

BOARD OF MANAGEMENT

DATE	1 June 2023
TITLE OF REPORT	Principal's Update
REFERENCE	10
AUTHOR AND CONTACT DETAILS	Stella McManus Stella.mcmanus@slc.ac.uk
PURPOSE:	To provide members with information not included on the Board of Management meeting agenda.
KEY RECOMMENDATIONS/ DECISIONS:	<ul style="list-style-type: none"> Members are recommended to note and question the contents of this report.
RISK	<ul style="list-style-type: none"> That dissolution does not happen by 31 July 2024 and South Lanarkshire College continues to be impacted.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> Successful Students Highest Quality Education and Support Sustainable Behaviours
SUMMARY OF REPORT:	<ul style="list-style-type: none"> This paper provides information relating to the Lanarkshire Region's Indicative Funding Allocation for 2023-24. The allocation is slightly more than the rest of the sector, 10.75% with the exception of West College and SRUC, instead of 10%. Karen Watt has responded to the College's letter requesting a clarification to the allocation as well as an update on dissolution. The Board Development Day held in May focussed on strategic planning and risk appetite. Pay offers have been made to support and lecturing staff and at this stage they have not been accepted. Both groups have voted to participate in industrial action with EIS-FELA already undertaking Action Short of Strike Action. At the time of writing there was no agreement on pay increases for support or academic staff. The College has been successful in receiving further Scottish Government funding (£377k) this time for the installation of LED lighting. The Principal has met a range of stakeholders from across the sector.

1. INTRODUCTION

1.1 The purpose of this report is to provide members with information not included on the agenda of the Board Meeting scheduled for 1 June 2023.

2. REGIONAL OUTCOME AGREEMENT

2.1 The Lanarkshire Regional Outcome Agreement submitted in December 2022 to the Scottish Funding Council has now been reviewed and signed off by the Deputy Director for Access, Learning and Outcomes, James Dunphy. It is expected that these will be published at some point.

3. INDICATIVE FUNDING ALLOCATION 2023-24

3.1 The Scottish Funding Council announced the indicative funding allocations for the academic year 2023-23 on 13 April 2023. The Scottish Funding Council has rebased credit allocations for all colleges, lowering them by 10%, with a balancing price increase to ensure funding remains unchanged from academic year 2022-23. Note that the credit guidance document has not yet been issued by the Scottish Funding Council.

3.2 However, for the Lanarkshire Region, the reduction in the number of credits to be delivered is from 180,117 in 2022/23 to 160,890 in 2023/24, which is circa a 10.7% decrease. In addition, the Lanarkshire Region has received a funding reduction of 0.75% from £52,699,428 in this current year to £52,308,500 next year. This reduction has also been applied to West College and SRUC.

3.3 Following the current regional financial memorandum, the South Lanarkshire College (SLC) allocation arrangement is 27.1%. and New College Lanarkshire (NCL) 72.9%. This means the indicative credit allocation is circa 43,602 credits, a reduction of 5,210 credits in comparison to the 2022-23 academic year. This is slightly more than the 10% reduction expected, which would have been a reduction of approximately 4,882 credits. The unexpected funding reduction is circa £106k.

3.4 It should be noted that NCL colleagues agreed to split both capital and student support funds following the 27.1% rule and not a 20% split as it has been in previous years.

3.5 As the larger and unexpected teaching funding reduction in comparison to the rest of the sector could not be explained, I wrote to Karen Watt on 5 May 2023 requesting further clarification regarding the indicative allocation as well as update on timescales to dissolve the Lanarkshire Region. The full letter can be seen at Annex 1.

3.6 I met with Karen Watt on 12 May 2023 where a range of subjects were discussed such as business planning, the future of the college sector and challenges facing it. More importantly Ms Watt clarified that the further reduction in funding was due primarily to New College Lanarkshire (NCL) not hitting its funding target, which has resulted in the Lanarkshire Region as a whole not meeting the funding target.

3.7 According to The Lanarkshire Colleges Order 2014 as it is a regional allocation then the normal NCL and SLC split would apply, unless of course the Lanarkshire Regional Strategic Body (LRSB) decided otherwise.

3.8 As the LRSB is the same as the NCL Board of Management then an allocation increase of teaching funding would be unlikely due to NCL requiring revenue given its financial challenges. This reinforces the fact that dissolution must be progressed, and this was discussed with Ms Watt, in addition to improved ways of working with the Scottish Funding Council and the LRSB to include SLC. Colleagues at NCL have been very supportive regarding encouraging SFC staff to include SLC in communications. Ms Watt's letter can be viewed at Annex 2.

4. STUDENT ASSOCIATION ELECTIONS

4.1 The College is pleased to report that after a well fought campaign the following students have been elected:

- 4.1.1 President-Elect: Kayleigh Wither (Level 5 Professional Cookery)
- 4.1.2 Vice President-Elect: Ellie Hamilton (HND Social Science)

4.2 There will be a short handover period with the College's outgoing Student Association President Rahela Calin. The College would like thank Rahela for her hard work, dedication and enthusiasm during her time in post.

