

Item 4 FC 18/11/19

Minute - Finance Committee

5pm 9th September 2019 - 101 Park Street, Coatbridge Campus.

Present: Kenneth Anderson, Annette Bruton, Moira Jarvie.

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

1. Chair's Welcome

Kenneth Anderson welcomed everyone to the September meeting of the Committee. He welcomed Annette Bruton, the new Interim Principal to the meeting, Ann Baxter, the acting Vice Principal, and congratulated Moira Jarvie on her re-election to the Board as the NCL support staff representative.

2. Apologies

There were apologies from Matthew O'Hare.

3. Declaration of Interest

There were no declarations of interest.

4. Draft Minutes.

4.1 The minute of the meeting of the 3rd June 2019 was approved.

5. Matters Arising

5.1 Any matters arising would be dealt with through the agenda.

5.2 NCL Catering Contract

5.2.1 The committee noted the report from the Catering team. IC informed the committee that sickness absence has not improved and has had numerous impacts on the Catering Service in NCL as follows: reduction in service (engineering block and Motherwell shop), covering salaries and additional agency staff costs and finding and training temporary cover.

5.2.2 The committee noted that HR are working closely with the catering staff and Moira Jarvie has also offered on a number of occasions to help with this issue.

5.2.3 The Chair of the committee advised that an options paper from the catering team had been requested at the 4th March Finance Committee meeting and it was reported at the committee meeting on the 3rd June that this paper was being worked on for this meeting of the committee.

Action: Annette Bruton said that she would produce a strategic document setting out options for the committee and the paper will come to the next meeting. This was welcomed by the Chair.

6. Regional Finance Working Group Report

6.1 The committee noted the agenda from the Regional Finance Group meeting on the 28th August 2019 and the minutes from the 29th May and the 28th August. The remit of the group was agreed at the last meeting of the committee. The meeting on the 28th August 2019 agreed that the procurement strategy would be finalised and added to the websites. Joint contract management for waste, taxi services, PPE and Workwear, staff and student travel NCL, SLC and West Lothian was discussed. A list of requirements and deadlines would be drawn up for the consolidated accounts. There would be a common approach to scenario planning for the FFR.

6.2 There were £200k of savings from procurement from the last joint procurement exercise though there may not be a lot in future savings. KA commented that the benefit was not just in savings but also in an improved service. There are also shared resources through APUC and GDPR.

6.3 Stewart McKillop informed the committee that SLC are satisfied with the figures for the consolidated accounts but less so with the narrative and with all assets being added together. SLC will send the same email they did last year separating out the PI's. There is still some mention of Audit Scotland commenting on the NCL figures within the Consolidated Accounts. KA expressed concern about the resource and pressures in the preparation of the accounts.

6.4 Regional Finance Review Update: KA has sent the revised remit to the group. The chair of SLC had responded. KA had responded to these points to Andy Kerr. He would look to work collaboratively on the remit, once he received the response from AK. Broadly KA advised the committee that the points on the remit may be addressed through the Regional Finance Working Group and further regional dialogue. KF commented that David Newall is doing work on regional governance that may inform this.

6.5 SLC said the SLC FFR will go to the SLC Board on the 17th September and after this it will go to the Lanarkshire Board.

7. Business Plan Progress

Ann Baxter updated the committee as follows:

- Shona Pettigrew would be responsible for the project stream 2.1 -Curriculum Planning to reflect efficient delivery.
- There had been a meeting with the SFC and the feedback from the SFC remains positive.
- Overall the Business Plan is on track. The early retention rate was not on target but the college was continuing to make all efforts to bring this as near to target as possible.
- There was also a managed transition to new funding streams including Scottish Funding Council funded Flexible Work Force Development Fund and Skills Development Scotland funded Foundation Apprenticeships.
- The staff reductions through Voluntary Severance were a little below target but there had also been job sizing and natural turnover and this resulted in the staff reductions in the Business Plan being on target.
- Page 10 shows actions which are subject to rescheduling.

The Committee noted the update.

