

Item 4 FC 02/09/2019

Minute - Finance Committee

5pm 3rd June 2019 Boardroom Cumbernauld Campus

Present: Keith Fulton, Moira Jarvie, Martin McGuire,

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

Point of Order - Standing Orders: Keith Fulton informed the committee that Kenneth Anderson had given his apologies for this meeting. The Board Secretary confirmed that the committee was quorate. Keith Fulton would Chair the meeting as the Chair of the Board.

1. Chair's Welcome

Keith Fulton welcomed everyone to the June meeting of the Committee.

2. Apologies

There were apologies from Kenneth Anderson and 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 4th March 2019 was approved.

5. Matters Arising

5.1 The Board Secretary confirmed that there had been no comments from committee members on the Terms of Reference for the committees.

5.2 NCL Catering Contract - The committee was informed that the paper on the catering contract was being worked on and would come to the next meeting of the committee. The committee was informed that the strikes were having a considerable impact on the income from catering. Absence remained higher than average, particularly at one campus, and temporary staff were having to be used to cover the absences. The head chef had also left although a replacement had now been appointed. Moira Jarvie, in her trade union capacity, again offered to work with the staff and HR on absence management concerns.

Action: The report on the catering contract will be brought to the next meeting of the committee. The impact of the strike days will be included in the report to the committee.

6. Regional Finance Working Group Report

The committee welcomed the remit and agenda for the last meeting from this group. There was discussion about the extent to which this group with its remit and quarterly meetings along with a review and updating of the regional finance strategy and the regional value for money policy, which had been agreed for the SFC award of funding body status to the RSB, fulfilled the agreed regional finance review.

Action: It was proposed that the agenda and the minute from the Regional Finance Working Group should form the report to the Finance Committee and this will be agreed with the Chair of the Finance Committee. It was also agreed that there would be an assessment of what additional elements would be required for the regional finance review.

7. Business Plan Progress

Iain Clark informed the committee that overall the Business Plan was currently forecast as on track based on March financials and latest curriculum performance. The early retention rate target would not be met and this was disappointing but this would be compensated for by an increase in class sizes. There was also a managed transition to new funding streams including SFC funded FWFD and SDS funded Foundation Apprenticeships. There were external factors that would impact on the Business Plan – the cost of living rises for teaching staff, pension contribution rises for teaching staff and ESF funding. Keith Fulton informed the committee that the Chairs Committee had met with John Kemp and Linda MacDonald on the 17th May as part of the Business Plan reporting to the SFC and the SFC was content with the current progress in the plan. The committee agreed that the report was giving the required level of information and noted the report.

8. Chair of the Board Update – recruitment

The Chair updated the Board on recruitment as follows:

8.1 The Chair of the Board proposed timetable from the Scottish Government is set out below but this is subject to slippage

What happens	When
Date appointment publicised	10 May 2019
Closing date for completed applications	7 June 2019
Date of shortlisting meeting to select applicants for next stage	17 June 2019
Date by which outcome of shortlisting meeting will be relayed to applicants	19 June 2019
Dates for interviews	26 June 2019
Minister's decision	1 August 2019
Start date	29 August 2019

8.2 The recruitment of the Principal – the advert had been widely disseminated with a closing date of the 3rd June 2019. The intention was to hold interviews as soon as possible through the Nominations and Search Committee and staff and students would have an opportunity to contribute in accordance with the Code of Good Governance. Keith Fulton had spoken to the Chairs of other regions about this and a number of approaches have been taken and there would be discussion about this with the Chairs and Committee to determine the approach to be taken by NCL.

8.3 The Vice Principal: Curriculum Planning and Performance – an internal advert had gone out for an interim appointment and Ann Baxter had been appointed on the previous Friday. A permanent position for this post would be advertised when the new Principal was in place.

