

ACCRINGTON AND ROSSENDALE COLLEGE

**MINUTES OF A MEETING OF THE
FINANCE AND EMPLOYMENT COMMITTEE
HELD AT 5.00pm ON TUESDAY 23RD NOVEMBER 2010
IN THE CONFERENCE ROOM, BROAD OAK CENTRE**

CONFIRMED

PRESENT:

Mr B Stephenson (Chair)
Dr M Lee
Mr S Carlisle
Mr M Aslam
Mr R Grigorjevs
Dr S Bhatti

In attendance: Mrs S Collinge :	Vice Principal (Corporate Services)
Mrs L Higham :	Director of People and Performance (<i>Item 45.6</i>)
Mrs C Jarvis :	Director of Finance
Mr S During:	Director of IT & Facilities (<i>Item 45.5</i>)
Mr A Armiger:	Clerk to the Corporation
Mrs N Tattersall:	Minuting Clerk

45.1 Apologies for Absence

Apologies for absence were received from Mrs D Connell, Mr D Ingham and Mr D Rintoul. The Clerk confirmed that the meeting was quorate.

The Chair welcomed Mr S During who was attending the meeting to provide an update on Health & Safety and Mrs C Scheffmann who was attending as part of the Senior Aspiring Managers' Programme.

45.2 Declaration of Interest

There were no declarations of interest

45.3 Minutes of the Meeting held on 15th June 2010

The Finance and Employment Committee members approved the Minutes of the Finance and Employment Committee Meeting held on 15th June 2010 as a true and accurate record of the meeting.

366 RESOLVED To approve the minutes of the meeting held on 15th June 2010 as a true and accurate record.

44.4 Matters Arising (not otherwise on agenda):

- (i) To recommend the revenue Budget for 2010/11 to be approved by the Corporation Board** – Mr Armiger confirmed that the recommendation was taken to the Corporation Board on 29th June 2010 and was approved.
- (ii) Risk Management Plan** – Mrs Collinge advised that the updated plan had been presented to the Audit Committee on 16th November 2010. It had previously been agreed that the Risk Management Plan would also be presented to the Finance & Employment Committee. Mrs Collinge reminded

members about the different levels (4) and the Chair commented that it was comforting to note that all the issues which had been identified were being acted on.

Dr Bhatti commented about a reference to the Multi Area Agreement as this is a changing document. Mrs Collinge noted that the Risk Management Plan is continually checked and updated.

Dr Bhatti also asked about the Citizenship Programme and the proposed cap. Mrs Jarvis confirmed that the College had now withdrawn from the Project from December 2010.

A HR and Related Items

45.5 Annual Health & Safety Report

Mr During updated members on the key areas within Health & Safety. The Chair reminded members that Mr Carlisle, as Principal, was ultimately responsible for Health & Safety but Mr During had day to day responsibility. In relation to accidents, Mr During was pleased to report that this continues to fall across College (12.5% on the previous year), no claims for compensation were made last year and that this had led to a discount in insurance premiums this year.

The Skills Funding Agency had, during the year, carried out a comprehensive Health & Safety Review and the College remains in the “good” category. Mr During noted that the College would be unable to move out of this category unless the College was able to evidence incidents or accidents on Train to Gain and Workbased Learning programmes.

Mr During advised that the Disaster Management Plan had now been successfully implemented. In November 2009, a full scale exercise of the plan was carried out under the supervision of the Lancashire County Council Emergency Planning Officer (EPO). This has resulted in the EPO requesting that the Disaster Management Plan be forwarded to the Cabinet Office Emergency Planning College for use as best practice.

In relation to other key Health & Safety issues, Mr During noted that thankfully the effects of Swine Flu had been kept to a minimum and the College has also strengthened its relationship with the local Police force. The Community Beat Manager now attends the Safety Committee Meetings.

Dr Bhatti asked what plans the College has in place for the forthcoming cold weather. Mr During confirmed that plans were in place for both students and staff.

Dr Bhatti also asked about substance misuse issues, Mr During confirmed that the College had no problems in relation to these matters and appropriate measures were in place to ensure that this continues.

Dr Lee asked about the peak of cuts in February and impact injuries in the 1st term. It was noted that this was mainly down to inexperienced students within Hair & Beauty and Catering.

Members were asked to note the report.

