

Item 4 FC/19/11 2018

Minute - Finance Committee

4.30 pm 10th September 2018 101 Park Street, Coatbridge Campus.

Present: Kenny Anderson, Moira Jarvie, Martin McGuire, Stuart Reid (by telephone).

In Attendance: Iain Clark, Keith McAllister, Diane McGill, Stewart McKillop, Linda McTavish, Penny Neish.

1. Chair's Welcome

The Chair welcomed everyone to the September meeting of the Committee.

2. Apologies

There were apologies from Paul O'Donnell.

3. Declaration of Interest

There were no declarations of interest other than Moira Jarvie and Iain Clark are members of the AMCOL Board.

4. Draft Minutes.

4.1 The minute of the meeting of the 4th June 2018 was approved.

5. Matters Arising

5.1 Update on Nursery Review: The Chair updated the committee that the working group to take forward the nurseries review has been reconvened. The committee were seeking an up dated paper from Celia. The paper will update nursery provision at the AMCOL run nurseries as well as the nurseries at Coatbridge and Cumbernauld. In addition the paper will consider the benefits, costs and consequences of the living wage. Kenneth Anderson had attended an AMCOL Board meeting that morning. He was conscious of the timing of the review.

6. SLC Finance Review

6.1 Keith McAllister presented his Head of Finance Report from the meeting of the 5th September 2018 as follows:

- **Management Forecast – 12 months to July 2018**
SLC remains on track to achieve a balanced budget, with minor increases in fee income and expenditure over the previous quarter and in salaries. It was noted that the cost of living increase for support staff at April 2018 had not been agreed. The steadying of the College's cash position as per the most recent SFC return was noted, with it being mentioned that reporting going forward would concentrate more on cash rather than "resources".

- **Draft budget for 2018/19 and the four years to 2022/23:** An updated draft budget was presented, incorporating changes in expected grant-in-aid from the figures presented at May. All lines in income and expenditure had been reviewed since the May indicative draft, with extrapolation for the period to 2022/23 using either SFC guidance or management insight. The College was having discussions with SFC on the assumptions to be made and this may result in an amended draft being prepared for the Board to approve, but the Committee would be informed of this with a commentary to support any changes. Members, however, reiterated that the College had to plan for a balanced budget throughout the forecasting period. Concerns were raised about the effects of National Collective Bargaining and the end of the support that was being received in this regard, and the impact of Brexit on ESF monies.
- **Procurement and Estates Reports:** Members of the SLC committee accepted both reports and welcomed the additional information on utility usage. It was noted that although the College was outwith the requirement to have a procurement strategy and annual report, both would be carried out to reinforce good practice. Members noted the results of the revaluation carried out as at 31st July and the potential implications for the financial statements. It was noted that these had not been incorporated into management forecasts as yet.
- **Audit Scotland Report – “Scotland’s Colleges 2018”:** Members of the SLC committee discussed the findings presented in the report. Linda McTavish noted that work of the regional collaboration plan recommended in the Auditor General’s Report would need to commence.
- **Financial Statements:** Members of the SLC committee noted the progress being made re consolidated accounts and the timetable being worked to. The Lanarkshire Board Finance Committee noted that the narrative for the consolidated accounts will be shared along the way with SLC as part of the process to prepare the consolidated accounts.

6.2 The Lanarkshire Board Finance Committee noted the report and papers from the SLC meeting of 10th May 2018.

6.3 The Chair of the committee asked Keith McAllister who had been seconded to the Scottish Government to assess the impact of Brexit on the college sector about the outcome of his work. Keith confirmed that there are large sums of money coming into the college sector from Europe both in training and infrastructure grants. The funding that comes through the SFC is easy to track but there are funds coming into the colleges from other local partners such as SDS and local authorities. A report has been written and there is further work being undertaken on this by the Scottish Government. Keith will provide the link to the report when it is published.