5. COLLEGE RECRUITMENT UPDATE

5.1 Members are aware that the College is currently recruiting for a Governance Professional, Board Members, and a Governance and Executive Manager. In addition, the Principalship will recruit for two Vice Principals to replace the Depute Principal and the Head of Finance roles. These will be Vice Principal for Learning, Teaching and the Student Experience and Vice Principal for Finance, Resources and Sustainability.

5.2 The Depute Principal postholder runs the College operationally and the remit includes everything from learning, teaching and quality, management information systems, student services and estates. As such the Depute Postholder is not always fully able to innovate and change regarding these areas, for example, the College still urgently needs an estates strategy linked to curriculum, to drive architect and estate projects as well as making a step change in learning, teaching and quality and driving a business development strategy and sustainability.

5.3 In addition, the VPs would form an Executive Leadership Team to support the Principal and SLT in driving strategy, transformation and change throughout the College. Note any recruitment being done is within the College's budget portfolio.

6. BOARD DEVELOPMENT DAY

- 6.1 The College held a Board Development Day on 2 May 2023 where members, the Senior Leadership team and other College staff received briefing sessions on Cyber Security, an overview of the sector including the financial challenges as well as the College's Strategic Planning Process.
- 6.2 In addition, David Archibald, Henderson Loggie, Internal Auditors did a session on risk appetite, which was very useful. The Internal Auditors will bring a paper on how to progress this to the next Audit and Risk Committee.
- 6.3 The next Board Development Day in August 2023 will focus on setting revised strategic priorities.

7. NATIONAL COLLECTIVE BARGAINING UPDATE

- 7.1 The following provides an update on current pay offers and the status of the College Sector Job Evaluation Project.

7.2 Support Staff

- 7.3 At a second dispute meeting the management side made an improved offer to the staff side of a two-year offer of 3.5% for 2022/23 and 3.5% for 2023/24. This offer mirrors the offer made to the EIS FELA.
- 7.4 The staff side advised that it could not take this offer to its members, and apparently it had been understood that there are a number of colleges budgeting for a higher pay increase than what has been offered. The staff side repeated its request for a flat cash payment for all staff in the sector, and they are more attracted by flat cash of £1,500 per FTE for both this year and next.
- 7.5 The staff side requested that further consideration be given to their requests for improvements in terms and conditions. The staff side was advised that a full response had already been provided on each of the requests and that work was being carried out within the Terms and Conditions Working Group on the areas identified as a priority.
- 7.6 The management side again requested the staff side consider the improved offer and advise of any movement on its current claim. Unison will likely undertake strike action after the summer.

7.7 Lecturing Staff

- 7.8 Following discussion at the College Employers Scotland (CES) Executive Group on 17 May, there was no movement on the current pay offer which remains at 3.5% for 2022/23 and 2023/24. However, the management side did acknowledge the desire to reach a two-year deal and to look at a flat cash settlement. The revised EIS-FELA pay claim is a consolidated flat cash pay rise of £7,000, over two years, on all national scale points for unpromoted and promoted lecturers.
- 7.9 The management side have stated that there is common ground with the two-year deal and flat cash arrangement, however, it recognised that the improved offer will not mirror the staff side's revised pay claim, but there is a genuine desire to recognise and reward the efforts of staff. A further meeting is planned for 1 June 2023.

7.10 Lecturing staff are currently undertaking industrial action in the form of “Action Short of Strike Action” which means they are not submitting students’ results into college systems. The College is trying to support students through this process.

8. SUSTAINABILITY

8.1 The College has been successful in winning £377k of Scottish Government funding from the Directorate for Energy and Climate Change for the installation of LED lighting. The annual energy cost savings will be reinvested into future energy efficiency projects across the estate.

9. PARTNERSHIP WORKING

9.1 The Principal has engaged in the following activities:

- had an introductory meeting with Shona Struthers, Chief Executive of Colleges Scotland;
- attended a “Think the Unthinkable” Apprenticeship meeting;
- College Principals Group meeting;
- met with Karen Watt, Chief Executive of the Scottish Funding Council;
- met with Stuart Brown, National Officer, EIS-FELA;
- met with the Principals of New College Lanarkshire, City of Glasgow College, Clyde College and Kelvin College to discuss socioeconomic Region Recovery & Development; and
- attended the National Good Governance Steering Group meeting.

10. EQUALTIES

10.1 There are no new issues for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

11. RISK

11.1 That dissolution does not happen by 31 July 2024 and South Lanarkshire College continues to be impacted.

12. RECOMMENDATIONS

12.1 Members are recommended to note the contents of this report.

ANNEX 1: LETTER FROM THE PRINCIPAL TO KAREN WATT

Dear Ms Watt

Following on from the Indicative College Funding Allocation announcement by the Scottish Funding Council (SFC) for Academic Year 2023-24 on 14 April 2023, I seek further clarification on behalf of the Board of Management on the additional funding cut proposed for South Lanarkshire College.

The Indicative Funding Allocation document sets out (on pages 4 and 7) that,

“We have then rebased credit allocations for all colleges, lowering them by 10%, with a balancing price increase to ensure that overall SFC funding is unchanged from AY 2022-23.”

