**Minute**

**The Lanarkshire Board – Boardroom Motherwell Campus and Via Zoom**

**10th December 2024**

**Present: Ronnie Smith, David Alves, Paula Blackadder, Yvonne Finlayson, Keith Fulton, Fraser Hainey, Eileen Imlah, Moira Jarvie, Elaine Loudon, Kellyann McGraith, Stella McManus, Christopher Moore, Barbara Philliben, Catherine Pollock, Alastair Rennie, Tarryn Robertson, Julie Webster and Dave Winning.**

**In Attendance: Ann Baxter, Iain Clark, Ronnie Gilmour, Elaine McKechnie, Diane McGill, Penny Neish and Elaine Turkington.**

Via Zoom: Catriona Blacker and Joanne Rosie.

**1. Chair’s welcome:** The Chair welcomed everyone to the Christmas meeting of the Board. The Board lunch would follow the meeting in ML – One.

**2. Apologies for Absence:** There were apologies from Ann Doherty, Derek Hamill and Douglas Morrison.

**3. Declarations of Interest:** Moira Jarvie informed the Board that she was no longer a UNISON branch officer or a member of UNISON and she thanked senior management for their support. Ann Baxter, Ronnie Smith and Iain Clark declared an interest in the AMCOL nursery, as board members of that company.

**4. NCL Committee Minutes**

**4.1 CSAO 11th November 2024:** Dave Winning asked if there were any questions from the minute. Keith Fulton noted paragraph 9.4 of the minute which set out the launch of the International Strategy which links to the development of the Wellbeing Academies and focuses on building partnerships. Its aims are to embed international activity into NCL’s academic curriculum planning and Keith Fulton said that an approach to Scottish Development International (SDI) might be appropriate to help deliver the strategy.

**4.2 RGP Committee 18th November 2024:** Keith Fulton drew the Board’s attention to Item 5.1 which sets out the latest position regarding the Motherwell Campus cladding and BTO. KF has contacted Fraser Hopkins to seek an extension to the sist for another 3 months and had requested a meeting to enable further discussions between college representatives and BTO. He also drew the Boards attention to Item 6 which highlighted the positive steps taken by staff at the Cumbernauld nursery. Alastair Rennie commended the work undertaken on Cyber Security.

**4.3 Finance Committee 18th November 2024:** Paula Blackadder highlighted the College’s cash flow position to the Board and the strong focus on liquidity management which would continue for the coming years. She also observed that there had been a good report on the Cumbernauld nursery and acknowledged the effort that was being made with improvements in financial projections. Ronnie Smith gave credit to the NCL Principal and team for the effort being made to shift the financial position. Eileen Imlah said the she and the EIS/FELA appreciated the way that NCL was working with them. However, she acknowledged the impact on staff and the pressure they were under which was not sustainable and pointed to a need for more action from the Scottish Government.

**4.4 Audit and Risk Committee (ARC)2nd December 2024:** Yvonne Finlayson presented the minutes as read. Eileen Imlah highlighted TU involvement regarding pension issues. The external auditors at P 13-16 in their report had raised pension provision re future liabilities for early retirees with provision revised to account for updated age and life expectancy figures and pension balance - revised actuarial valuation to take accounts of pension asset ceiling in the previous year. Elaine Turkington said that there would be discussion at the next JNC.

**5. Approval of the 2023/24 Consolidated Accounts**

**5.1 Recommendation from ARC 2nd December 2024 Annual Audit Report:** The Board noted the presentation that had been made to the ARC on the 2nd December 2025 by the external auditors which was set out in the minute to the meeting.The audit opinions in the Annual Report and Financial Statements are unmodified.

The external auditors commented at the ARC meeting that there had been strong and good engagement this year over the audit period thanking the college staff for their positive engagement with the audit process. The ARC recommended the Annual Audit Report to the Lanarkshire Board for the Board to note and the Board duly noted the Annual Audit Report.

