

**Item 5.2 LB/1/10/18**

**Minute: The Lanarkshire Board 10/09/2018**

**6.30 pm 101 Park Street, Coatbridge Campus**

**Present from the Lanarkshire Board:** Linda McTavish, Kenny Anderson, Jean Carratt, John Elliot, Keith Fulton, Rose Harkness, Moira Jarvie, Andy Kerr, Martin McGuire, Stewart McKillop, Paul O'Donnell, Matthew O'Hare, Claire Paterson, Marisa Rose, Ann Stark, David Winning.

**In Attendance:** Angus Allan, Iain Clark (Vice Principal -NCL), Sharon Drysdale (SFC), Brian Gilchrist, John Kemp (Acting Chief Executive SFC), Diane McGill (Board Secretary -The Lanarkshire Board), Penny Neish (Assistant to the Chair of the Lanarkshire Board), Derek Smeall (Vice Principal NCL).

**1. Chair's welcome**

The Chair welcomed everyone to the meeting and thanked them for attending a special meeting of the Board to discuss the NCL Draft Business Scenario Plan. She acknowledged that this had been a long day for those Board members who had also attended committee meetings that day.

**2. Apologies for Absence**

There were apologies from Professor Robert Pyper. Stuart Reid and Rosemary McKenna both intended to participate in the meeting by telephone but both were unable to and gave their apologies for the meeting.

**3. Declarations of Interest**

There were no declarations of interest

**4. Chair's Update to the Board.**

**4.1.** This meeting of the Board was held solely to consider the Draft Business Scenario Plan for the regional college NCL which has been consulted on with NCL staff and the unions over the summer. The meeting was attended by the Acting Chief Executive of the SFC, John Kemp and the SFC Outcome Manager for the region, Sharon Drysdale. The purpose of the meeting was for senior management to present the updated plan to the Board and to seek their approval in principle for the submission of the plan to the SFC by 28th September 2018 as scheduled. The Board has been informed about the consultation over the summer period and has received copies of the presentations made to staff.

**4.2.** The Chair made reference to the fact that the development of the plan and discussions with the SFC have been reported to the Board's committees and to the Board on an ongoing basis and she acknowledged that the plan is challenging and, therefore, contentious for all - the unions, staff, senior management and the Board. She noted that the Board has wanted to find the best way forward to deliver a sustainable future for NCL and its staff and to ensure that there is no detrimental impact on the student experience in NCL. She also noted that the Board has been briefed about the recent motions presented by the EIS and FELA unions and agreed at two of the college campuses.

**4.3.** The Chair also informed the Board that the Convenor of the Scottish Parliament's PAPLS committee has asked non-executive members of the Board to submit evidence to the committee if they wished to do so and that response would be considered by the non-executive members of the Board after the Board meeting had ended. The Chair had not participated in any discussion in relation to this response.

## **5. Presentation on the Draft Business Scenario Plan**

**5.1** Iain Clark and Derek Smeall presented the plan to the Board. The Board was informed that there had been a meeting with the SFC on the Wednesday 5th September and senior management had been informed that the SFC was now going to make the £2.6 million that had been under discussion as a loan into a Strategic Transformation Grant.

**5.2** This resulted in a last minute reworking of the figures being presented in the Draft Business Scenario Plan. The effect of this sum now being offered as a grant by the SFC is not to solve the financial problem but it allows an evened out year on year approach over the 5 year period of the plan as the college doesn't now have to make a surplus each year to repay a loan. The evened out approach to reduce costs lessens the risk associated with achieving the necessary cost reductions.

**5.3** The presentation to the Board was on the basis that there would be no further funding available from the SFC other than support for further VS schemes. The Board was informed that seventy percent of costs are staff costs and other costs have been pared to the bone. The cost reductions and the assumptions for meeting key credit targets were set out to the Board. It was also noted that the degree of change required by the plan will make delivery of key Scottish Government priorities more difficult. The degree of change required has also resulted in a deterioration in industrial relations and this was an obvious concern for the Board. There will be a further staff consultation event and a meeting with the unions to discuss the latest version of the plan and feedback would inform the plan. The plan will also be audited before it is submitted and the auditor's comments will be incorporated into the final version of the plan.

