**Approved Minute of the meeting of The Lanarkshire Board**

**12th December 2022 in Boardroom at Motherwell Campus and via Zoom**

**Present Face to face:** Ronnie Smith (Chair), Paula Blackadder, Anne Docherty, Yvonne Finlayson, Keith Fulton, Fraser Heaney, Paul Hutchinson, Kellyann McGraith, Barbara Philliben, Alastair Rennie, Alan Sherry, Dave Winning.

**Present via Zoom:** Kenny Anderson, Rahela Calin, Dianne Dixon, John Elliott, Christopher Moore, Ryan McRobert.

**In Attendance Face to face:** Ann Baxter, Iain Clark, Keith McAllister, Diane McGill, Penny Neish, Matthew Smith and Elaine Turkington.

**1. Chair’s welcome:** Ronnie Smith (RS) opened the meeting and thanked everyone for attending this Christmas Board meeting. He also welcomed the new NCL academic staff member Fraser Heaney. He congratulated Paul Hutchinson who has been chosen as Reservist of the Year and Professor Christopher Moore who has been appointed as a distinguished Professor at Manchester University.

**2. Apologies for absence:** There were apologies from Stella McManus and Moira Jarvie.

**3. Declarations of interest:** There were no declarations of interest.

**4. RSB and Assigned College Update**

**4.1.1 RSB Chairs Overview:** Ronnie Smithreferred to the note and minute of a meeting with the SFC which had been circulated to the Lanarkshire Board on the 11th December 2022. This had also been sent to the SLC Board Secretary for distribution to the SLC Board. He highlighted the good relationships between the two colleges which are more harmonious than ever before – the genuine collaboration on the ROA demonstrates this - and that the meeting with the SFC was a very cordial and positive meeting and it was refreshing to be talking openly and ambitiously about taking Lanarkshire forward.

**4.1.2** Barbara Philliben asked about the next steps. Ronnie Smith explained that he had regular meetings with Jackie Brasted of the SFC but that he wanted a continued high -level discussion following the meeting with the SFC. Alastair Rennie commented on the benefits of collaboration in what are areas of high deprivation in Lanarkshire. Keith Fulton commented that it had been a good meeting and the communities that the colleges were working with and the difficulties such as geography and poor transport had been made clear.

**4.1.3** Alan Sherry thanked Penny Neish for providing the minute to the meeting.

**4.2 SLC Acting Chair Update**

**4.2.1 Paul Hutchinson updated the Board as follows:**

* The investigations have been a major focus for the Board and the reports are now with SLC along with legal advice. A process has been agreed which has been communicated to the people involved and the SLC Board is due to meet on the 19th December 2023.
* The SLC accounts have not been signed off yet as the governance statement is being fine- tuned with the external auditors. The external auditors want to ensure that there are no further issues arising from the investigations. There will now need to be special committee meetings to approve the final version of the accounts.
* The SLC Governance Improvement Plan has been signed off (reported to the Lanarkshire Board on 3rd October 2023) andSLC has a forward plan to look at continuous improvement as the next stage in its governance development. This is being taken forward in conjunction with the internal auditors Henderson Loggie.
* The focus will now turn to the region and to cement work between the two colleges.
* There is also the financial position and he noted that the SLC Finance committee has only agreed to approving the first year of the FFR.
* He said the SLC Board has kept to task in a challenging year.

**5. NCL Committee Minutes**

**5.1 CSAO 14th November 2022:** Dave Winning highlighted thework that the Student Associations had undertaken and he recommended their reports to Board Members.

**5.2 Audit and Risk Committee (ARC) 5th December 2022:** Yvonne Finlayson recommended the minutes as presented and noted the issues with the SLC Governance Statement which had a knock- on impact on the NCL / Lanarkshire Board consolidated accounts. She informed the Board that she and the SLC ARC Chair were meeting and she was attending meetings of the SLC Audit Committee.

