year with a balanced budget and start the new academic year (2009/2010) with manageable staffing budgets. To achieve this, a significant amount of activity has taken place across College which was to take out posts and staffing costs. The activity has been focused on 4 main areas which are:

- Non recruitment to vacant posts
- Limited replacement of leavers and only where essential
- Delaying recruitment of posts where possible
- Compulsory redundancies

The Director reported that the College has made an in year saving of £150k having carried out the above activity. An additional 17 posts have been saved through restructuring and the non replacement of vacant posts which has resulted in an in year saving of £160k. The total savings made this year are £310k, this translates as a whole year saving for 2009/2010 of £468k.

Additional unplanned staffing costs have however been incurred to meet additional staff requirements in various growth areas. The net effect therefore was a £230,000 saving.

In response to members' questions The Director confirmed that great care had been taken to select only posts that did not directly impact on the service offered to learners.

The Director confirmed that the staffing group continues to regularly review all staffing and Recruitment activity.

337 RESOLVED To note the report.

B Finance Items

40.6 Financial Monitoring: Management Accounts to 31 January 2009 and Outturn Forecast (including cashflow forecast)

The Finance Director presented her report which was based on a financial review that has been conducted as at the end of January 2009.

The Director highlighted a number of areas that are showing and projecting a significant variance on the income line.

- LSC Adult Learner Responsive: The budget was set at £3m by the College before the contract was confirmed by the LSC. The LSC confirmed the contract at a value of £3,319,500. Delivery is slightly under, but within the contract set by the LSC.
- Apprenticeships 16-18: The budget was set at a higher level than the actual contract with an overestimate of £13k. In addition, learner numbers have been affected by the economic downturn. The LSC has re-profiled this contract downwards by £200k. This is now achievable and the forecast has been set at this level. The college is continuing to deliver this dependant on current apprentices retaining their employment.
- LSC Employer Responsive Train to Gain: The budget was estimated at a higher value than the actual contract by LSC. Staffing levels in this area has been reviewed and current plans should result in the target level of delivery against contract, which will earn £2.35m, this is £150k less than the original budget. The achievement of this target could be affected by the current economic climate. This area of income represents the most significant risk to the achievement of our financial targets.
- Projects: There are less LSC funded projects this year compared to previous years. The college is seeking opportunities to engage in suitable projects to maximise the income stream.
- Fees: FE and HE fees are forecast to be below the original budget. It is likely that FE fees will have reduced compared to expectations as a result of the LSC's relaxation of eligibility criteria around full Level 2 and 3 qualifications.

The Finance Director spoke in detail about the expenditure areas and variances to original budgets caused by changes that had been discussed earlier in the meeting.

The net effect of the variances suggests an outturn forecast with a nil surplus (prior to the effects of FRS17) for the period to 31 July 2009.

A further outturn forecast will be produced at the end of April.

338 RESOLVED To note the report.

40.7 Further Education Tuition Fee Strategy 2009/10

The Vice Principal (Corporate Services) presented her report for consideration and approval.

The Vice Principal advised that LSC funding guidance for 2009/2010 had not yet been produced and that she had proceeded on the basis that the current year's rules and regulations will be rolled over. There is little change proposed to the FE Tuition fee strategy produced for 2008/09, which was approved by the Finance and Employment Committee in February 2008. The LSC are continuing with their policy of increasing the fee contribution to equate to 50% of the overall funding by 2010/2011. LSC expects providers to charge 47.5% in 2009/2010, currently the college is charging 42.5% in 2008/2009.

During the ensuing discussion members carefully considered the offer from other colleges, the ability of the learners attracted to this college to afford the proposed increase and the offers made by private training providers.

The Vice Principal said LSC have offered best practice on charging fees and the college remains affordable for students as it has reasonable fee levels.

Having been given assurances by SMT members present that the costs of each course will again be fully reviewed by curriculum managers and team leaders within the proposed framework members gave their approval.

338 RESOLVED To approve the Further Education Tuition Fee Strategy for 2009/2010.

40.8 College Financial Regulations

The Vice Principal (Corporate Services) presented her report and requested Governors to consider the revised financial regulations.

These have been updated to reflect the new college structure but in essence only minimal changes, which were highlighted, had been required. It was noted that the Scheme of Delegation – Levels of Authority had been updated to reflect current values.

339 RESOLVED **Governors noted the changes to the College Financial Regulations and made a recommendation to the Corporation that they should be adopted with immediate effect, additionally recommending that a copy should be taken for information by the Audit Committee in order that they are fully aware of the changes.**

40.9 Planning for Success Monitoring Contribution Rates

The Vice Principal (Corporate Services) presented her report outlining by curriculum team contributions made to college overheads during 2007/2008 compared to 2006/2007. This showed an overall reduction in this period of 3% or £467,000, this could be mainly attributed to increases in staffing expenditure.

It was noted that whilst only a third of the teams improved their contribution levels from 2006/2007, there had been good progress in Catering, Land Transport, Manufacturing and Gas. Some direct comparisons can no longer be made due to restructuring over the period.

The Vice Principal advised that the information had been reviewed by the Curriculum Directors with their managers in December 2008 and had now been incorporated into teams' development plans.

New targets had been agreed for 2008/2009 based on the revised curriculum team structure, the expectation is to raise overall contribution by 1% on 2007/2008 to 42%.

A further update is to be presented to this committee in the autumn term to monitor progress.

340 RESOLVED To note the report.

C Miscellaneous Items

40.10 Any Other Business

Treasury Management Policy

The Vice Principal (Corporate Services) presented her report which had been to this committee on 30th November 2008. In the light of recent global financial uncertainties further enquiries had been made in relation to Approved Financial Institutions that college surplus funds may be invested into.

The policy now encompassed various comments and observations made at the previous review to ensure that the Policy is robust and workable.

341 RESOLVED To approve the revised Treasury Management Policy with the additional amendment that it should be "reviewed periodically and at least annually".

Declaration of any confidential Items: Members and attendees decided that there were no items discussed in the meeting which should be kept confidential.

40.11 Date and Time of Next Meeting

Tuesday 16th June 09 at 5pm in the Conference Room.

The meeting closed at 6:40pm.