

ACCRINGTON AND ROSSENDALE COLLEGE
MINUTES OF A MEETING OF THE
FINANCE AND EMPLOYMENT COMMITTEE
HELD AT 5.00pm ON TUESDAY 9TH MARCH 2010
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 (*Item 43.5*)
Mrs C Jarvis : Director of Finance
Mr S During: Director of Facilities & IT (*Item 43.10*)
Mr A Armiger: Clerk to the Corporation
Mrs N Tattersall : Minuting Clerk

42.1 Apologies for Absence

Apologies for absence were received from Mr D Welsby. Prof Roger Wilson and Mr M Aslam were also absent.

42.2 Declaration of Interest

There were no declarations 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 24th November 2009 as a true and accurate record of the meeting once the following amendments had been made:

- a) *Item 42.8 the overdraft facility stands at £600k not £6,000k.*
- b) *Item 42.12 Land Transport and Cleaning Science merged last year*

350 RESOLVED To approve the minutes of the meeting held on 24th November 2009 as a true and accurate record provided the above amendments are made.

42.4 Matters Arising (not otherwise on agenda);

- (i) **To note the draft accounts of the College for the year ended 31st July 2009 and to recommend that, subject to minor changes in the narrative, the Corporation approve the Financial Statement** - The chair reported that the relevant amendments had been made and approval was received by the Corporation on 8th December 2009.

The Chair welcomed Mr During, Director of Facilities & IT to the meeting and it was agreed that Mr During's item (43.10) would be taken first on the agenda.

43.10 Property Strategy Update including Financial Implications

Mr During presented his report and advised that over the past few months a review of all the Estates had taken place mainly due to the changes in the Curriculum. It had been established that overall there was enough capacity to relocate staff into Broad Oak and hand back properties to external premises landlords. The first property to relocate into Broad Oak was Hurstdale House, and this had proved very successful. The landlords offered the college an early surrender of the lease, without dilapidation costs, for a sum less than the college's estimate of likely dilapidation costs. Mr During advised that this had been agreed and Hurstdale house had been handed back to the landlords on 9th February 2010. Acceptance of this agreement has meant that the college has saved approximately £ 6k in year

Globe Centre – Mr During reported that there were a number of leases involved for the Globe Centre, one of which tied both the ground floor ("Traders") and the 4th floor which is no longer required as a teaching area. Complications arose as there was no evidence e.g. photographic as to how the accommodation prior to the college moving in to the premises, therefore the college was unable to put back into its original state. Following discussions with the landlords they agreed to accept the colleges estimate of fair dilapidation costs. The 4th floor has now been handed back and a new lease for Traders has been prepared for 6 years. Mr During advised that staff and students are currently in temporary teaching accommodation until 15th March when they will move into Suite 13 in the Globe Centre.

Graduates – it was noted that the college's teaching activity that had, until recently, been taking place in Graduates has been re-located to the "Waterside" complex as this is much better accommodation. Mr During advised that he would be inviting members of the Board to visit the Waterside site.

Broad Oak – Mr During commented that a lot of work had been undertaken to accommodate the changes in both curriculum and staff accommodation. The building is now more flexible to the curriculum. Mr During also advised that the college had saved additional costs by bringing External Storage back on to the Broad Oak site .

Mr Carlisle noted that what the college had achieved to date was superb and thanked Mr During and his team for all their hard work. Some of the negotiations with landlords could have been a risk but the work Mr During and his team has done has resulted in amicable conclusions with financial savings to the college. Mr Carlisle also noted that as a college we would be reluctant to enter into further complicated lease agreements

Dr Lee asked what the college was planning with regard to the Hospitality curriculum as a six year lease for Traders is a relatively short space of time. Mr Carlisle confirmed that this matter was high on the agenda and the college would need to take into consideration any changes in hospitality curriculum and a possible move to the Broad Oak site based on those changes.

351 RESOLVED To note the report

The normal agenda order was resumed.