367 RESOLVED To note the report

Mr During then left the meeting

45.6 A) HR Annual Report 2009/10

Mrs Higham had prepared a new style of report which she hoped would make the content more readable. She stated that the HR Team are committed to supporting the College's strategic ambitions and achieving success through the people it employs.

During 2009/10, Mrs Higham advised that significant work had been undertaken to review, restructure and reduce curriculum and support provision across the College. The Staffing Group had identified that a significant amount of savings were needed in year, amounting to £831,966 of which £751,652 was achieved. During these reviews consultation took place with 78 members of staff, 6 temporary contracts were brought to an end, 8 voluntary redundancies took place, 18 staff were made redundant and 12 members of staff were redeployed. Consultation is currently underway with staff from the Skills for Life and Citizenship teams.

Also included in the report were updates on Staff Efficiency, Agency Workers, Absence, current caseloads and staff turnover. Mrs Higham noted that the absence level across college had reduced to 2.58% and a full breakdown was provided within the report. At present there is no AoC comparison available. Graphs showing information by age, gender, ethnicity and gender were also provided relating to caseloads and turnover of staff. Members agreed that they were impressed by the reduction in absenteeism rates.

The HR Team continually works to ensure that all College HR related policies, practice and procedure are fair, equitable and legally compliance. A number of changes to legislation took place in 2009/10 which were noted in the report.

In relation to the Vetting and Barring Scheme, Mrs Higham commented that this was still under review but would now also include CRB checks.

Following the Staff Survey, carried out earlier in the year, a follow up with the teams with the lowest levels of satisfaction will be undertaken before Christmas.

Dr Bhatti asked whether it was possible to include the "Destination" of staff within the reporting of Staff Turnover. Mrs Higham confirmed that this would be possible and that a majority of the staff leaving college usually move on to promoted positions or seek alternative careers and very rarely for a "sideways" move.

The Chair asked about current Tribunals Cases. Mrs Higham confirmed that the College had one Tribunal case pending, which after discussions with the Principal and the Solicitors has now been settled outside of court. There are no other cases pending. The Chair also asked whether any lessons could be learnt from this case. Mrs Higham advised that following discussions with the Solicitors they have confirmed that there was nothing the College should have done differently and were confident that the case had been dealt with, at all times, correctly.

Members commented that they found the new style of report helpful and that it captured the work undertaken by all concerned.

368 RESOLVED To note the report

B) Strategic Plan

Mrs Higham presented an update on the HR Strategic Update. Mrs Higham explained that a lot of work has been undertaken with the Senior Management Team recently to look at Strategic Planning and therefore the Action Plan to accompany the update is not yet available. This will be completed once the Curriculum Plan is finalised as actions required will be heavily dependent on this aspect.

The Chair asked about the purchase of a new HR/Payroll System (at point 4.3) He enquired how much capital investment would the College require for such a system. Mrs Higham advised that it was around £40k, but that Mr During was currently working on a procurement funding bid for in relation to possible Shared Services with two other Colleges.

Dr Bhatti noted that he would encourage the notion of shared services, specifically in relation to back office and procurement. Mrs Higham confirmed that the college had previously had success with procurement of IT equipment through a shared service with other Colleges.

369 RESOLVED To note the report

C) 2010/2011 Pay Award Update

Mrs Higham updated members on the latest position regarding a pay award for 2010/11. As previously reported in the Summer, the AoC had been requested by the National Joint Forum to recommend a 3.5% increase on all salaries and by the last Finance & Employment Committee in June 2010 no agreement had been reached.

Following subsequent discussions, and a robust rejection of any offer of a non consolidated pay award by the trade unions, a final recommendation was made by the AoC of 0.2% on all salaries.

Mrs Higham confirmed that following discussions with Mr Carlisle and the Senior Management Team, it was felt appropriate given the current climate and the staffing changes undertaken during the last 12 months, that an increase of 0.5% should be given to all staff. Mrs Higham reminded members that she had previously reported that an increase of 1% had been set aside in the budget. This saving of approximately £29,000 will be set aside to align some of the salary discrepancies, provided that the College has a financially stable year.

Dr Bhatti confirmed that he would support an increase of 0.5% but had the College thought about other ways of incentivising staff. Mrs Higham confirmed that this had been looked at in previous years and she would raise this at the next Staff Voice Group. Mrs Higham also commented that if the College was going to offer more HE & Progression routes, staff with degrees and higher degrees would need to be appointed, which may mean we need to incentivise to recruit staff at this level.