**5.2 Finance Committee Minute 2nd December 2024 Financial Statements:** The Board noted the presentation made to the Finance Committee on the Financial Statements made by Iain Clark and recorded in the minute of the Finance Committee meeting on the 2nd December 2024 at Item 5.2.1.The Finance Committeeagreed to recommend the Financial Statements for 2023/24 to the Board for approval.

***Decision: The Board agreed the recommendation from the Finance Committee and approved the Financial Statements for 2023-24.***

**5.2.1** The external auditorscommented again at the Finance Committee that there had been strong and good engagement this year over the audit period and thanked the college staff for their positive engagement with the audit process.

**5.3 Annual Report from the Audit Committee:** The Board Secretary presented the Annual Report for 2024 from the ARC to the Board. The ARC had recommended this report to the Board for approval at its meeting on the 2nd December 2024.

***Decision: The Board approved the Annual Audit Report from the ARC***

**6. Modern Slavery Statement:** The Board considered the Modern Slavery Statement which had been recommended to the Board by the Finance Committee at its meeting on the 2nd December 2024 – see Item 6.2 of the minute.

***Decision: The Board approved the Modern Slavery Statement 2023/24.***

**7. NCL Self – Evaluation:** Ann Baxter updated the Board as follows:

**7.1** NCL’s self-evaluation was submitted to SFC ahead of the deadline and was acknowledged on 3 December 2024. SFC Quality are conducting initial checks on each SEAP received so if there are any questions, SFC will be back in touch. The self-evaluation has a general introduction and then uses the 4 principles which are the foundation on which quality assurance and enhancement is based. The principles are:

* Student Engagement & Partnership
* Excellence in Learning, Teaching & Assessment
* Enhancement & Quality Culture
* Supporting Student Success

**7.2** As part of the self-evaluation, an action plan is included that links directly to the college’s evaluation of the Principles. Ronnie Smith commented that the plan was a good summary of what was going on at NCL. Alastair Rennie commented that the plan flowed well and Barbara Philliben commented that it was a good document given the time available to produce it. The Board noted the self - evaluation 2024/5 plan.

**8. SLC Committee and Board Reports:** Ronnie Smith congratulated Angela Pignatelli on being appointed as the Deputy Principal of West College and thanked her for her excellent contribution to the Lanarkshire Board and its committees.

**8.1 SLC Committees Update:**

**8.1.1** Angela Pignatelli updated the Lanarkshire Board on the SLC Learning, Teaching and the Student Experience (LTSE) Summary Report giving updates in the following areas:

* Curriculum, Quality and Development Update
* Quality Update
* Developing the Young Workforce Update
* Marketing and Communications Update:
* Complaints Handling Update:
* There were approvals at LTSE for the Acceptable Engagement Policy, the Social Media Policy and the Complaints Annual Report

**8.1.2 SLC ARC**

The Lanarkshire Board was asked to note key points from the SLC ARC, especially:

* The SLC Committee noted and gave thanks to external auditors for the completion of the year end audit for 2023/24, noting no material areas of concern and an unqualified audit opinion within the Annual Audit Report.
* The SLC Committee gave its support for the approval of the forwarding of the Annual Financial Statements for 2023/24 to the Board of Management, noting the caveat that a further adjustment was likely for the SFC Guidance Addendum that was issued on 13 November 2024.
* The progress made with the SLC Audit follow ups
* The positive Student Funding (Bursaries) and Student Activity (credits) audits, and the encouraging Internal Audit opinion that was presented as result of the 2023/24 internal audit work.
* The ongoing progress with the Rolling Audit Recommendations.
* The encouraging work carried out in respect of the Strategic Risk Register and cyber risk register, inclusive of updates for categories of risk and the inherent risk profiles for each of those risks based on a revised scoring system.
* The conclusion of the Utilities underpayment of VAT issue, costing £146k to the College.
* The progress update of the Pension issue, noting no concerns at this stage of meeting the completion date of February 2025.
* Internal Audit follow ups revealed that of there are 17 out of 24 recommendations outstanding, however, none of the outstanding maters are priority 1 or 2 and, in some cases, the dates for resolution have not yet passed. The Committee are assured that these are in hand and progress will be made. In respect of the two audit activities (Student Activity and Student Support Audits), these were relatively positive with several recommendations being made which have been added to the Rolling Audit Recommendations Monitor.