A **HR Items**

42.5 **HR Strategy Monitoring and HR Update**

Mrs Higham, The Director of People and Performance, presented her report for members to note. The report provided information on some of the College's current HR issues and also provided information on progress with the HR strategic action plan. Mrs Higham advised that it had agreed with the Principal that, during 2009/10, HR would focus on the following key strategic objectives and that these would be specifically reported on during the year:

- a) Support the achievement of the financial action plan through ensuring planned savings against staff budget.
- b) Ensure the staff base is maintained at appropriate levels with key knowledge and skills required as efficiencies are identified and implemented.
- c) Ensure ongoing development of staffing efficiency information from student records systems and use to inform regular staffing reviews with individual managers.
- d) Using the results of the staff survey, and in consultation with elected representatives and the staff voice group, develop more effective cross College communication and consultation methods.
- e) In light of upcoming legislative changes, and the College's commitment to reducing reliance on the use of agency staff, lead a review of current agency arrangements.

Mrs Higham then went on to report on other current HR issues:

Absence: Mrs Higham stated that the college's current overall absence remained at 3.7% which was in line with 08/09. It was also noted that a review of the management of absence would be taking place at the end of the academic year. This would provide information on which staff have hit College trigger points and what management interventions have been made.

Staffing & Efficiency Costs: Mrs Higham advised that at the beginning of the year, the pay budget was set with a number of assumptions: 1.5% pay award, target savings of £830k and a redundancy contingency of £200k. The Staffing Group have worked hard to ensure these targets were achieved and, to date, £100k has been saved by making the pay award in January rather than August and a further £68k will be saved against the redundancy contingency. It is anticipated that a total of £583k will be saved against the staffing budget by various means. Mrs Higham confirmed that there remains a variance of £87k still to be made which remains under review on a fortnightly basis at the Staffing Group.

Mrs Higham went on to explain that a number of curriculum areas were under review commenting that a number of difficult decisions have been made and that careful consideration has been taken in relation to which areas would be affected. The following areas are currently under review OSAT/Music/Early Years and Modern Languages.

Dr Lee noted that he was under the impression that OSAT and Early Years were strong areas. It was noted that the decision to review these areas and others is down to funding, changes in curriculum and competition e.g. the Train to Gain

contract has been reduced which has led to the college reviewing the work of related teams. Mrs Collinge confirmed that OSAT provision could be brought back on board very quickly if the college found that this was still required.

Mr Carlisle advised that the decision to review certain curriculum areas, such as Child Care, was also based on such factors as minimum levels of performance (which brought additional funding pressures), quality of provision and competition.

Mrs Higham confirmed that next year the college will need to look at rebuilding our staffing base to meet curriculum changes.

Tribunals: Mrs Higham reported that the college has recently settled two unfair dismissal claims, both with economic settlements. It was also noted that the college, currently, has another unfair dismissal claim pending which has been being dealt for the last 18 months.

The Chair asked whether Managers sought advice when grievances are raised. It was confirmed that this was the case and that we had a policy in place for managers to review. Mrs Higham stated that it would be preferable for managers to consult with HR at earlier stages of situations arising, rather than trying to deal with problem on their own

The Chair went on to ask if any specific lessons had been learnt from the recent tribunals. Mrs Higham commented that having had discussions with our solicitors the college would not have dealt with the situations any differently.

Mrs Connell noted that it seemed easy for employees to take employers to Tribunal these days given the access to free legal advice. She commented that the number of recent cases should not be seen as a reflection on the college.

Legislation Changes: Mrs Higham updated members about the new legislative changes that would be taking place and commented as follows:

- a) **Right to request time off for training or study** – the college doesn't believe this will have a major effect.
- b) **Statement of fitness for work ("fit notes")** – this is a new process from April and the college will have to wait and see what the impact will be. Members of HR will be attending a seminar to obtain a better understanding of the policy.
- c) **Additional Paternity Leave and Pay** – this will not have an impact until next year. The college therefore has time to review its policies.
- d) **Agency Workers** – this is a major concern for the college and could impact our relationship with Protocol National. After 12 weeks agency workers have the right to same pay and holiday leave as full time members of staff. Mrs Higham confirmed that she would be meeting with Protocol National to discuss the implications and a review of how this will impact on staffing/pay etc will be completed for end of the academic year. An update will be provided for members at the next meeting.