7. NCL Finance Report

7.1 Iain Clark presented the report and accounts for the eleven months to June 2018 as follows:

- The Forecast figures are based on actuals to February, with the addition of an unbudgeted £559k provision for potential cost of living pay award increases for lecturing and support staff as outlined in section 4.
- The operating position for the year to date is a surplus of £138k, £2,497k favourable to Budget. The full year forecast deficit of £1,489k (including the cost of living increases) is £1,445k favourable to Budget. A summary review following June results suggests this deficit could be further reduced, subject to year- end adjustments.
- The Cash Budget for Priorities for Fiscal Year 2017/18 has now been fixed annually by SFC at £863k (including Amcol), based on the 2015/16 figures. The Underlying Operating Deficit is based on actual results less Depreciation net of Deferred Capital Grants, and the College position is forecast at £612k (recognising the summary review suggests a more favourable position) for the year compared to a £658k deficit last year.

- Income is £2,909k (6.3%) favourable to Budget. Major differences are:
 - SFC Grants £1,962k favourable
 - Education Contracts £353k favourable
 - Tuition Fees £349k favourable
 - Other Grant Income £59k unfavourable
 - Other Operating Income £306k favourable

- Expenditure is £412k (0.8%) unfavourable to Budget, of which:
 - Staffing costs are £949k unfavourable
 - Other Operating Expenses are £491k favourable
 - Depreciation, VAT and Interest costs are £46k favourable.

The trading position presented excludes operating figures from the College subsidiary (AMCOL).

7.2 After discussion, the committee noted the report.

8. Report from the PAPL Committee Meeting 28.06.2018

8.1 The committee noted the transcript from the meeting.

8.2 Linda McTavish informed the committee that the further evidence requested by the committee – the management structure of NCL, the national bargaining decision on the CQL posts and the costs of the due diligence at Coatbridge College had all been submitted to the PAPLS committee. She understood that the unions and the professional bodies at NCL had also been asked to submit evidence to the committee. Management at NCL would make a further submission to the committee for the 13th September 2018 and there had been a request from the Convenor of the PAPLS committee for further evidence from the non- executive members of the Board. There had been a full consultation with staff on the Draft Business Scenario Plan over the summer and the plan would be considered for approval in principle by a special meeting of the Board following this meeting.

9. Update on the NCL Catering Contract

9.1 Iain Clark presented the catering report as prepared by the Catering Service to the committee as follows:

An end of year budget deficit was predicted but the Q4 figures show a surplus position. Last year we reported a small deficit and the position is, therefore, improved when compared to the previous year with a positive swing on this year's budget. The above figures have been improved in spite of staff costs increasing on last year's staff costs, due to overtime, agency staff to cover sick leave along the annual pay increases and the transfer of the Conference & Accommodation Managers salary from the Halls of Residence to the catering service.

9.2 The committee noted the service improvements set out in the report, the improved collaborative working with the Service Industries and Supported Learning Faculties and the move into profit with very good results at the Cumbernauld Campus which has been challenging in the past with the

proximity of the shopping centre. The main issue remains the level of absence including long term sickness. There is regular contact with the HR department to help to resolve the issues.

Action: Moira Jarvie undertook to work with the HR Department in her union role to try to improve the situation at the Motherwell Campus and the Chair welcomed this initiative.

10. Chairs Business – Update on the Regional Finance Review

The Chair updated the committee that SLC had expressed concerns about the remit for the review in July and that he had met with the new Chair of SLC Andy Kerr to discuss this matter. It was always the intent to work collaboratively on this review and the Chair of the committee will undertake further work on the review to ensure that the remit is satisfactory to all partners. The Chair apologised if he had inadvertently caused any concerns about the collaborative intent of the review.

Action: The Chair will report to the next meeting of the Finance Committee.

11. Approval of publication of committee papers from this meeting

The committee approved the publication as follows:

The agenda

The minute of the 4th June 2018

A link to the SLC web site

The transcript from the PAPL Committee

12. AOB

Iain Clark informed the committee that, following feedback from staff, there would be a change to bad debt procedures and current students who have bad debt will have computer access denied and be advised to contact the Finance Department before reinstatement of access. This will be kept under review. The committee supported this approach.

13. Date of the next meeting: The date for the next meeting is the 19th November 2018 at 5pm in the Boardroom at the Cumbernauld Campus and there will be a special meeting to recommend approval of the consolidated accounts on the 6th December 2018 again at the Cumbernauld Campus.