**8.1.3 SLC Finance Committee**

 The Lanarkshire Board was asked to note key points from the SLC Committee, especially:

• The SLC Committee noted and gave thanks to external auditors for the completion of the year end audit for 2023/24, noting no material areas of concern and an unqualified audit opinion within the Annual Audit Report.

• The SLC Committee gave its support for the approval of the forwarding of the Annual Financial Statements for 2023/24 to the Board of Management, noting the caveat that a further adjustment was likely for the SFC Guidance Addendum that was issued on 13 November 2024.

• The SLC Committee considered and approved the financial statements for 2023/24 and remitted same to the Board.

• The SLC Committee considered and approved the draft workplan for the Committee for 2024/25

• The SLC Committee considered the Climate Change Emergency Action Plan and approved the publication on the college website.

• Cashflow and Quarter 1 Accounts - the Committee was encouraged by the work that is on-going to monitor cash flow.

• When discussing the Facilities report, The SLC Committee was advised that the Scottish Funding Council launched its College Infrastructure Strategy, and the College has been asked to gather information for the SFC to put in place a long-term investment plan for the sector. Data has been passed to the managing agent and is to be passed to SFC for further development.

• The SLC Committee considered the capital expenditure plan

• The SLC Committee was advised of the legal expenditure to date for the employment tribunal.

**8.1.4** **SLC HR Committee**

 The Lanarkshire Board was asked to note Key Points, especially:

• A Local Recognition and Procedure Agreement (LRPA) is still under consultation with both trade unions. Progress has been made, with input from EIS-FELA.

• The College is engaging with Henderson Loggie on a payroll audit.

• The Employee Engagement model has been implemented across all departments. Over 300 recommendations have been received, at department level, to further enhance employee engagement. Each department has feedback, from the leadership team, on their suggestions and a College-wide thematic review will shortly be shared with all employees.

• A new Worker Protection (Amendment of Equality Act 2010) Bill has been implemented to add a duty of preventing sexual harassment in the workplace. Reviewing its position against the Equality and Human Rights Commission (EHRC) employer guidance, the College is in a good position with the new Bill and will be further enhancing its handling of it, through risk assessments, further training and third-party awareness briefings.

• There is an ongoing tender process in place for replacing / renewing the employee assistance program.

• The College is offering flu vaccines to all staff.

• The Pension re-calculation project remains on track for completion in February 2024.

• The iTrent implementation project has progressed well with payroll and employee self-service matters. It is anticipated that these modules are concluded around February 2025.

• Sickness absence levels are at the lowest point since quarter 2, 2020.

**8.2 SLC Chairs Board Update**

The following update was given to the Lanarkshire Board

* Earlier this month, SLC celebrated an exceptional graduation ceremony at Hamilton Town Hall, featuring a keynote address from Dr. Susan Aktamel. This was a heartening event, showcasing the achievements of our students, including notable graduates Jack Whyte and Ellie Hamilton. A special mention goes to Caitriona Blacker for her eloquent closing remarks.
* This quarter saw the commencement of the long-awaited Employment Tribunal which continues broadly on schedule despite a brief delay due to unforeseen circumstances. Measures have been implemented to maintain the timeline with a slight extension, and no significant concerns have been raised by the SLC legal team to date. The SLC Chair continues to monitor proceedings closely and has been liaising regularly with the legal advisors.
* The Executive Team has been dedicated to the successful completion of our Annual Audit Review, which was presented at the joint ARC/FRC meeting. The Chair acknowledges the collective efforts of the team, with particular recognition for Elaine McKechnie, whose extraordinary commitment has been instrumental in preparing the financial reports.
* In sector-wide developments, Dr. Graeme Jackson has assumed the role of Interim CEO at Colleges Scotland, leading the formulation of a 10-year vision for the sector. Although college representatives were unable to participate in initial discussions due to graduation commitments, the intention is to contribute actively in the weeks ahead.
* The recruitment process for new board members has now concluded

