

Agenda Item 4 Minute

Chairs' Committee

5.30 pm 13th September 2016 Boardroom Cumbernauld Campus

Present: Linda McTavish, Rosemary McKenna, Ronnie Smith, Keith Fulton, Kenny Anderson

In Attendance: Martin McGuire, Diane McGill, Penny Neish

1. Chair's Welcome

1.1 The Chair welcomed everyone to this meeting of the Chairs' Committee.

2. Apologies and Declaration of Interest

There were no apologies. There were no declarations of interest.

3. Minute of the meeting of the 23rd May 2016

The minute of the meeting was approved.

4. Matters Arising

4.1 Martin McGuire informed the committee that discussions with HMRC over tax due on voluntary severance were ongoing. NCL had made payment to HMRC and had billed individuals on the basis of information from HMRC. However, it has now become clear that some individuals have already made payment to HMRC and some money will, therefore, be refunded by HMRC to the college. The college is in discussion with other individuals about recovering funds and a report will be brought to the Finance Committee in due course.

5. NCL Finance Update

The Chairs' Committee discussed issues raised in the minute from the special meeting of the Finance Committee on the 5th September 2016. This minute is attached as Appendix 1 for ease of reference.

Action and Decisions: The Chairs' Committee noted the activity undertaken by the Chair of the Board and management during the summer and by the Finance Committee at the meeting on the 5th September 2016. The committee noted that there would be further discussion at the Finance Committee on the 19th September 2016. The Chairs' Committee agreed that it would have further meetings to deal with this matter on behalf of the Board as required.

6. Unison Ballet Update

The Chair updated the committee on the impact of the strike from information produced by Colleges' Scotland. The college will do what it can to minimise the impact on students and learning during any action. The committee noted the update.

7. Evaluation Update

The committee noted the Guidance Note – Conducting Externally Facilitated Effectiveness Reviews which was issued by College Scotland on the 7th September 2016 and extends the date for completing the evaluations the end of March 2017. The committee noted that the current ongoing review being conducted by the Lanarkshire Board was consistent with the guidance and that the SFC and College Development Network had agreed that the SFC evaluation of the Board for funding body

status would be recognised as the external evaluation of the Lanarkshire Board with any identified gaps only being subject to further evaluation.

Action: The committee welcomed this approach but members do feel that the evaluation process is overly prescriptive and onerous and does not recognise the considerable Board and committee experience of many members of the Board. This view will be reflected in the evaluation report that goes to the SFC.

8. Strategic Away Day

The dates set for the Board's strategic planning day are the 19th and the 20th January 2017. The Chair also informed the committee that she wanted to organise a social event for the Board at Celtic Connections in Glasgow to respond to members who wanted to get to know their Board colleagues better.

Decision: The committee agreed to the setting up of a small working group with Ann Stark as the Board member to plan the strategic away day and social event in January 2016.

9. Board Publication – Code of Good Governance

The Board Secretary updated the committee about the revised Code of Governance that was issued by Colleges' Scotland on the 7th September 2016. The Board Secretary is going through the code to produce a checklist table with evidence on compliance. The following points were noted at the meeting:

- Page 3 – compliance with the Code is a condition of grant from the SFC or the RSB. Each Board must state its adoption of the code in the corporate governance statement contained in its annual financial statement.
- A14 – the role of the independent Board Member who is Keith Fulton for the Lanarkshire Board.
- B.4 the student partnership agreement which the Chair confirmed was in place in Lanarkshire.
- C.7 the Board must publish all non- confidential committee and Board reports as well as agendas and minutes.
- C 19 – the Remuneration Committee must undertake CDN's on line training.

Action: The committee noted the revised Code of Good Governance and agreed the publication of reports. Again members felt that this was prescriptive and did not recognise the past experience of a number of board members.

10. AOB: There was no other business

11. Date of the Next Meeting.

This committee is an ad hoc committee and the date of a future meeting will be advised to committee members.