However, despite this assurance, the teaching funding allocation table shows that the Lanarkshire Region, SRUC and West College Scotland have received a higher credit reduction of circa 10.7%, which translates into a funding reduction of 0.75%. This results in a loss of approximately £400k for the Region and just over £100k for South Lanarkshire College in comparison to the 2022-23 academic year.

Whilst the Board appreciates that the reduction in public sector finances has impacted adversely on the funding allocations for the sector for the next academic year, there appears to be a lack of transparency as to how these further proposed reductions for South Lanarkshire College, the communities which it serves, were arrived at as the College has not participated in any discussions with you or your senior officers on the 2023/24 funding allocations.

No doubt you, and your senior staff, will be aware from detailed scrutiny of returns made by both Lanarkshire colleges that there are considerable differences between the institutions which may be lost in summary reports. For example, South Lanarkshire College has consistently met its core credit allocation (since 2009/10) and has returned a balanced budget.

The College is fully aware of its status as an assigned college to the Lanarkshire Regional Strategic Body, however, when the matter of engaging directly with South Lanarkshire College was raised at a joint meeting between you, and other senior SFC staff, New College Lanarkshire, and South Lanarkshire College on 31 October 2022, both colleges were left with the impression that, going forward, South Lanarkshire College would be involved in key discussions such as funding allocations both at a regional and college level. Regrettably this has not taken place despite repeated requests from the College for such meetings.

Furthermore, the recent Education, Children and Young People Committee Report (21 March 2023) on College Regionalisation sought an update from the Scottish Government and the SFC on the progress, including timescales, to-

- *“dissolve the Lanarkshire Strategic Regional Board”*

In addition, the Auditor General for Scotland made this comment in the Scotland’s Colleges Report July 2022

- *“The intention remains to dissolve the Lanarkshire RSB, with both colleges managing themselves as separate regional entities. A timetable for this is still to be agreed.”*

I appreciate that circumstances at South Lanarkshire College have resulted in delays to the dissolution process, however, all at the College are keen to look to the future and to continue delivering outstanding learning experiences, as evidenced by Education Scotland, to the South Lanarkshire community and the wider region as a free-standing body.

I would be grateful if you would provide the detailed working as to how the additional credit and funding reductions were realised for the Lanarkshire Region and the rationale behind such a proposal as a matter of urgency.

Furthermore, the Board have asked that I request that you provide an update and proposed timescales regarding the progress towards the dissolution of the Lanarkshire Regional Strategic Body.

As both these matters are of crucial importance, I would wish to invite you to attend the next scheduled meeting of the Board of Management meeting on 1 June 2023 in order that you can address members on these issues.

In addition, I would also wish to take this opportunity to invite you to visit the College in order that we can meet in my new role as Principal and Chief Executive.

Thank you, in anticipation, for a prompt response to this correspondence.

Yours sincerely

Stella McManus

Principal and Chief Executive

cc:

- Paul Hutchinson, Chair of the Board of Management, South Lanarkshire College
- Ronnie Smith, Chair of the Lanarkshire Regional Strategic Body
- Professor Christopher Moore, Principal and Chief Executive, New College Lanarkshire
- Richard Maconachie, Director of Finance, Scottish Funding Council
- James Dunphy, Director of Access, Learning and Outcomes

ANNEX 2: LETTER FROM KAREN WATT



12 May 2023

Stella McManus

Principal and Chief Executive

South Lanarkshire College

Scottish Enterprise Technology Park

College Way

East Kilbride

G75 ONE

Dear Stella

My warmest congratulations on your recent appointment as Principal and Chief Executive.

Thank you for your letter of 5 May following our announcement of the Academic Year 2023-24 indicative college funding allocations. You asked for clarification about the way we determined the indicative allocation for the Lanarkshire region.

As set out in our indicative funding allocations publication, we have made some adjustments for AY 2023-24 to take account of recent performance and demographic trends. We have rebased credit allocations for all colleges, lowering them by 10%, with a balancing price increase to ensure that, overall, SFC funding is unchanged from AY 2022-23 and to provide colleges with greater flexibility in the use of funds.

We provide funding on a regional basis and where there is a Regional Strategic Body (RSB) the allocation of funding is made to the board of that body. It is then up to the RSB board to decide how that funding is allocated to its colleges. We have used the term "colleges" as shorthand to describe both colleges and regional boards but as you will see in the allocation tables, our teaching funding is allocated to Lanarkshire Region and not to the individual colleges in Lanarkshire. This arrangement has been in place since the establishment of the RSBs and I apologise if our terminology in this case has not been clear.



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Comhairle Maoineachaidh na h-Alba

The Lanarkshire Region, as a whole, has not met its credit target in recent years. That under-delivery relates primarily to New College Lanarkshire. However, our funding allocations, credit monitoring and liaison take place at the RSB level. We are happy to discuss further the way we work with you and the RSB, as we work together towards a recommendation to Scottish Government Ministers on the future of the Lanarkshire RSB.

Thank you for your invitation to attend the Board in June, which I must decline. However, I would be delighted to visit the college at a future date.

Yours sincerely

Karen Watt

Chief Executive