**8.3 SLC Board Appointments**

8.3.1 The Lanarkshire Board was asked to approve the nomination for the additional non-executive SLC Board Members set out at section 6.1 in its paper and appoint Heather Meighan, Kirsty Pinnell and Jacqueline Morrison as members of the Board of South Lanarkshire College under and in terms of Schedule 2 Para 3A (2)(f) of the Further & Higher Education (Scotland) Act 1992 [as amended) This approval is subject to:

• The appropriate PVG checks being carried out and there being no disqualifications.

• Formal ratification by the Board of SLC.

***Decision: The Lanarkshire Board approved the appointments as requested subject to the conditions set out above.***

**8.4 SLC Board Evaluation**

**8.4.1** In April 2024, South Lanarkshire College embarked on a self-evaluation exercise on its effectiveness as required by Section D24 of the Code of Good Governance for Scotland’s Colleges. The format was in four parts: -

1. One to one session with the new Chairing Member.

2. An evaluation of both Chairing Members who had held office during the relevant period

3. A more formal evaluation conducted by the Governance Professional in post at that time by reference to the Code of Good Governance

4. A private dialogue between the Senior Independent Member and Board Members without the Chair, the Principal or the Governance Professional being present.

**8.4.2** The report sets out areas of strength, areas for improvement and future ambitions. The overall feedback on both Chair’s effectiveness was positive with no questions receiving a negative response. The majority of the responses were “1”s and “2”s (strongly agree/agree) with a smattering of “3”s. Board members believed that they are encouraged to participate in discussion and their views are considered with most members scoring ‘Positive’. Similarly, Board members were happy with the way decisions are taken.

**9. Minute of the Lanarkshire Board 7th October 2024:** The Board minute was approved.

**10. Chairs Report**

**10.1 Chair’s Regional Overview:** The Chair informed the Board that the consultation period on the proposed dissolution of the Lanarkshire RSB had closed and an announcement of the ministerial decision was imminent. He noted that he could not effect changes to the Board until the Lanarkshire Board -the RSB- was legally dissolved. He would await the announcement and then the RSB would work with the Scottish Government and the SFC to transition to dissolution. He noted that the relationship between the two colleges was the best it had ever been.

**10.2 National Committees:** Ronnie Smith informed the Board that there was a newInterim Chief Executive of Colleges Scotland as noted by Douglas Morrison in his report at Item 8.2 Dr. Graeme Jackson. The Board of CS are supporting Graeme in changing the structure and governance of the organization and steering CS’s efforts towards more of a lobbying approach with Scottish Government. Keith Fulton said that this could be seen in the approach to the budget. There will be a sharper focus on this and a more political approach in the new year.

**10.3 Lanarkshire Region Update**: Ronnie Smith informed that as per the ARC minute of the 2nd December 2024 at Item 9.5 he would write to the Auditor General about the report Scotland Colleges 2024. An extract from the minute of the ARC meeting on 2nd December 2024 is attached at Appendix 1 to this minute. Keith Fulton raised the issue of going concern as Charitable trustees again and whether there should be a more substantive response from OSCR. After discussion, it was felt that this had been robustly pursued by the AC and the Board. Yvonne Finlayson and Alastair Rennie felt that the ARC and the Board had comfort from the responses received.

***Decision: There would be an updated discussion on this at the ARC.***

**11. Update from Employers’ Association:** Elaine Turkington referred the Board to the College Registrar’s paperand the Board noted that report.

**12. Regional Outcome Agreement: Ann Baxter updated the Board as follows:**

**12.1** Colleges were advised on 5 November that there was a new deadline for Self-Evaluation Report (see Item 7 above) and case studies for the 2023-24 Outcome Agreement from 2 December 2024 to 31 January 2025. This meant that the SEAP was being submitted before the ROA.