Mr Grigorjevs commented that the College would need to be careful about how a pay increase may be perceived outside the College, as the wider public sector were unable to offer any increases.

370 RESOLVED (i) To note the report

**(ii) To note the intention of the College to implement a
0.5% Pay award to all staff from 1st January 2011**

Mrs Higham left the meeting

B **Finance Items**

45.7 Financial Situation to 31st July 2010

Mrs Jarvis updated members on the College's financial position as at 31st July 2010. The original budget, which was approved by the Corporation Board on 30th June 2009, had a planned surplus of £350,000. The actual surplus made during 2009/10 was £543,850, which represents a favourable variance of £193,850. This surplus is before the effect of any FRS17 adjustments to the income and expenditure account and balance sheet reserves.

In relation to income, the College exceeded the contract values for both 16-18 and 19+ apprentices which resulted in further funding being allocated. However, the College was under target on its Train to Gain contract and action was taken to remove the OSAT provision, with the intention to concentrate on growing apprenticeships.

It was reported that in relation to Expenditure, there were a number of under spends which had a favourable impact. Mrs Jarvis also noted that Commercial Activities had been on target.

Mrs Jarvis noted that the key performance indicators are measured on a regular basis, with the "days in hand" concluding the year at a favourable level. Mr Grigorjevs asked what this meant, Mrs Jarvis advised that the number of days in hand referred to the amount of cash available to keep the College operational. Previously, cash in hand had been a significant issue and it is carefully managed. The net asset ratio is 1.26:1 which is seen to be a major improvement.

The following issues and risks were noted by Mrs Jarvis. Attempts to maximise the Train to Gain contract in 2009/10 has reduced the funding to be earned in 2010/11 from "rollovers" of students. This will unfortunately, make the achievement of the 2010/11 Train to Gain contract more challenging.

Dr Bhatti commented that the College has a lot of high quality assets which at times, e.g. during summer, half terms etc, are not used. He asked if there is more the College could do to bring in more commercial activity. Mrs Jarvis confirmed that the College constantly thinks about diversification of our income. She noted that the accommodation is well used, but there is not always the flexibility to meet the requests of external bodies. It is an area the College will continue to explore.

371 RESOLVED To note the report

45.8 Financial Statements for the year ending 31st July 2010

Mrs Jarvis reported on the Financial Statements for the year ending 31st July 2010. These Statements will be published once approved by the Corporation Board.

Mrs Jarvis explained, referring to the Statement of Historical Cost Surpluses and Deficits and point 5 of her accompanying report, the effect of FRS 17 on the final accounts

Mrs Jarvis explained that the Past Service Gain of £1,534,000 had arisen as a result of the Government's announcement that future pension increases would be linked to CPI as opposed to RPI. The College has recognised this amount in the Statement of Total Recognised Gains and Losses, as the resulting gain is considered to arise from a change in actuarial assumptions.

Mrs Jarvis advised that this issue was important as people across the sector will report differently. After guidance the College will report FRS17 in the Statement of Recognised Gains & Losses.

Mrs Jarvis advised that there were various documents contained within the Financial Statements for members to examine. Members also noted that the operating review had also been presented to the Audit Committee, who had recommended the statements to the Board.

Members confirmed their agreement to note the report and to recommend to the Corporation Board for approval.

**372 RESOLVED i) To note the report; and
ii) to recommend the Financial Statements for the year
ending 31st July 2010 to the Corporation Board for
Approval**

45.9 Capital Expenditure 2009/10: Final Outcome and Capital Expenditure 2010/11

Mrs Jarvis reported that for 2009/10 £203,580 was spent on minor items of which £2,710 was funded by grants from Job Centre Plus. A details breakdown of expenditure was included in the report and Mrs Jarvis confirmed that all expenditure had been approved in accordance with financial regulations. Mrs Jarvis reported that the College had also incurred £30k of initial costs relating to the construction of the new sports facility. These costs will be capitalised following the granting of planning permission by the local council.

In relation to 2010/11, Mrs Jarvis advised that £200,000 was approved by this Committee in June. It was also agreed by the Committee in June that the total amount would be raised to £250,000 to allow for further investment. A full list of the items authorised to date were included in the report, with bids totalling £469,000 already received. Bids to a value £25,000 had been fast-tracked to 2009/10 and £38,000 of bids had been rejected. A decision of bids to the value of £236,000 were deferred. Mrs Jarvis confirmed that she was reviewing the bids to see if any needed to be brought forward before the VAT increase in January 2011.