**5.3 RGP Committee 14th November 2022.**Keith Fulton highlighted the following

* Voluntary Severance Scheme update and noted the effort from staff to implement this and that the scheme had met its overall purpose.
* Item 6 in the minute re Employers Scotland and the position with pay claims
* Items 7 and 8 – the scope of the work being undertaken on the estate and the ICT estate
* The update on BTO

**5.4 Finance Committee 28th November 2022. Paula Blackadder highlighted the following:**

* The delay to the NCL consolidated accounts resulting from knock-on delays from the finalising of the SLC governance statements with the external auditors
* The financial position of NCL
* Procurement opportunities
* The NCL Foundation

**5.5 Chairs’ Committee 14th November 2022:**

**5.5.1** Keith Fulton presented a paper on the ongoing dispute concerning the defective cladding at the NCL Motherwell Campus. KF set out his recommendation to the Chairs’ Committee as follows:

* Given the level of existing spend, what’s been achieved so far and assuming that the additional funds required can be found, the recommendation is that the College continues its action to at least the legal debate hearing. The Chairs’ Committee agreed to this recommendation.
* KF highlighted that there had been an update to the legal costs figures and it was agreed that the minute would be amended accordingly.
* The Board was briefed on the details of the legal and other costs. This will continue to be reported to the RGP and the Finance Committees.

**6. Update on the Draft 2021/22 Consolidated Accounts**

**6.1 Meeting of the ARC Committee 5th December 2022:** The Board noted that there had been full presentation of the draft accounts by Lucy Nutley of Mazars and the financial statements by Iain Clark at Items 10.1 and 10.2 of the ARC minutes. The AMCOL position was set out at Item 10.3. The ARC had noted that the Regional Financial Statements have a Governance Statement that cannot be completed until the Governance Statement is finalised at SLC. The Regional Accounts are, therefore, still in draft. In these circumstances, the ARC felt that there was no option but to recommend that the Board will receive the Draft Annual Report and the Draft Financial Statements for information at its meeting on the 12th December 2022.The Lanarkshire ARC agreed to recommend to the Board that it defers the approval and signature of the Regional (NCL) Annual Audit Report and consolidated Financial Statements 2021/22 to special meetings of the Lanarkshire Board ARC and Finance Committees and the Board with the meetings to be held in order to meet the accounts submission deadline.

**6.2 Special Meeting of the Finance Committee 5th December 2022:**

**6.2.1** There was also a full presentation of the accounts by Lucy Nutley and the Financial Statements by Iain Clark at the special meeting of the Finance Committee. Iain Clark presented the Financial Statements to the Board noting that they were finalised apart from tidying some wording around disclosures, any post-balance sheet events, and for the Governance Statement which has to reflect the Governance Statement from SLC which is in the process of being finalised. He highlighted the following:

* **P 23** It was noted that the Underlying Operating Position is (£355k) for the Region and (£1,788k) for NCL. NCL plus its direct subsidiary Amcol made a combined Underlying Operating Deficit of (£1,432k). The deficit at NCL was mainly as a result of an unfunded VS scheme which cost a total of **£1,719,656 (c£1.145m recorded in 2021/22 Accounts)** in order to bring **a** predicted future annualised salary saving of **£2,517,766**, including on costs (i.e. Employer’s National Insurance and Pension contributions).
* **P 61** This shows the Consolidated Statement of Comprehensive Income and Expenditure for the year ended 31st July 2022. While The balance sheet remains strong overall, due to the Fixed Assets and Pensions Asset, Working Capital and cash flow are concerns for the future.
* **P 92** This page shows the Adjusted Operating Position on a Central Government Accounting basis. Under the FE/HE SORP, the Region recorded an operating deficit of £7,844k for the year ended 31st July 2022. After adjusting for the non-cash allocation provided under Government rules, the Region shows an “adjusted” deficit of £6,784k on a Central Government accounting basis. It was noted that the key accepted metric for Audit Scotland and the Scottish Funding Council is the Underlying Operating Position. The Underlying Operating Position deficit of £355k adjusts for the actual depreciation less deferred capital grants as well as for non-cash pension adjustments, Transformation Funding and any non-government capital grants, in line with Scottish Funding Council guidance.