Four case studies have been prepared for submission by NCL:

* **A New Approach to Higher Education – Coherent Learning Provision**

New College Lanarkshire (NCL) and the University of the West of Scotland (UWS) have partnered to create the first joint Undergraduate School in Scotland, providing Lanarkshire students with access to industry-focused degree programs within their local community.  This pioneering initiative uses the expertise of UWS staff to help deliver degrees at NCL’s three Lanarkshire Campuses, allowing students to pursue their career aspirations without the need to relocate.

* **Breaking the Cycle – High Quality Learning**

New College Lanarkshire's "Breaking the Cycle" conference was a ground-breaking event that explored the deep connections between crime and poverty, bringing sociological concepts to life for students, staff and the wider community.  Led by Lecturer Levi White, the event aimed to inspire, educate and foster empathy by grounding academic theories in real-world experiences.

* **Breaking the Glass Screen – Creating opportunities for tomorrow’s Film and TV professionals – Partnership and Collaboration**

New College Lanarkshire’s (NCL) Film and TV Next Gen course is a ground-breaking programme that combines practical skills training with strategic industry partnerships, addressing Scotland’s growing need for media professionals. Aligned with the Scottish Government’s Developing the Young Workforce strategy, the course equips students with the skills and experience required to excel in the competitive media landscape.

* **Empowering Survivors of Domestic Abuse Through Education – Fair Access**

New College Lanarkshire’s Women’s Aid Project, delivered in partnership with Cumbernauld and District Women’s Aid (CADWA), was launched to support survivors of domestic abuse by opening doors to education and personal development. The project brings together women from diverse backgrounds, helping them build confidence, self-worth, and supportive friendships and improves their lives through education

**12.2** The Board noted the report.

**13. Regional Risk Register:**

**13.1** Ronnie Gilmour spoke to his paper and presented the Regional Risk Report. He reported that there is mainly no change to the risks identified by NCL with the exception of the following:

* Risk J - "Failure to establish and implement an effective regional governance model" moves DOWN to a residual risk score of 3 (from 6), and
* Risk H - "Failure to SFC Credit Targets" moves DOWN to a residual risk of 5 (from 10).

All other residual risks remain the same as per August 2024.

**13.2 SLC Risk Register**

* This is incorporated into the Regional Risk Register/ The SLC register has been realigned to the NCL format.
* There are 15 risks logged - 1 less than August 2024;
* 8 risks have moved down (1, 2, 3, 4, 5, 7, 12, 13 and 15) and 2 risks have moved up (6 & 10);
The remaining 5 risks remain the same as the August 2024 register.

**13.3** Barbara Philliben asked about the AMCOL risk register and where was the overview of risk from subsidiaries. Iain Clark said that AMCOL was included in the regional risk register.

***Decision: The AMCOL Risk register should be specifically reported to the ARC.***

**14. Audit Scotland Colleges 2024 Report –** This was discussed at Item 10.3 above.

**15. Lanarkshire Colleges finances update**

**15.1 NCL Update:** The Board noted the cash flow report made in the Finance Committee minute on the 18th November 2024 at Item 8 – see Appendix 2.

**15.2 SLC Update:** The Board noted the report setting out the papers that had gone to the SLC Committee on the 15th November 2024:

* Financial Statements 2023-24 and Audit Scotland’s Annual Audit Report 2023-24

• Actuarial Assumptions used in Financial Statements 2023-24

• Draft annual workplan for Finance & Resources Committee

• CCEAP – Climate Change Emergency Action Plan

• CLIC Innovate UK – A progress update

• SFC Financial Forecast Return (Reserved Item)

• Quarter 1 Management Accounts

• Cashflow Report

• Procurement quarterly update

• Facilities quarterly update

• Climate Change Action Team (CCAT) quarterly update

• CLIC Innovate UK’ a progress update

• Capital Expenditure Plan

• Legal Fee Analysis

**16. Student Association Reports:**

**16.1 NCL Student Association Report**

Julie Webster highlighted the following:

* Student mental health and partnership agreements
* International Women’s Day
* The support for men - not a lot there for young men.
* Looking to SAMH and AA to have a monthly presence
* Curriculum review going well and the student voice being heard.
* Workshops with senior managers so that students can connect with senior management
* Julie speaking at Glasgow Caledonian
* Clothes bank going very well.