9. NCL Finance Report – NCL Management Accounts

9.1 Iain Clark presented the management accounts for the eight months to March 2019 to the committee as follows:

- The March underlying operating deficit of £572k is stated after adjusting for total depreciation net of total deferred capital grants and excluding the £2,600k of SFC transformation funding. This result compares to a 2017/18 £416k underlying operating surplus (incorporating SFC non cash pension adjustments advised in March 2019).
- Our full year forecast as presented to SMT/Finance Committee/SFC in March 2019 projects an underlying operating deficit of £1,009K (reference 9.2 below)
- The operating position before statutory adjustments for the year to date is a deficit of £180k which is £1634k favourable to budget and £395k favourable to forecast (largely due to earlier invoicing of £216k of educational contracts).
- The cash budget for priorities for fiscal year 2018/19 has now been fixed annually by the SFC at £836k (including AMCOL) based on the 2015/16 figures.
- Income is £863k (2.5%) favourable to budget and £250k (0.7%) favourable to forecast.
- Expenditure is £771k (2.1%) favourable to budget and £146k (0.4%) favourable to forecast.

9.2 Martin McGuire questioned the inclusion of full provision for the worst case potential claw back of £391k ESF YE1 2016/17 funds when the report states that “we firmly believe that this clawback is more likely to be between £25k and £80k. The latter figure would give a forecast underlying operating deficit of £698k”.

Action: The college will seek further guidance from the SFC regarding the potential clawback.

10 .NCL Budget Update 2019/20: Iain Clark said that the college could not continue to absorb the externally driven unfunded expenditure that was arising for example from national bargaining (cost of living) and rising pension contributions alongside cuts in funding. Keith Fulton asked about the dialogue at the Principals’ group and Martin McGuire reiterated that the colleges cannot continue to absorb unfunded expenditure and this is an ongoing discussion for this group.

11. SLC Finance and Resource Committee

Keith McAllister reported to the committee on the meeting of the SLC Finance Committee on the 29th April 2019 as follows:

Management Forecast – 12 months to July 2019; The College was continuing to forecast a balanced budget for the year with the most recent surplus for the year being £71k as against the full year budget figure of £82k. A surplus of this order had been reported to the Funding Council as per the Mid-Year Return below. As per the previous forecast presented to the February 2019 meeting of the Committee, the additional credit income was noted as was the additional income received re ESF activity in 2017/18. It was once again noted that there still remained unknowns re costs for national collective bargaining arrangements and that SFC were holding back an element of the income receivable in 2018/19 by the sector in this regard. The Committee noted that cost of living increases for lecturing staff for the period back to April 2017 had still not been agreed, but an accrual for these was included in the forecast. It was also noted that any increase would not be funded by SFC. Members noted the projected cash flow position; college management was confident that the recently re-agreed overdraft facility would not have to be utilised in the period of review.

Mid-Year Return to SFC: SFC had reviewed its own reporting requirements for the sector and had asked for an updated forecast for the year, compared to the original budget (i.e. the FFR). This was based on what was already produced for the Finance Committee and was thus a balanced budget with a small surplus. This had been remitted to SFC and New College Lanarkshire for their information. No queries had been received by the College at the date of the meeting.

Grant in Aid allocation: The Principal reported that the split of the Region's grant-in-aid allocation for 2019/20 was still the subject of discussion between the Regional colleges.

Procurement Update Report: Members noted the details included within the Report and, in particular, the additional information included in the listing of contracts pending and the arrangements being made re the spend of the Backlog Maintenance grant.

Estates Update: Members noted the amendment to the face of the Service Control matrix which incorporated the movements in rating since the last Report.

11.2 SLC Finance Committee 11th February 2019 – Keith McAllister offered to take questions from the committee. There were no questions.

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 4th March 2019

Item 6 - The Agenda and Remit of the Regional Finance Working Group

Item 11- there would be a link to the SLC website.

13. AOCB

The committee was informed that David Caskie (Financial Controller) had left and the recruitment process for his replacement was in train. Gordon Kerr (Financial Accountant) has left SLC and his replacement is Lynsey Gifford.

14. Date of the next meeting: The date for the next meeting is the 9th September 2019 at 101 Park Street at the Coatbridge Campus.