**5.4** A table from the Auditor General's Colleges Scotland 2018 report shows that those colleges that harmonised staff contracts on merger are in the main in deficit or currently at breakeven and Martin McGuire emphasised this point to John Kemp when it was raised in the discussion with the SFC.

## **6. Discussion with John Kemp Acting Chief Executive of the SFC**

**6.1** John Kemp from the SFC emphasized that the SFC and NCL need to be as one on the business scenario plan and that both organisations have to own the plan. The SFC had felt that a loan could have had too big an impact in the short term because of the need to make a surplus to repay the loan. He noted that the plan has been worked on for a long time by both organisations and it needs now to "stick". He said that the NCL Board has to own the plan. The Chair of the Board assured him that the Board has and does accept its responsibilities. The Board has been working for almost two years with the SFC to achieve financial sustainability and to deliver sustainable further educational activity in Lanarkshire. The Chair emphasized to the Board that the key thing is that we continue to serve the students in the region.

**6.2** The plan will be monitored through meetings of senior management and the SFC and through quarterly meetings of the Chairs' Committee.

## **7. Board discussion and approval of the Draft Business Scenario Plan**

**7.1** The Board received detailed comments on the draft Business Scenario Plan from the Chair of SLC and it was agreed that Angus Allan would work with Derek Smeall in finalizing the narrative and tables relevant to SLC. SLC would agree these amendments before submission of the plan by NCL on the 28th September 2018.

**7.2** SLC also confirmed the position relating to the implementation of the National Agreement for lecturing staff and made it clear that, for the avoidance of doubt, it is entirely untrue that South Lanarkshire College has dropped the number of units taught as well as reducing teaching hours per week. The number of units taught per member of staff remains entirely unchanged. Class contact is to be as the National Agreement of 23 hours per week with additional class cover on a short notice basis (23+1). The teaching staff at South Lanarkshire College remain on a 34 hour contract during which time they have to be in College. As a consequence, the academic year will be extended by one week and the so called catch up week will become a normal teaching week. This been agreed with EIS Branch officials at South Lanarkshire College and also with the Branch.

**7.3** Board Members discussed the presentation made to them. There was acknowledgement of the scale and impact of the cost reductions but also of the responsibilities of the Board in achieving financial stability in a climate where no further funds other than voluntary severance are foreseeable from the SFC and where there are unfunded costs of living rises resulting from National Bargaining.

**7.4** The following points were noted:

- “Natural wastage” will not give a solution– there are about 10 retirements a year but often this is a flexible retirement. There has been a focus on internal recruitment. The average age of the staff is 48.
- NCL does work well with SDS in many areas.
- NCL’s senior management salaries are average for the sector and there has been a further 27% reduction in the senior management team.
- NCL as a public body cannot borrow money from a lender that is itself a public body.

**7.5** It is clear that the plan depends on two key levers. Firstly, on voluntary severance funded by the SFC which is evened out year by year though not significantly changed over the 5 year period by the Strategic Transformation Grant and secondly on improvements in retention. This now gives the time to run the voluntary severance schemes on which the plan depends. There is a direct correlation between income and retention rates and this key factor for the income projections will be made more explicit in the narrative in the plan. The Board asked to have further information on latitudes in delivery i.e. a sensitivity analysis and was informed that this had been done but was not currently required by the SFC. It was agreed that this will now be submitted with the Draft Business Scenario Plan to the SFC.

**7.6** After the discussion, the Chair of the Board asked if the Board supported the plan and asked each Board Member present to indicate support by raising their hand. She informed the Board that the three Board Members that could not attend had all indicated their support for the plan to her. The Board Members present, with the exception of Moira Jarvie, approved the submission of the plan in principle subject to the agreement of the amendments required by SLC and the submission of a sensitivity analysis and delegated authority to the Chair to sign the plan. Board members comments on the updated draft, comments from the auditors and feedback from the further staff consultation event and the meeting with the unions would inform the final version of the plan which would be sent to the Board for final comment before signature and submission for the SFC deadline of the 28th September 2018.

**8. AOB**

At the end of the meeting, Keith Fulton informed the Board that the Chair would be taking a leave of absence for some months due to a family illness. He, as the independent senior Board Member, will Chair the next meeting of the Board.

**9. Date of the Next Meeting:** the next meeting of the Lanarkshire Board will be on Monday 1<sup>st</sup> October 2018 at 5pm at 101 Park Street at the Coatbridge Campus.