

Item 4 FC 3/06/2019

Final Minute - Finance Committee

5pm 4th March 2019 Boardroom Cumbernauld Campus

Present: Kenny Anderson, Moira Jarvie, Martin McGuire, Matthew O'Hare

In Attendance: Iain Clark, Keith Fulton, Brian Gilchrist, Keith McAllister, Diane McGill, Stewart McKillop, Penny Neish.

1. Chair's Welcome

The Chair welcomed everyone to the March 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 who are members of the AMCOL Board.

4. Draft Minutes.

4.1 The minute of the meeting of the 19th November 2018 was approved.

4.2 The minute of the 4th December 2018 was approved.

5. Matters Arising

The Chair updated the finance committee on the position with the nurseries review:

5.1 The Finance Committee was informed of the recommendations from the nursery group at its meeting on the 19th November 2018. The group was re-convened after the Finance Committee on the 4th June 2018 and this was reported to the Board at its meeting on the 18th June 2018. Following detailed discussion by the nursery group since it was re-convened and after a meeting on the 6th November, the Chair of the group recommended to the Chair of the Board by email on the 7th November (that was copied to the nursery group) that the living wage was paid on the basis of urgency. The paper from the nursery group went to the Board on the 13th December 2018 and the Board had agreed Recommendation 1 to pay the living wage to AMCOL staff.

5.2 Recommendation 3 in the paper to the Board was as follows: "In order to be able to discuss issues that will be raised in Recommendation 2 with sensitivity the review group should be re-constituted to involve all relevant stakeholders." The Chair informed the committee that there had been discussion about the re-constituted group at the Chairs' Committee on the 4th February 2019. An issue raised was the accountability and reporting of the re-constituted group. While the chair had previously informed the Finance Committee of developments from the nurseries review committee it was now felt this could lead to confusion. In addition, due to the likely nature of the complex issues that will have to be considered by the nurseries review group arising from Recommendation 2

the nurseries review group may have to make recommendations out with the normal committee meeting schedules. It was felt that it would be more appropriate for the nurseries review group to report to the Chairs' Committee.

Decision: The Finance Committee noted that the nursery group should now report to the Chairs' Group.

5.3 The consolidated accounts had been approved at the Board meeting on the 13th December 2018.

Note: The Chair and the committee agreed to take Item 9 the update on the Catering Contract at this stage in the meeting. The details of the discussion are set out at paragraph 9 below.

6. Regional Finance Update

Kenny Anderson asked if the regional finance working group attended by the Heads of Finance and staff could give reports to the committee. Stewart McKillop said that he saw no problem in this group giving reports to the committee.

Decision: there will be reports from the regional finance working group to the Finance Committee.

7. NCL Business Plan

7.1 Progress on the NCL Business Plan – Financial Sustainability and Regional Efficiency

The committee noted the update which sets out the project streams and who is responsible and the SMT meetings and what has been reported. Iain Clark asked about the level of detail the committee wanted to see.

Decision: The Committee was of the view that the summary paper with the SMT flagging up any issues it felt should be considered by the Board would be sufficient. It was also of the view that it is important that there is consistency across the committees and the Board Secretary will discuss this with the Chairs of the other committees.

7.2 The Chair informed the committee that the SFC had now sent a letter confirming their agreement of the NCL Business Plan. The letter dated the 21st December 2018 from John Kemp was circulated to the Committee and was noted.

8. NCL Finance Report

8.1 NCL Quarterly Management Accounts

8.1.1 Iain Clark presented the quarterly management report to January 2019 to the committee.

- The operating position to date is a deficit of £622k, £1,206K favourable to budget.
- The cash budget for priorities for Fiscal Year 2018/19 has now been fixed annually by the SFC at £863 (including AMCOL) based on the 2015/16 figures
- Income is £284k (1.1%) favourable to budget
- Expenditure is £922k (3.4%) favourable to budget

The operating position excludes figures from the college subsidiary (AMCOL).