**16.2 SLC Student Association Report:**

The Lanarkshire Board was updated as follows:

* Student President Catriona Blacker and Vice President Jack Whyte have been successfully visiting more than 56 classes and raising awareness of the work of the SA;
* the SA have been involved in Freshers 2024/25, the October STEM event, promotion of the student larder during the ongoing cost of living crisis, World Mental Health Day, Litter Picking and general activities across the College;
* student elections have taken place leading to the successful appointment of seven new student officers whom the Exec Team met at their first departmental meeting;
* the SA are liaising with curriculum teams to ensure class representatives are nominated to drive forward improvements to the student experience and harness the student voice;
* Working with ‘Think Positive’ the SA have committed to signing the Student Mental Health Agreement (SMHA) and continue to support the Emily Test Charter tackling Gender Based Violence (GBV).

**17. Principals’ College Update Reports**

**17.1 SLC Update:**

Stella McManus Updated the Board as follows:

* Now that the Annual Audit Review has been finalised the College plans to commence the voluntary severance scheme the week commencing 9 December 2024.
* New CEOs have been appointed to the Scottish Funding Council and Colleges Scotland, Francesca Osowska OBE FRSE and Interim CEO Dr Graeme Jackson respectively.
* Colleges Scotland now led by their new CEO has produced a high-level strategic narrative after workshops with Chairs and Principals in November 2024, this states an intention to launch a new strategic plan in 2025.
* Following meetings between College Employers Scotland, Trade Unions and the Minster for Further Education there will a facilitated session on culture and behaviour based around the Nolan principles.
* The Interim Director of Access, Learning and Outcomes is meeting the Chair and Stella at the end of November to discuss views on post dissolution outcomes.
* The College was notified that the Tertiary Quality Enhancement Review Main Review Visit is scheduled to take place during academic year 2028-29
* The UNISON Scotland Further Education Branch has been placed under regional supervision. Local stewards and health and safety representatives including those at the College are not undertaking official duties until a resolution is found.
* The College won the Construction BE-ST award in the Collaboration Category for the heat pump van initiative.

**17.2 NCL Update**

**17.2.1** Christopher Moore highlighted the following:

* The tremendous achievement in getting an underlying operating surplus for 2023/24
* The first two stages of the Professional Services review are now completed and he thanked staff who had helped with this process
* The undergraduate school had done very well with recruitment and there now were 240 students which was also a great achievement.
* The would be an on-line degree at the end of Jan/Feb through the Leaning Well.
* There had been a very good result from the World Skills competition and international development was ongoing in dentistry.
* Kelly McGraith had a new role in the college in Learner Engagement and she was congratulated by the Board.

He commented that it had been a very hard year but in all of that there had been some very good work undertaken. Keith Fulton commented that he thought that the success in the World Skills competition since 2013 where NCL had never been outside of the top three and had won on six occasions showed the resilience of NCL.

**18. Standards Commission Advice on Conflict of Interest:** The Board had already received this document but it was re-issued to the Board as a key document and would be referred to in future training events.

**19. Code of Good Governance Compliance**

**19.1 Board Development Plan Update:**

**Action: The Board received and approved the update to the plan.**

**19.2 Lanarkshire Board Training Day**

***Action: The Board noted that there would be a Board Strategy and Training Day early in the new year.***

**19.3 Compliance Framework:**

***Decision: The Board approved the Compliance Framework.***

**20. Approval of Publication of Papers from the Board:** The Board approved the publication of the agenda , the minute of 7th October 2024 , the Modern Slavery Statement, the Audit Scotland Report, the Student Association Reports , the Standard Commission Advice Note and the Board Development Plan.