**6.2.2** Iain Clark noted an issue raised by the auditors in their report to the ARC. During the course of the audit, the financial position of the College changed resulting from a late announcement from the Scottish Funding Council (SFC) and the college seeking clarification on the announcement that declared that Colleges who had not met their credit targets could use a 2% tolerance for missed credit targets for core plus deferred credits. This resulted in the College being able to release around £819k of a credit provision that was intended to be returned to SFC, into income. The impact has increased income but the reported adjusted operating position has remained as a deficit as at 31 July 2022. It was noted that this late guidance from SFC had also affected other Colleges being audited by Mazars.

**6.2.3** Iain Clark highlighted that NCL cash flow was likely to be the biggest issue in the immediate future. The accounts were positive with an almost breakeven position – a 0.41% deficit overall - which is a remarkable achievement in the circumstances. The Finance Committee made the same recommendation to the Board as the ARC concerning presentation and consideration of the annual accounts.

**6.3 Update Draft NCL accounts and Financial Statements:** The governance statement for the SLC accounts is still under discussion with the auditors as noted at Item 4.2.1 above. The Board has received the draft consolidated accounts and has the detailed information presented to the ARC and Finance Committees and those committees have considered the accounts in detail. A further meeting of the committees will be required to formally approve the consolidated accounts to the Board but Board Members are now familiar with the detail in the accounts.

**6.4 Update SLC Accounts and Financial Statements:** Alan Sherry confirmed that this had been coveredin the earlier discussions above.

**7. NCL Procurement Strategy**

***Decision: The Board agreed the recommendation from the Finance Committee and approved the Procurement Report, the Strategy and the Modern Slavery statement.***

**8. SLC Committee and Board Reports (FI)**

**8.1 SLC Committees Update**

**8.1** Alan Sherry highlighted the areas being discussed by the committees as follows:

* **H&R -** absence management, national menopause strategy, Code of Conduct for staff, pay settlements and job evaluation. Job Evaluation is behind schedule and there is a disconnect between the scores. This may be very difficult to resolve. Funding set aside by the SFC to support this, may be lost, if not spent by the 31st March 2023.
* **Curriculum –** there has been good progress re credit targets and SLC expects to make its targets without having to use the SFC 2% tolerances for credits agreed for this year. The Annual Engagement Exercise has been put back to March 2023.

**8.2 Board Update:** The SLC Board had noted that collaboration on regional aspects are progressing well between both Colleges. for example, Ann Baxter and Stella McManus have worked closely and effectively together on the Regional Outcome Agreement.

**9. Board Minutes**

**9.1 Minute of the Lanarkshire Board 3rd October 2022:** The minute of the meeting was approved.

**9.2 Matters Arising:** There were no matters arising.

**10. Chairs Report**

**10.1 Chair’s Overview:** Ronnie Smith observed that Colleges’ Scotland is trying to engage on the current financial position and there are meetings with the colleges to try to map a way forward. However, it is a sector that has a tradition of individualism and meaningful progress has been slow. Colleges’ Scotland are holding a series of meetings on a “Think the Unthinkable” theme but so far there are no obvious solutions emerging to address the present funding crisis. He reflected and agreed that the Lanarkshire regional dimension was working better as noted above at Item 8.2.

**11. Update from Employers’ Association:** Keith Fulton informed the Board that the update from the Employers Association is given in the RGP minute**.** There is a meeting scheduled for January 2023 to further consider the pay settlement. Elaine Turkington also referred to the job evaluation process and the difficulties of alignment of scores which are fundamental to progress. Keith Fulton commented on the impact that unfunded pay settlements would have on finances.

**12. Regional Outcome Agreement:** Ann Baxter highlighted the support and collaborative working she had had with SLC and commented that the document read like a regional document and not a collection of parts. A Chairs’ Statement was now included. Ronnie Smith commented that it is a very different document this year and congratulated those involved.