There was a significant investment in IT equipment required and the option of leasing was investigated. Mrs Jarvis confirmed that it was agreed to purchase £58,000 of Apple iMacs through an operating lease with CSI Leasing. The cost will be £20,000 p.a. for three years, this cost will be charged to the College's minor equipment budget.

Further expenditure on the new sports facility will continue in 2010/11. This will impact on ongoing depreciation charges, however, any increase in depreciation will be offset by a forecast reduction in the current level of depreciation charges by 2011/12.

An Interest free loan, repayable over three years from 2011, through Salix had also been obtained to fund purchases to the value of £34k. Dr Lee asked what the “Salix Loan” was. Mrs Jarvis confirmed this referred to items purchased under a loan agreement to reduce energy consumption and that the energy efficiency savings produced by the equipment would, in effect, negate the loan.

Dr Bhatti asked whether the College had looked at “Micro generation” under the Greening initiative. Mrs Jarvis confirmed this was an area Mr During, the College’s Director of IT & Facilities, was looking at.

The Chair asked Mrs Jarvis if the College was looking for approval from the Committee for the additional £50,000. Mrs Jarvis advised that until the financial position was known, it would not be clear as to whether this increase would be needed. After discussion, it was agreed that members would approve the increase from £200,000 to £250,000 at the discretion of Mr Carlisle, Mrs Collinge and Mrs Jarvis once the financial position was known.

- 373 RESOLVED i) to note the report; and**
ii) members agreed to allow an increase in the amount of capital expenditure for 2010/ 11 from £200,000 to £250,000 at the discretion of Mr Carlisle, Mrs Collinge and Mrs Jarvis once the financial position for 2010/11 was established

45.10 Financial Situation to 31st October 2010

- A) Mrs Jarvis reported that the planned surplus for 2010/11 remained at £350,000 as approved by members in June. The report presented showed that the College currently appeared to be on track, but it is difficult to predict totally at this stage of the financial year. There are a number of variances which will need continual careful management. Mrs Jarvis confirmed that contingencies had been set aside, specifically in relation to Train to Gain and 16-18 Apprentices.

Train to Gain is behind the profiled budget figure, based on the agreed Skills Funding Agency profile. Further analysis of current activity within teams compared to planned activity is underway and meetings with Directors have taken place to discuss actions to address the shortfall. Mrs Jarvis confirmed there is now one adult budget which means the College is able to vire across funding streams. An update on Train to Gain will be provided as usual to the Corporation Board within the Contracts Report. It is anticipated that Train to Gain as a product will disappear next year as part of the Government Spending review.

Mrs Jarvis reported that the favourable variance reported for Franchised Higher Education reflects the fact that the budget was prudent on the basis of uncertainty regarding the future of HE funding and the College hadn’t assumed a new intake for the Bolton University Franchise. A new intake to this programme has been recruited and learner numbers on all HE courses are strong.

In relation to expenditure, some assumed savings are on target, but there may be the need to add in some costs to achieve contracts. Commercial activity is currently in line with expectations.

Measurement against the key performance indicators, such as Cash in hand and net ratios, are on target for where the College expects to be by 31st July 2011.

The key issues arising relate to the Employer Responsive activity, where additional adult activity could incur additional costs being required to enable the college to achieve the Targets set. Considerable investment is required for the new Sports Facility and the achievement of the surplus is vital for this to happen. In relation to lettings, income is low but the College is looking at opportunities to enhance this area.

B) Twelve Month Forecast Cashflow to December 2011

Mrs Jarvis presented the twelve month forecast cashflow to members to note. A surplus of £350,000 is expected and the predicted cash days in hand exceed those reported. The Skills Funding Agency are now paying on profile except for 16-18 apprentices. If the College only achieves its budget level then a clawback will be requested in November.

- 374 RESOLVED i) To note both the Financial Situation to 31st October 2010 and the Twelve Month Forecast Cashflow to December 2011 and recommend to the Corporation Board for approval**

45.11 Financial Action Plan

Mrs Collinge advised that the Financial Action plan had been implemented following our Notice to Improve by the LSC (now Skills Funding Agency) 12-18 months ago. An update on progress to date was included in the additional "Impact" column. Mrs Collinge noted that there were still some areas of risk specifically in relation to Train to Gain. The College will continue to monitor all risks.

