

Item 4.1 FC 1/06/20

Approved Minute: Finance Committee

17.00 2 March 2020, Boardroom, NCL Cumbernauld

Present: Kenneth Anderson (Chair), Paula Blackadder, Moira Jarvie, Christopher Moore

Apologies: Keith McAllister, Diane McGill

In attendance: Ann Baxter, Iain Clark, Keith Fulton, Ronnie Smith, Penny Neish

1. Chair's welcome

1.1 Kenneth Anderson (KA) welcomed everyone to the meeting.

2. Apologies

Apologies as noted above. The Committee offered its best wishes to Diane McGill and to her mother.

3. Declarations of Interest

There were no declarations of interest.

4. Minutes of the meetings

4.1 Minute of the meeting 18 November 2019

The minute was agreed

4.2 Minute of the meeting 9 December 2019

The minute was agreed subject to amendments requested by Iain Clark (IC). The revisions have been made.

5. Matters arising

All matters arising are on the agenda.

Lanarkshire Region Business

6. Regional Finance Working Group Reports

6.1 Regional Finance Working Group Update

There has been no formal meeting of this group, but a presentation was given on Fraud Risk and Prevention by NCL's internal auditors to finance and IT staff at NCL and SLC. This presentation was very well received by the members of staff from both colleges. KA stressed importance of the group meeting and that it was good to see the work broadening out.

Action: *To distribute the Wylie and Bisset presentation slides to members of the Finance Committee*

6.2 Regional Finance Review Update

KA said that this should be kept under review. The Chair of SLC is keen to get the input of their new Principal before taking this forward.

Ronnie Smith (RS) raised the issue of the consolidation of both college's FFRs and the Financial Statements which had taken up a lot of staff time. He expressed concern over this situation.

IC advised that the Lanarkshire Board as RSB can scrutinise, review and challenge the SLC FFR submission, the SLC figures will not change because their FFR has been approved by the SLC Board. However, SFC comes back to the Lanarkshire Board with any queries.

IC advised that the SFC accepted that there was little value in 2019 for the FFRs to be consolidated.

7. NCL Business Plan progress

7.1 Financial Sustainability and Regional Efficiency including update on meeting between the senior team & SFC

7.2 Ann Baxter (AB) reported that at a meeting between the NCL Chair, NCL Vice Chair, NCL senior team and SFC at the end of January, SFC had been given a full update on the progress with the Business Plan. SFC was pleased with the progress being made around retention, attainment and the engagement with staff. SFC was interested to hear about NCL's plans around transforming the curriculum. SFC is content to relax the number of meetings scheduled, both with NCL senior staff and separately with the Board.

There was a discussion on how NCL proposes to replace the income which may be lost following Brexit. Noted there was still uncertainty on the position with the UK government's engagement with the Erasmus programme and ESF. AB said that NCL is keen to redress this loss and is actively looking for alternative funding sources, such as increasing the number of apprenticeships and possibly, with ALF funding, undertaking a diversity project. The biggest impact of the loss of the Erasmus programmes for NCL is not financial as it is basically "money in/money out" but the loss of the student and staff experience and a loss of attractiveness of some courses. With regard to overall ESF programmes for NCL this makes up historically around 5-6% of its Credit activity and has no excess staff; SFC is currently looking at this staffing level across the sector.

For SLC, the ESF funding is approximately 10-12% of its Credit activity.

There was no further update in respect of bringing forward the VS scheme. SFC has urged all colleges to revisit their current financial forecast and plans before the final Scottish Budget allocation is announced. Moira Jarvie (MJ) commented that time needs to be allowed for staff consultation on the VS scheme when it is announced. MJ was assured that as soon as there is clarification on this the college will engage with the unions.

On the early withdrawal figures set out in table 5.1 in the Business Plan Update January 2020 with regard to FE Full Time AB said that she wanted to provide meaningful information, ie that NCL has to date (in-year 19/20) made a 2.3% improvement on the figures for 2018/19. The committee was advised that the staff response to the improvements has been positive.

KA asked about the regional efficiencies element of the business plan. On table 7 in the section on Regional efficiencies, IC said that both Lanarkshire colleges shared best practice and had a joint member of staff for data protection and procurement activity. There was also joint procurement in PPE, waste management and catering. Procurement savings are difficult to demonstrate because procurement is subject to national frameworks organised by APUC for the college and university sectors.

NCL Regional College Business

8. NCL Finance Report – NCL Management Accounts

IC spoke to his paper and advised that his report covers NCL only and excludes AMCOL.

IC highlighted the following:

- The paper covers the 5 month period to December 2019;
- The increase in grant income relates to increases in Erasmus and Foundation Apprenticeship programmes;
- The surplus shown is due to the timing of the report; the financial year end will reflect a more even position;
- The balance sheet is stable and strong;
- Liquidity is good.

Budget holders have been asked to look at their forecasts and at the same time assess the impact of timetable changes. It is important that they spend up to budget especially in areas such as health and safety, student-centred activity areas and the curriculum.

In the area of ESF/YEI IC advised the committee that in early February SFC wrote to the sector seeking clawback of £730k against 2015/16 ESF activity of which £185k is set against NCL. The issue had been raised previously with the Finance Committee and NCL has made provision in its budget against the clawback claim. However, as SFC had previously assured colleges there would be no clawback for this period, college Principals have written to SFC proposing that SFC and the sector work together to reduce this liability.

The committee acknowledged that while grant criteria are subject to change, it is unfair that the changed conditions are applied retrospectively.

The committee will be kept up to date with developments.

9. Update of NCL Catering Contract

Christopher Moore (CM) advised that he had talked about this with the SMT. Rather than considering the issue as the 'catering contract' he preferred to address it as 'food provision' to anchor it into the right place for students. To get a more appropriate context the Business Development Group has been placed into the Student Experience Directorate which is fundamental to achieving the best experience for students while being mindful of business aspects and the financial situation.

A full report was given of the changes, including seeking engagement with all staff, reconfiguring the supply chain and a breakfast club initiative.

The committee welcomed the changes and the positive feedback from the catering team and staff. Noted that the changes would be evaluated and reported to the Committee.

SLC Assigned College Business

- 10.** The paper submitted was noted.

General Committee Business

11. Approval of publication of committee papers from this meeting

- Agenda of the meeting 3 March 2020
- Minutes of the meeting of 18 November 2019
- Minutes of the meeting of 9 December 2019 (as amended)
- SLC Finance Committee 10 February 2020 – *via the SLC website*
- SLC Finance Committee 4 November 2019 – *via the SLC website*

- 12.** There being no other business the Chair closed the meeting.

13. Date of next meeting:

The next meeting of the committee will be on 1 June 2020 at 17.00 in the Boardroom at Motherwell Campus.

12 March 2020