***Decision: The Board approved the ROA.***

**13. FFR and Lanarkshire college finances update**

**13.1** Iain Clark informed the Board that the flat cash settlement would clearly pressure college budgets. There is still a lack of clarity about future funds and there is no additional funding for pay awards. There has been no follow up to the FFR’s submitted by colleges from the SFC. The overall position in Scotland would appear to be that:

* 8 colleges will be in deficit in 21/22
* 13 expected to be in deficit in 22/23
* All colleges in 24/25

**13.2** This is the position from the FFR forms submitted to the SFC assumptions. The projections by the Finance Directors are much worse. He again highlighted the difficulty with cash flow. The SFC looks as if it is leaving the colleges to find solutions but this will take an intervention from the SFC as the college sector funders.

**14. Regional Risk Register**

**14.1** Matthew Smith presented the Risk Register to the Board. Meetings of the regional risk group have been aligned to keep the register updated. Matthew Smith is meeting the new Outcome Manager this week and there will be a discussion about credit targets. He will keep SLC in the loop.

**14.2** Keith McAllister said that the SLC internal auditors were happy with the sign off of the Governance Improvement Plan and the ongoing review through the ARC. Alan Sherry would ensure this would be reported to the Lanarkshire Board ARC.

**14.3** Matthew Smith said that the Business Plan element would have to be revisited and the next meeting of the regional group would be the 6th February 2023.

**15. Student Associations’ Reports**

**15.1 SLC Student Association Report:** Keith McAllister presented the SLC Student Association report highlighting the contents of the report to the Board. The paper was sent to Board members and is published with the Board papers.

**15.2 NCL Student Association Report:** Kellyann McGraith presented her report from the NCL Student Association highlighting a range of activities in the report. The paper was sent to the Board and is published with the Board papers.

**15.3** The Chair thanked the Student Presidents for their reports which, as ever, have given the Board a very good insight into student activities in the colleges.

**16. Principals’ College Update Reports**

**16.1 NCL Update:**

**16.1.1** Christopher Moore commented on the amount of charity work undertaken by the students helping children that won’t get Christmas gifts. Money had been donated to the Food Larder in Coatbridge. The store in Motherwell was selling items they had made and giving the money to charity. He was impressed by their generosity.

**16.1.2** There is a warm space initiative on all campuses for all students and is there for socialising and relaxing.

**16.1.3** The Education Scotland review is taking place Wednesday to Friday this week and there is preparation across the college with significant progress being made. Ann Baxter and Jennifer Lowe are leading and coordinating this work which involved staff across the College. He thanked all colleagues for their efforts. Elaine Turkington is leading work on safeguarding.

**16.1.4** Recruitment is a challenge and from the 9th of January there will be a recruitment drive in broadcast and social media led by the Brand Team. He commended the efforts being made including advertising in Queen Street station. There is also a portfolio of short courses developed in direct connection with the Health Board and key public sector partners.

**16.1.5** Christopher Moore informed the Board that the umbrella Lanarkshire Voluntary Organisation (VANL) have agreed to rent accommodation in NCL’s Coatbridge and Cumbernauld campuses. This is a very positive development and there will be great opportunities for students to work with VANL and its clients as a result.

**16.2 SLC Update**

**16.2.1 The Board was informed that:**

* SLC is on target for credits with 4,000 students enrolled.
* There is new branding and a new website
* In January there will be a recruitment media campaign with an open evening on the 8th January 2023
* SLC has an issue over cladding and this will need a further test in early spring and this is part of the estates’ strategy
* There are minor changes to the Curriculum but there will be a full review for August 24/25.
* A student services policy will be implemented in 23/24

**17. Approval of Publication of Papers from the Board:** The Board approved the publication of the following papers:

* The agenda
* The minute of the 3rd October 2023
* The Student Association Reports

The Procurement Papers and the ROA will be published on the NCL website.

**18. AOB:** There was discussion on the future of the student residences at the Motherwell Campus. While The top floor has become the Automotive Hub and there will be some medical students later in the year, It remains under-occupied. In the past it was used for ERASMUS students but BREXIT has closed down this activity. Therefore, the utilisation of the residencies will be kept under review and the Board updated in due course.

**19. Date of Next Meeting:** The scheduled date of the next meeting of the Lanarkshire Board is 5pm on the 20th March 2022.