Appendix 1 Draft Minute

Special Meeting Finance Committee

5.30 pm 5th September 2016 Boardroom Cumbernauld Campus

Present: Kenny Anderson, Paul O'Donnell, Moira Jarvie, Martin McGuire,
In Attendance: Linda McTavish, Iain Clark, Diane McGill, Penny Neish

1. Chair's Welcome

The Chair welcomed everyone to this special meeting of the committee to discuss the NCL budget for 2016-17.

2. Apologies

There were apologies from Stuart Reid, Stewart McKillop and Keith McAllister.

3. Declaration of Interest

There were no declarations of interest.

4. NCL Budget 2016-17

4.1 Prior to discussion of the budget Linda McTavish advised the committee that there had been two main issues that the College had been working on throughout the summer. The first related to financial reporting and the second to setting the budget for the College. To provide context for the meeting it had become clear during the present financial year that there were issues with financial reporting. Martin McGuire informed the committee that he had prioritised the work of finance since the last committee meeting. There were concerns that the financial break even position was changing to a deficit position too late in the year for corrective action to be taken. In light of this, J M Godfrey Consultants have been approached to review the finance function from an external perspective. Martin McGuire and Linda McTavish have met with the SFC to advise them of the position. The college's internal auditors are also auditing the Resource Returns made to the SFC following the Finance Committee decision on the 6th June 2016.

After discussion the committee acknowledged the seriousness of the reporting situation and that accurate and robust information was essential. They endorsed a solutions focus to the issue and the appointment of JM Godfrey Consultants. The Committee will be kept informed of the progress of the review. Chairs committee will be advised at the next meeting and progress will be reported to the next finance committee in two weeks.

Decision: A report will be made at the meeting of the Chairs on the 13th September 2016 and to the Finance Committee on the 19th September 2016. The Finance Committee was supportive of a solutions focussed review by JM Godfrey Consultants and of the fact that action is being taken to address the issue.

4.2 Linda McTavish then updated the committee on the context of the budget. As well as pressure on the sector, there were a number of specific issues relating to New College Lanarkshire. These included costs which are not currently being funded by the SFC as follows: traditionally higher salaries than the rest of the sector and the knock on effect in terms of budgeting for national bargaining pay awards and increased pension and National Insurance costs. In addition, the College delivered a substantial amount of European Social Fund activity for a lower price than that paid to

other colleges. Martin McGuire informed the committee that the college had put in place a budget review process with senior managers in June and July 2016 to consider the 2016-17 budget. Substantial work had been done to reduce the deficit as far as possible but that the College had no option but to propose a deficit budget of £2.0M. Both he and Linda McTavish had met with the SFC to discuss the position and the difficulties of setting a balanced budget due to these external factors and the specific pressures on the College.

4.3 Iain Clark took the Committee through the detail of the Financial Forecast Return 2016 in particular highlighting the liquidity implications without further SFC funding.

4.4 The committee considered and discussed the budget and noted the following:

- The considerable work in putting the budget together.
- The concerns that the student experience and Regional Outcome Agreement will be affected adversely if additional savings are sought.
- Linda McTavish and Martin McGuire had met with SFC to inform them of the position.
- Iain Clark will meet with SFC next week to discuss the FFR2016 in more detail.
- The College risk register requires to be amended to take into account both the financial reporting and budgetary position.

Decision:

- ***The committee agreed that it would be useful to note the process so the board were aware of why a deficit budget is being proposed. A paper should be prepared for the Board meeting on the 3rd October 2016.***
- ***The committee recommended the College consider the contingency planning prior to agreeing the final budget.***
- ***The committee agreed that this FFR2016 be the basis for Iain Clark's discussion with the SFC next week but that this is a draft until committee approval. A further report on these discussions will be considered by the Finance Committee on the 19th September 2016.***

5. Date of the Next Meeting.

The date for the next meeting is the 19th September 2016 at 5pm in the Boardroom at the Cumbernauld Campus.