**21. AOB: There was no other business.**

**22. Date of Next Meeting:** The scheduled date of the next meeting of the Lanarkshire Board is Monday 17th March 2025 at the Cumbernauld Campus.

At this stage Board Members who felt that they did not have a locus in the Remuneration Committee recommendation to the Board left the meeting.

**23. Remuneration Committee Recommendation**

In this meeting: Dave Winning, Paula Blackadder. David Alves, Keith Fulton, Moira Jarvie, Julie Webster, Yvonne Finlayson, Eileen Imlah, Catherine Pollock, Elaine Loudon, Alastair Rennie, Barbara Philliben, Ronnie Smith (in attendance) and Diane McGill.

**23.1** The minute and recommendation from the Remuneration Committee on the 14th November 2024 was tabled. Moira Jarvie commented that she felt that the recommendation in relation to the Principal’s salary was fair as it was in line with that of the other senior staff.

***Decision: The Board approved the recommendation from the Remuneration Committee of the 14th November 2024.***

**Appendix 1 Extract from the ARC Minute 2nd December 2024**

**9. Audit Scotland Report ‘Scotland’s Colleges 2024’:**

**9.1 Shelagh Stewart (Audit Scotland Audit Manager)** spoke to the Audit Scotland Report and noted the key messages:

* College funding had decreased by £32.7m in cash terms in 24/25. Colleges are forecasting reduction in cash balances which could risk them continuing in their present form.
* Colleges are reducing staffing through voluntary severance schemes.
* The financial pressures and reduction in staffing may prevent colleges delivering the services they have in the past.
* Reform of the post school education landscape and associated revised funding model have not yet been implemented further hindering college development and innovation.

**9.2** Audit Scotland sought clarity from SFC on their expectations of colleges and implementation of the reform of the colleges/schools’ landscape.

**9.3** The ARC was advised that this report had been discussed at the Parliamentary Audit Committee (PAC) and the recommendations accepted by the Scottish Government and SFC. Yvonne Finlayson asked what Audit Scotland viewed as next steps. Shelagh Stewart said that Audit Scotland had still to decide its next actions but that it will report again next year on financial sustainability issues in the sector. Tricia Meldrum, Audit Scotland, said they would see what action the PAC required before the Auditor General decides a way forward.

**Note: Shelagh Stewart and Tricia Meldrum left the meeting after their presentation.**

**9.4** Ronnie Smith welcomed the report and the interest being shown by the Auditor General in the financial situation the college sector is in and noted that the report clearly defined the major issues of concern in the sector, including Government action, but that these issues were not new. Because of the funding model the sector had not been encouraged to work collaboratively. Stella McManus agreed and added that while major consultations on the sector had taken place over the summer, no indication of the outcome of any of them had been intimated to colleges. The sector needs to be made aware of the consultations before being able to move forward and develop new working partnerships.

**9.5** Christopher Moore made 2 points:

* That the general content is clear and sensible;
* However, he referred to P13 and the emphasis in the section on NCL about VS and a precarious liquidity position. There was no context to these negative statements although numerous attempts had been made by the NCL Chief Resources Officer to have context included, alongside the inclusion of Amcol’s figures. NCL’s deficit (in AY 22/23) had been linked to reshaping the workforce over the last 4 years. All 4 of the voluntary severance schemes had been funded by the college. The year on year cost was significant. Such reports need to recognise why (deficit) situations occur; NCL has lost roughly 20% of its staff over the last 4 years. The impact on individuals has been significant. There are many people doing excellent work and the impact of naming colleges without any context of the wider situation is unhelpful and detrimental to a positive work ethic. Christopher Moore said that there is a responsibility to have awareness of the impact of such a report on the mental health of those striving to do their best for the students. Staff had come into his office very worried about their jobs after the publication of the report.