Mrs Collinge asked members whether this Committee would like to continue receiving this report. All agreed that it would be beneficial to receive it, at least until the Notice to Improve had been removed. Mr Armiger circulated a letter from the Skills Funding Agency advising that a review of the Notice to Improve would be carried out once the final audited 2009/10 financial statements had received.

Mrs Collinge confirmed that the Financial Action plan was circulated regularly to the Skills Funding Agency and members of the Corporation Board.

- 375 RESOLVED To note the report**

45.12 Treasury Management

Mrs Collinge, in a verbal update, advised that she was planning to implement a system which would allow the College to invest money in the right investment plans. This was envisaged being carried out with a brokerage through CPC, which would alleviate the need for a tendering process. This will be in line with the Treasury Management Policy. Mrs Collinge will update on progress when available.

- 376 RESOLVED To note the update**

45.13 Contribution Rates 2009/10

Mrs Jarvis presented her yearly update on Contribution Rates for information. The report highlights the financial contributions made by Curriculum Teams, specifically contributions made to College overheads and team targets. The overall increase in the financial contributions made by the curriculum teams was £388,000, which contributed significantly to the surplus achieved for 2009/10. Mrs Jarvis confirmed that this information is shared with Curriculum Teams and is also discussed as part of the Planning for Success process. The Clerk noted that this was also information requested by members of the Board at its 28th September 2010 meeting.

377 RESOLVED To note the report

45.14 Contract and Property Update

Mr Carlisle confirmed that the tenders for the All Weather Sports Pitch had now been received. An independent assessment report has been carried out by AA Projects and Mr Carlisle is due to meet Dr Lee on 25th November 2010 to review the tender arrangements and the report as he, alongside Mr Stephenson, have been tasked by the Board with scrutiny of the project. Members were asked to let Mr Carlisle know if they would like a copy of the full report.

Mr Carlisle confirmed that the Contractors were due on site on Friday 26th November, subject to Dr Lee's approval. Mr Carlisle also noted that the recommendation from the independent assessors had been for the lowest tender.

Members confirmed that they were in agreement for Dr Lee to approve the Contractors. The Chair asked whether all the essential checks had taken place, Mrs Collinge confirmed that financial standing checks, credit checks had been undertaken and references received for the proposed contractors.

Dr Bhatti noted that it would be useful for copies of useful documents to be available at future meetings as and when necessary so members had the option to review. Mr Armiger will note but also added that all copies are able to be emailed to members who request them.

Mrs Collinge confirmed that the Corporation Board had previously agreed an expenditure amount, and that the proposed successful tender had come in below this by £65,000. Members reconfirmed their approval for Dr Lee and Mr Stephenson to scrutinise the expenditure on their behalf.

In relation to the new catering facility in the Hameldon Building, Mr Carlisle confirmed that the design and specification has been agreed with the new catering contractors, Mellors. Other improvements will also include the redesign of the College Shop on the ground floor.

Mr Carlisle also advised that a range of improvements were taking place around the Broad Oak Campus including the Innovation Centre. In December, a training provider will be using the facilities of the Innovation Centre which may become a regular event.

378 RESOLVED

- i) To note the report; and**
- ii) Members reconfirmed that Dr Lee and Mr Stephenson are to scrutinise the expenditure of the All Weather Sports Pitch on behalf of the Corporation Board**

45.15 Updated Terms of Reference for the Finance and Employment Committee

Mr Armiger advised that he was in the process of updating the Terms of Reference for each of the Committees. Once these have been updated, Mr Armiger will present them to the Corporation Board for final approval. It was agreed that this would be deferred as an agenda item until the next Corporation Meeting in 2011. Dr Lee advised that he had some comments and would discuss outside of the meeting.

379 RESOLVED to review and comment on the proposed Terms of Reference

C Miscellaneous Items

45.16 Confidential Items

There were no confidential items to report.

44.17 Date and Time of Next Meeting

The date and time of the next meeting is Tuesday 8th March 2011 at 5pm.

The meeting closed at 7.10pm.

There was a presentation to members , following the meeting, from Helen Priestly, from Tribal Group plc, on 'Financial Benchmarking Project 2009/10'