Staff Survey: Mrs Higham confirmed that this had now been completed and that we had received just short of an 80% response rate. The headline results from the survey will be presented to the Staff Voice group at their 10th March meeting and then information by team will be distributed to Directors together with an action plan. A full report should be available for the next Finance & Employment Committee Meeting. Mrs Higham advised that even though the college had had a turbulent 18 months the results were appeared, at first sight, to be better than may have been expected.

Aspiring Managers: A new programme has now been launched and 14 members have been invited to participate. Mrs Higham confirmed that this programme is being led by Lynda Mason (Deputy Principal) and Mrs Higham (Director of People and Performance). The programme consists of 6 taught sessions and a management project which is completed in pairs and presented to SMT. Each participant has also been allocated a member of management as a mentor. There is also the opportunity for participants to complete a Level 3 qualification in Management.

352 RESOLVED To note the report

B Finance Items

43.6 Financial Monitoring: Management Accounts to 31 January 2010 and Outturn Forecast (including cashflow forecast)

Mrs Jarvis presented the latest management Accounts and the Outturn Forecast and commented as follows. Within the original budget a surplus of £350k was predicated and Mrs Jarvis reported that the college is still expecting to achieve this surplus (minus FRS17). Mrs Jarvis reported that it has been assumed, currently, that there will be a cost of £900k in relation to FRS17. This amount also takes the college into a deficit position of more than £500k. Having a deficit of £500k in two consecutive years means we would be in breach of our financial covenants. Mrs Jarvis advised that Barclays Bank will receive a copy of our financial prediction and they will therefore need to consider the implications of a potential breach. We have already received verbal confirmation that if this was to happen Barclays would renegotiate the existing loan. The implications of this could mean an additional yearly £70k in interest payment from next year. Mrs Jarvis confirmed that having this information would mean that we could include it in our budget forecasting for next year.

In relation to Income Mrs Jarvis confirmed that:

LSC 16-18 Learner Responsive – after the original contract was received an additional allocation of 20 learners was given by the LSC. This was not included in the budget as it was potentially subject to clawback. The college is confident that it will exceed the learner numbers and therefore earn the full contract value.

LSC Adult Learner Responsive – the original budget increased following an extra allocation with regard to Teacher Training qualifications. Based on current and planned activity it is anticipated that the full contract value will be achieved.

Apprentices 16-18 – the original budget included on 80% of the contract to provide a contingency for underachievement. Based on current recruitment, numbers of existing learners and planned achievements the full value of the contract has now been included. However there is still a risk (medium) that some underachievement could occur.

Apprentices 19+ - the college has secured an additional £59k which has been included in the revised budget.

Train to Gain – the original budget was based on a provisional allocation. The final allocation was set at £2,140k but split into two tranches; August to March and April to July. The college is confident of achieving the first amount, but only 95% of the April to March value has been included in the budget. This provides a contingency of £50k for underachievement.

Mrs Jarvis then went on to update members in relation to the following:

HEFCE & HE Franchise – there is a reduction in anticipated HEFCE income mainly due to efficiency savings that have not previously been implemented. This has now also resulted in a claim from Bolton for £25k relating to non completion of learners.

Projects – a revised forecast contribution from externally funded projects is based on a recent review of current projects. There is a contingency for potential clawback in relation to a Home Office Project following a recent audit. Mrs Jarvis advised that the External Funding & Projects team had now become the Curriculum Development Team.

School Links – this is better than expected.

Mrs Jarvis commented that in relation to expenditure the main issues still relate to pay even though considerable savings have been made. In relation to the sports facilities we entered into a feasibility study with AA Projects and we are looking to capitalise these costs.

It was noted that generally managers are managing their consumables budgets well but there are a number of additional costs relating to IT expenditure/AA projects re the ongoing Thomas Barnes claim that need to be included.

Exams & Validation Fees – a full review of our current exams expenditure has been conducted. Using information relating to learner numbers, an estimate of future costs has been provided.

Commercial Activity – the college has succeeded in letting its premises out for Expo 10 and Marketing have also secured other opportunities i.e., use of the Dance Studio at weekends.

Full Cost Work – this remains a challenging target and the College has relied heavily on income from Vetassess. Mrs Jarvis reminded members that Vetassess use our space in Construction & Technology for assessment purposes, but this can only be undertaken during holidays. Unfortunately, we have been unable to accommodate all their requests recently and they have sought alternative locations.

