**Approved Minute**

**Finance Committee**

**Monday 27th February 2023 5 pm Blended – Face to Face in the Boardroom at the Cumbernauld Campus and via Zoom**

**Present Face to Face:** Paula Blackadder, Moira Jarvie, Barbara Philliben, Christopher Moore

**In Attendance:** Ann Baxter, Iain Clark, Clare Gibb, Diane McGill, Penny Neish, Ronnie Smith.

**Via Zoom**: Clare Gibb, Keith McAllister

1. **Chair’s welcome:** Paula Blackadder welcomed all to the meeting

**2. Apologies for Absence:** There were apologies fromStella McManus and Alan Sherry.

**3. Declarations of Interest:** There were no Declarations of Interest.

**4. Minutes of Meeting:** The minutes of the meetings on the 28th November 2023 and the 5th December 2023 were approved.

**5. Matters Arising from the minutes:** Matters arising were on the agenda for the meeting. Paula Blackadder asked about the wider governance review commissioned by the SFC and what progress had been made to date. Ronnie Smith informed the committee that he had asked for this review to be put on hold until the investigations had concluded at SLC. Now that the investigations were completed he expected that the SFC review would get underway.

**6. RSB and Assigned College Update:**

**6.1** Ronnie Smith informed the committee that there had been a meeting with the SFC and NCL and SLC which had been positive in tone. It had been agreed that the deliverable option was still dissolution. Ronnie Smith informed the committee that he had written to the Scottish Government (SG) asking them to re-establish the transition group that comprised the SG, SFC and the Principals of two colleges and the RSB Board Secretary to take forward the issue of the dissolution of the arrangement between the two colleges. The group was chaired by the SFC. Progress will be reported back to the committee. He commented that the relationships between the two colleges were the best that they had been.

**6.2** Ronnie Smith informed the committee that he had attendeda recent Colleges’ Scotland meeting which was also attended by Christopher Moore and Stella McManus. Colleges’ Scotland are holding “Thinking the Unthinkable” sessions but there are no solutions coming forward to the college sector financial problems. Paula Blackadder asked if there was anything coming from the SFC. Ann Baxter said that there was a meeting with the College and the SFC planned in the next two weeks with the SFC Regional Outcomes Manager. SLC were invited to attend the meeting.

***Action: The outcome of the meeting will be reported to the Board.***

**6.3** There was discussion about the college sector finances and the pressure on budgets of flat cash settlements with the committee asking where the space is for planning against the uncertainty of the

overall environment. The SFC has a £26 million transformation fund but this will be a fund to bid into and open to all to bid. There are also the additional pressures of unfunded pay awards. There is a need to consider right sizing and the delivery model. Barbara Philliben asked about scenario planning to try to come up with a set of responses to the uncertain financial position. Christopher Moore informed the committee that the NCL Executive Board was looking at scenario planning for 2023/24 – August 2023 will be very challenging in terms of cashflow.

**6.4** Christopher Moore said that the current position was bleak and was being exacerbated by a credit deficit at NCL. He announced a programme of classes that were being circulated to 90,000 households in Lanarkshire to try to address this problem. There has been a lot of interest in the programme and he thanked the staff who had responded very quickly to set up the programme. The SFC has agreed a 2% credit tolerance on credit targets this year – NCL is currently 15% down. If this position was not being mitigated by the programme SFC clawback could be in the region of £4 million.

**6.5** Clare Gibbcommented that SLC was in the same position in relation to college sector funding. The SLC Finance Committee had only recommended the first year in the FFR return for approval by the Board. She asked if the NCL credits could be viewed as regional credits with the possibility of joint activity. Christopher Moore said that the difficulty was the investment of resource to deliver on the credits that could not follow credits being transferred. She asked about assets and Christopher Moore said that there was on-going activity to identify savings including estate following on from reports made to the May 2022 Finance Committee and committees made since then. ICT had carried out a full asset review. Clare Gibb raised the question of the responsibility of Board Members and Ronnie Smith highlighted the public sector position of the colleges under ONS.

***Action: A paper covering the Executive Board scenario planning will be brought to the next meeting of the committee. This will also cover the college sector position as public bodies in the face of deficit budget positions.***

**7. Head of Finance Report to SLC Finance Committee**

Keith McAllister highlighted the following:

**7.1 FFR Report on the Sector Finances 2022/23 – 2026/27 and the SFC Mid-Year Return:** SLC

Members noted the paper distributed by SFC on the Financial Forecast Returns that had been

submitted in September 2022. Concern was expressed on the overall situation in the sector,

particularly towards the end of the period of review. It was also noted that the figures only

reflected the more conservative projections based on SFC assumptions made by the colleges

in September 2023. Members acknowledged that the alternative projections based on

assumptions provided by Financial Directors were more realistic. These would show a more financially challenging picture. The sector was to make a Mid-Year Return by 31st March to SFC and this was to be made on the more conservative FFR figures. The Committee stated that they wished to have a secondreturn prepared, which would compare the more realistic College FFR figures to the current forecast. This would be presented to the SLC Board in March 2023.