8.1.2 Iain Clark drew the committee's attention to the forecast. A full forecast is being undertaken in February and appropriate provisions for the following will be incorporated in this review:

- The impact of a recently announced 5.2% employer rate increase for teaching pensions from April 2019 (from 17.2% to 22.4%) which will add £280k to current year costs (£836k annually). Discussions are ongoing about potential funding for this.
- A sector wide adjustment of the grants to cover National Bargaining costs for 2108/19 is currently being considered by Colleges Scotland and the SFC with discussions ongoing. This may result in a reduction of £497k to the SFC funds received by the college. Discussions with the SFC about additional funding for Access and Inclusion which may mitigate this are also ongoing.
- A potential under- delivery of credits for the year may result in an SFC clawback of Grant-in Aid income of £170k and a transfer to SLC of £144k. It is hoped that this may be mitigated by unbudgeted additional Flexible Workforce Development Fund income.
- There is also a projected SAAS fees deficit of £172K

Decision: The committee decided that this forecast should be presented to the Board at its meeting on the 25th March 2019.

9. Update on the Catering Contract

Paul Watson and James Rushford updated the committee from their report.

9.1 Qualitative evidence demonstrates that the catering service is maintaining and improving the in-house catering service and adopting a flexible approach which supports the consistent changing needs of the College environment.

- *It continues to provide a varied selection of food and beverages to meet the nutritional and dietary needs of the customers. The menu selection supports the provision of healthy eating choices, cultural and vegetarian diets*
- *Arranging for a new service contract for the coffee machines*
- *Looking at the possibility of installing another C/C machine to deal with the demand for contactless payments.*
- *Three new contactless vending machines have been introduced to the Motherwell Campus, offering a healthy selection of products and hot drinks along with three new contactless units now installed in Cumbernauld and two in Coatbridge*
- *Contactless C/card payments can now be accepted in all three Campus refectories and the two Campus cafes*
- *Specified standards are now maintained for the delivery of the catering service across all campuses. Management procedures and standards are firmly in place to ensure that Food is prepared, presented and served to students, staff and external customers in the appropriate and consistent manner across all three campuses*
- *Hot meals and a comprehensive choice of snacks and confectionery at times that are out with core academic hours.*

9.2 New College Lanarkshire intends to introduce a number of environmental advances and initiatives targeted at reducing single-use plastics and creating a cleaner environment for Scotland and are currently evaluating the biodegradable disposables costs against present costs as some biodegradable materials are 2 to 10 times more expensive to produce than comparable non-

biodegradable materials. However, as demand for biodegradable materials increases, the prices will fall until they could become comparable to environmentally-unfriendly materials.

9.3 The committee noted the progress made at the Cumbernauld Campus which has competition from the nearby shopping centre.

9.4 Absence figures continue to be high at the Motherwell Campus and there is on-going monitoring and collaboration with HR to manage this issue. This includes occupational health support for the staff. There is also input from Moira Jarvie who will attend staff meetings. The Finance Committee will keep this under review.

9.5 The committee noted that while the catering service was in surplus, the absence rate was a cause for concern, especially where it was effecting service and especially in Motherwell campus. Paul Watson and James Rushford agreed to consider the business plan for the catering service and to consider alternatives. They will report back to the committee. The committee will continue to keep catering under review.

10. SLC Finance Committee 11th February 2019

Keith McAllister presented his Head of Finance Report as follows:

- **Management Forecast:** The College was continuing to forecast a balanced budget for the year although some variances in both income and expenditure lines were noted albeit these were largely offsetting each other. The additional credit income was noted as was the additional income received for ESF activity in 2017/18. The unknown costs for national collective bargaining were again noted and that the SFC were holding back an element of the income receivable for 2018/19 in this regard. Members noted that the college was unlikely to utilise its overdraft facility in the year.
- **Procurement Update:** Members noted the progress made in respect of the Backlog Maintenance projects and that management was confident that there would be no slippage despite the tight timescale to have the range of projects and asset additions in place. APUC was providing additional short term resources to assist the project team.
- **Estates Update:** Members noted the improvement shown in the Service Control assessment table since the last report.
- **EU Exit check list:** the college would be preparing an updated report on its readiness and meetings to discuss the checklist had already been held with middle and senior management.

11. Committee Terms of Reference

Action: Committee Members were asked to review the Terms of Reference and to give comments to the Board Secretary by the 8th March 2019.

12. Approval of publication of committee papers from this meeting

The committee approved the publication of the following:

The agenda

The minutes of the 19th November 2018 and the 4th December 2018 meetings.

A link to the SLC web site for Item 10. The SLC Finance Committee meeting 11th February 2019.

13. AOCB

There was no other business.

14. Date of the next meeting: The date for the next meeting is the 3rd June 2019 in the Boardroom at the Motherwell Campus.