**9.6** Yvonne Finlayson asked where the guidance will come from to help colleges out of this situation and again commented on the credit funding model which encourages competition, not collaboration. Yvonne then remarked on the impact of the report and how it affects college staff providing a positive experience for students. Ronnie Smith noted that colleges need targets and objectives from the Scottish Government and SFC to work towards. Iain Clark said that pre-publication Audit Scotland should go back to colleges being named negatively to give them opportunity to provide background/context as opposed to simply number checking.

**9.7** Jack Kerr said that some of the points in the Auditor General’s report referencing NCL came from the Audit Scotland Annual Audit report in 22/23. The Auditor General’s report draws on the Annual Audits of the previous year so there is a direct link between them. Iain Clark recognised this, however, there is context and opinion in the Annual Audit Reports that helps understanding. Louisa Yule thanked the ARC for their feedback.

***Action: Ronnie Smith would write to the Auditor General about the point raised about the lack of context and the impact of negative statements without context.***

Appendix 2 Extract from the Finance Committee minute 18th November 2024

**8.2 2024-25 cash flow executive summary**

**8.2.1** Iain Clark presented the following cash flow position to the Committee:

* **Cashflow management continues to be a key focus for NCL.**
* **Material cash inflows and outflows include:**
	+ (+) SFC Funding advances of £2.5m June 2024 and £2m July 2024 (no repayment in profile, hence £3.6m free-cash deficit at July 2025).
	+ (+) SFC Drawdown of £37.7m GIA over 12 months, both years (FY).
	+ (+) SFC 22/23 clawback £995k waived.
	+ (-) Monthly cash burn average of £4.2m forecast over next 12 months, staffing costs monthly average including Amcol £3.5m.
	+ (-) Backdated pay award Academic paid September, on-costs October current employees only. Amounts outstanding to previous employees, timing and quantum not definitive, assumed absorbed in cash burn.
	+ (-) Voluntary Severance outlay c£674k April 2024 –Sept 2024 met by College (assumption)
	+ The Cash Flow £4,500k SFC advance assumed being o/s liability at July 2025 (Modelling only)
* **Key mitigating actions planned to optimise cashflow:**
	+ SFC Support: deferred repayment £4.5m from August ‘24 to July ‘25 within F/Y 2024/25. Support currently required at all AY/FY junctures.
	+ Front-load drawdown for A/Y 2024/25 to March ‘25 (£11m drawn down in August).
		- March 2025 utilizes Amcol funds in full. Balance £687k as ESF deferred to April. Amcol balance £2.8m at year end.
	+ Treasury Management – e.g. possible deferral of Creditors.
	+ Permanent levers – SFC Write-off; SFC Loan repaid over agreed period – assets as collateral, future surpluses; Realisation from Sale of assets.
	+ **Proposed enhancements to governance over cashflow as follows:**
	+ Any Amcol intercompany cash transfers over £500k will require formal Finance Committee approval, Board notification. Will be required in March ’25 when Amcol cash will have to be utilized to cover pay and operating expenses.
	+ Any SFC Funding Advances will require to be notified to Finance Committee and the Board.

**8.2.2** The SFC are aware of the cash flow position as monthly cash flow submissions are being made. Iain Clark noted that March 2025 will be a crunchpoint but that come January 2025 AMCOL fees and cash balances would be an essential part of managing cash flow for the college through its role as a wholly owned subsidiary.

Ronnie Smith was concerned that relying on AMCOL in this way was masking the overall problem with the SFC and making it easier for the SFC to continue to squeeze funding. He also said that AMCOL should not be impeded or operationally damaged as they were an important asset to the college. He said there would need to be a high -level discussion with AMCOL but he did not envisage any problem in getting assistance from the wholly owned subsidiary noting that there had never been a request to AMCOL for funding to date during his tenure. Iain Clark advised that the last request was pre-Covid and short-term over the academic year-end 5 or so years ago, He further added Amcol required c£500k as Operational Working Capital. Christopher Moore said that it was normal practice to have transfer of funds from subsidiaries to the parent entity. Paula Blackadder asked if there should be a liquidity strategy between the college and AMCOL.

***Action: Iain Clark to advise on a liquidity strategy for the next meeting of the Committee in February.***