Mrs Jarvis reported that we have attempted to include a sensitivity analysis within the income and expenditure budget following a review by the Internal Auditors, Tenon Group. This demonstrates the best & worst case scenarios with a score of 3 meaning high and 1 meaning low likelihood. Where there are no figures or no score it is assumed that this will not occur.

Dr Lee advised that he felt that the sensitivity is not particularly helpful and he believed that all the relevant information with regard to best and worst case scenarios was portrayed within the commentary.

Following a discussion it was agreed that it would be useful for the sensitivity analysis to be included within the first outturn in year but not on every monthly report. Mrs Collinge stated that the funding body would take comfort from seeing the sensitivity analysis taking place.

Mrs Jarvis then went on to update members in relation to the cashflow. The new forecast is in line with the original forecast previously presented to this committee, resulting in an overdraft requirement of £200k in March and moving towards a projected 18 days cash in hand by 31st July. This projected overdraft is similar to last year. It was felt that the college could potentially increase its cash days to 25 by this time next year.

353 RESOLVED To note the report

43.7 Financial Action Plan

Mrs Collinge presented the current action plan which showed the latest results and any impact. Mrs Collinge advised that the LSC had been waiting for us to complete a 3 year plan. This has now been submitted based on information we had. Mrs Collinge noted that the LSC had asked whether we would want to access additional funds. As this suggestion didn't come without "strings" attached Mrs Collinge advised that we were confident about our financial position so it was unlikely we would need additional support.

A question was specifically raised as to what "Soft Hours" (page 2) were in teaching. It was noted that teaching staff have an hour not allocated to teaching within their contract for development/flexibility. Mr Carlisle advised that this position was currently being reviewed.

354 RESOLVED To note the report

43.8 Further Education Tuition Fee Strategy 2010/11

Mrs Collinge presented the annual Further Education Tuition Fee Strategy for 2010/11. She advised that the college had so far received no guidance of fee changes for 2010/11 from the LSC and it had therefore been assumed that the rules and regulations will be rolled over to this year. It is expected that the proportion of funding that the LSC expect providers to charge as tuition fees will rise from 47.5% to 50%. Mrs Collinge advised that there were two items to note within the report:

- 1) We have chosen to retain the same total fee as last year, £495, in relation to Full Time Adults
- 2) The nominal tuition fee of £35 will remain for students where no fee or registration/certificate fee is charged.

Mrs Collinge noted that it had been necessary to review the policy now in order to advise Curriculum Managers so information can be provided for 2010/11 programmes.

Mr Carlisle advised that he was meeting Burnley College and Nelson & Colne College this week to talk about maintaining balanced adult provision in the East Lancashire area.

In relation to economic fees for 19+ part time students Dr Lee asked who makes the decision about what to charge. It was noted that the decision is made by Curriculum Managers based on their knowledge of the provision and the costing tool provided. Concern was raised that Curriculum Managers may take the easy option but Mrs Collinge confirmed that if this was the case it would show in the contribution report at year end. This process is also monitored at Planning for Success. The Chair noted that the contributions report was presented to members yearly so members would have the ability to pick any issues up.

Members were asked:

- 355 RESOLVED** i) **To note the report; and**
 ii) **recommend that it be presented to the Corporation for the fee strategy to be approved**

43.9 Treasury Management Policy

Mrs Collinge advised that it had been agreed previously that this report would be presented to members on an annual basis. Mrs Jarvis reported that as there had been no additional funds to invest during the year the policy would stand as guidance should funds become available

The Chair commented that there were no changes to be made to the policy.

Dr Lee raised the question as to whether we kept a record of credit ratings for Financial Institutions that we approach. Mrs Jarvis said that this would be good practice and would begin documenting the results.

- 356 RESOLVED** a) **To note the report; and**
 b) **To maintain a record of Financial Institution credit ratings**

C Miscellaneous Items

43.11 Other Urgent Business

There were no urgent business items to report.

43.12 Date and Time of Next Meeting

15th June 2010 at 5pm

The meeting closed at 6.50pm.