**7.2** The Lanarkshire Board Finance Committee noted the Head of Finance Report.

**8. Financial Statements for the year to 31 July 2022**

**8.1** SLC Finance Committee Members noted that the College external auditors and the Chair of the Audit and Risk Committee (ARC) had been in contact re the wording of the Governance Statement in the Annual Report and Financial Statements. It was anticipated that final agreement would be finalised shortly

and that a joint meeting of the ARC and Finance and Resources Committee would be called

presently to allow the endorsement of the annual accounts to take place prior to seeking Board

approval. The impact of the delay on the Regional consolidated financial statements was

## noted.

**8.2** The Chair of the SLC Board and ARC -Paul Hutchinson and Craig McLoughlan – were in discussions with Mazars who wished to access material from the investigations, which is very sensitive material, in order to assure there were no governance implications. It had been agreed that a paper would be produced setting out any implications from the investigations that would impact on the governance statement. David Hoose would meet with Shepherd and Wedderburn SLC’s lawyers to discuss the paper and to gain any necessary assurances.

***Action: The paper would also be shared with the RSB.***

**8.3** It was hoped that the accounts could be signed off by the SLC Board on the 9th March. This has a knock- on effect for the RSB consolidated accounts and the governance statement in those accounts which has to reflect what is in the SLC accounts. The RSB Board Secretary highlighted the tight timing to get the consolidated accounts to the RSB Committees and to the RSB Board and the focus to date had been very much on the SLC accounts. Meetings of the RSB ARC and Finance Committees were pencilled in for the 13th March 2023 and the Board was the 20th March 2023.

***Action: The Board Secretary to write to SLC about the timeframe and also to Mazars.***

**9. RSB Consolidated Accounts:** This item was dealt with at Item 8 above.

**10.** The college sector finances were dealt with at Item 6 above.

**11. Update on ICT Estate at NCL:** The Committee noted the report on ICT from the RGP committee and that the Wi-Fi network should be completed by the required timeframe in July 2023. The college was putting in every effort to ensure the Very High Priority Maintenance Funds are spent within the deadline.

**12. NCL Educational Foundation:**

**12.1** Christopher Moore informed the Finance Committee that the NCL Foundation would be launched on the 31st March 2023 at an event in the auditorium at the Coatbridge Campus. The college is very grateful to Elaine C Smith who is performing her one woman show and the musical theatre students will also be performing. Board Members are cordially invited to the event.

**12.2** Paula Blackadder asked about the RSB Board representative also being the Chair of the Foundation**.** This had been flagged as an issue at the last meeting.

***Action: The Board Secretary will check the meeting minute and discuss further with the Chair of the Lanarkshire Board.***

**13. NCL Management Accounts Report**

**13.1** Iain Clark update the committee as follows:

* The operating position before statutory adjustments for the year to date at 31st December is a deficit of £-672k which is £1,069k favourable to Budget. However, much of this is due to timing/phasing adjustments and will subsequently flatten out.
* Core SFC funding income is guaranteed to the extent of 2% tolerance in relation to any core Credit under-delivery this year. ESF income is now embedded in the SFC Grant in Aid funding. The staffing budget is also predicated on a c. 2% Public Sector Pay Policy uplift. Anything greater than this will put the College into further deficit by c. £400k per 1% above PSPP.
* The credit delivery is currently under target delivery – see Para 6.4 above.
* Savings are not materialising from absence rates. Staffing is tight and it is difficult to find resource to cover and temporary staff have to be used for teaching absences.
* A mid- year return is due to be submitted by both SLC and NCL in mid- March 2023
* The biggest concern is cash flow and this is before any unfunded staff pay settlements. The college could be out of cash by July 2023 and relying on the SFC to provide next year’s cash up front to alleviate the position.

**13.2** A paper on scenario planning and the position re deficits and public bodies will be bought to the next meeting of the Committee.

**14. Horizon Scanning**

**14.1** Iain Clark set out the following key issues:

* Public sector pay policy
* FFR scenarios and future year budgets
* Strike action and the impact on students
* Board strategy in the face of college sector deficit budgets and the position re public sector bodies

**15. NCL Estates Update**

**15.1** The committee noted that thescaffolding at the Motherwell Campus was checked on a weekly basis. The committee noted the estates report from the RGP committee.

**15.2 Hamilton Campus Update:** The Committee noted the position with theHamilton campus leasewhich was due to move from South Lanarkshire Council in November. The College’s lease on the building ends on the 6th July 2023. The committee noted that the college was exploring the options set out in the paper received by the committee and discussions were on-going with another organisation re the potential for leasing another property in the area.

***Action: The Finance Committee was supportive of this approach and will receive a report at its next meeting.***

**16. Approval of publication of committee papers from this meeting**

The Committee approved the publication of the agenda and the minutes.

**17. AOB:** There was no other business.

**18. Date of Next Meeting:** The next scheduled meeting of the committee is the 22nd May 2023.