8. Chair of the Board Update – recruitment

The committee received a copy of the presentation that Keith Fulton gave to staff at each campus in August which informed them of the appointment of Christopher Moore as the new Principal and Chief Officer of the Board who will take up post on the 11th November 2019, the appointment of Ronnie Smith as the new Chair of the Board and of Annette Bruton (former Principal of Edinburgh College) as the Interim Principal. The committee was also informed of the appointments of Ann Baxter as Acting Vice- Principal and Shona Pettigrew as Acting Assistant Principal. The Nominations and Search Committee will also be convened in September to recruit 4 new Board Members.

9. NCL Finance Report – NCL Management Accounts

9.1 Iain Clark presented the management accounts for the eleven months to June 2019 to the committee as follows:

- The full year forecast as presented to the SMT/Finance Committee/SFC in March 2019 projected an underlying operating deficit of £1,009K. This position has now been updated to a forecast of £125k deficit.
- The operating position before statutory adjustments for the year to date is a surplus of £963k, £2,040k favourable to budget and £1,310k favourable to forecast.
- The cash priorities for Fiscal Year 2018/19 has now been fixed annually by the SFC at £863K (including Amcol) based on the 2015/16 figures.
- Income is £1.3 million (2.6%) favourable to budget and £62k (0.1%) unfavourable to mid-year forecast.
- Expenditure is £739K (1.5%) favourable to budget and £1,371K (2.7%) favourable to forecast.
- There is a surplus of £242k from Amcol.

10. NCL Budget Update 2019/20

10.1 Iain Clark informed the committee that the NCL Financial Forecast Return (FFR) would go to the Board on the 7th October 2019 for approval. IC advised the committee of the difficulties of the financial climate and of producing a balanced budget. The committee discussed the importance of articulating the challenges, ensuring the SFC were aware fully of these challenges and these aspects are highlighted in the business plan. IC advised the assumptions will be set out very clearly for the Board. Voluntary severance and supporting funding from SFC alongside careful workforce planning to mitigate any negative impact will be a key factor for NCL.

Action: Annette Bruton will discuss supporting funds from the SFC for voluntary severance.

11. SLC Finance and Resource Committee

11.1 Keith McAllister highlighted the following from his report:

- Management Forecast – 12 months to July 2019: SLC remained on track to achieve a balanced budget, with minor increases in fee income and expenditure over the previous quarter and in salaries. The outstanding elements of the national collective bargaining process were noted.

- Draft budget for 2019/20 and the four years to 2023/24: A first draft of the budget was presented, following previous Board guidance to aim for a balanced budget in each financial year. The challenges re activity and income in particular were fully discussed. Once again, 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. The movement in salary levels incorporated into the forecast was noted. It was accepted that the impact of the potential changes to activity targets and associated income over the period of the forecast required close scrutiny by the Board and that the College had to formulate a strategy in anticipation of major changes in this regard. Scenario planning was underway, and this would come to the Committee for comment prior to the 5-year budget being submitted to the Board for approval. It was noted that central assumptions re scenario planning had been agreed by the sector heads of finance.
- Procurement and Estates Reports: Members accepted both reports and welcomed the additional information on utility usage. It was noted that although the College was out with the requirement to have an annual procurement report, but this was undertaken to reinforce good practice.
- Financial Statements: The Committee noted the progress being made re consolidated accounts and the timetable being worked to. It was also noted that both Regional finance teams had met a week earlier.

11.2 Keith McAllister reported to the committee on the meeting of the SLC Finance Committee on the 29th April 2019 and the report is in the minute of the Lanarkshire Board Finance Committee of the 3rd June 2019.

12. Approval of publication of committee papers from this meeting

The committee approved the publication of the following papers:

The Agenda

Item 4 - The Minute of the meeting of the 3rd June 2019

Item 6 - The Agenda of the Regional Finance Working Group

Item 8 - The Chair of the Board Update – recruitment

Item 11 – A link to the SLC website

13. AOCB

13.1 The Chair congratulated Stewart McKillop on the announcement of his retirement and thanked him for his contribution to the committee and to the Lanarkshire Board.

13.2 The graduation ceremony will be on the 15th November 2019 and Linda McTavish will be given a fellowship at the ceremony.

14. Date of the next meeting: The date for the next meeting is the 18th November 2019 in the Boardroom at the Cumbernauld Campus.