

**South Lanarkshire College**  
**Finance and Resources Committee (Board of Management)**  
**Held on 14<sup>th</sup> February 2017**

**Present** J Gallacher  
S Dillett  
S McKillop

**In Attendance** Angus Allan  
Keith McAllister  
Angela Martin

**Apologies** Clare Gibb (Ms Gibb had forwarded a number of questions which had been responded to and copied to all members).

(See appendix 1)

**1. Declaration of Members' Interests**

Mr McKillop declared his membership of The Lanarkshire Board.  
Mr Dillett declared his interest as a member of the South Lanarkshire College Foundation, and as Managing Director of Land Engineering Ltd., who deal with the College.

**2. Minutes of the Previous Meeting**

The minutes of the meeting held on 14<sup>th</sup> November 2016 had previously been approved by the Board of Management.

**3. Finance Manager's Report**

The main purpose of this Report is to present the College's management forecast for the 12 months to July 2017 and the other finance-related issues.

**Management Forecast – 12 months to July 2017**

**Income**

The Management Forecast shows a projected surplus for the 12 months of £15K.

The Region has been awarded additional capital and maintenance funding and strategic funding to address the low level of activity rate re ESF funding.

The Principal stated that the capital maintenance fund was a one off payment to allow capital projects to be brought forward across the sector. There were strict parameters for spending of this funding and did not allow for areas such as IT, which would begin to raise concerns for the College if funding not available for updating.

Members asked if systems and hardware remained at an acceptable level. The Principal stated that his was the case but that in some cases laptops and PC were becoming outdated.

The Principal stated that the strategic funding of £221K granted for this year would also be allocated in 2018 as an uplift on the ESF rate. He then gave an explanation of the ESF funding up until August 2018 and the concerns across the sector of what would replace this stream of funding.

## **Payroll**

The results of the collective bargaining agreements have produced settlements above the Government's target of 1.0% for the public sector. For support staff, the increase in salary costs is approximately 2.2% and for lecturing staff, the figure is 1.4%. The situation has been exacerbated by the moving of the settlement date back from 1<sup>st</sup> August to 1<sup>st</sup> April. Assumptions made in the budget for the settlement at 1<sup>st</sup> April 2017 were per Scottish Government guidelines.

Members noted the figures and that the College was not in control of national bargaining. Mr Gallacher stated that an increase in payroll would have to be anticipated as the College delivery had been higher than initially forecast.

Mr Dillett asked what the recurring costs of the settlements meant in real terms to the College. Mr McAllister gave details and outlined the impact of the £450 + £100 one off flat rate increase awarded to support staff.

## **Non Salary Expenditure**

Members' attention was drawn to the increased cost of electricity. Mr McAllister explained that the College had come to the end of an extremely good contract and now awaited being included in the APUC framework agreement in April 2017.

Central Services costs are expected to be on budget for the period.

The College increased its Marketing spend in the last two years to promote awareness and attract additional students. This period's budget has been pared back and expenditure is expected to be on target, depending on the requirements for January start courses.

## **Balance Sheet – Year to 31<sup>st</sup> July 2017/Cashflow Forecast**

Members noted that the College, in line with others in the Sector, has challenges maintaining a positive bank balance, particularly at the Funding Council's own year-end date of 31<sup>st</sup> March. The Sector has approached the Funding Council asking for a solution and the Region and the College have made their own representations in this regard.

Discussion took place regarding the College going forward from the end of March 2017 to Government Banking and the implications on the College. Discussion would be ongoing with the Royal Bank of Scotland as to the level of provision.

## **Cashflow and Drawdown Returns for Scottish Funding Council – February 2017**

Mr McAllister asked members to note the content and layout of the return made to the Funding Council. Members acknowledged the document.

## **Regional Funding Allocation for 2016-17**

Mr McAllister stated this table detailed the income receivable via the Regional Outcome Agreement.

Members agreed that this was an extremely useful document.

## **Financial Strategy 2017-2020**

The Audit Scotland report on Scotland's Colleges called for all colleges to have a five-year financial strategy, backed up by a three or five-year financial plan. It was drawn to members' attention that the College must also take account of The Lanarkshire Region's strategic plans, in line with the Financial Memorandum.

Mr McAllister informed members that the document presented was in line with the template produced by Colleges' Development Network.

It is intended that the Finance Committee will receive the three or five-year financial plan, dependent on the members' request. Members agreed that it should be a five-year plan.

Discussion ensued with regard to the Committee's requirement that South Lanarkshire College maintained its own Financial Strategy and Plan. Members stressed that this must remain the case. The Principal stated that this would indeed be the case.

It was agreed that this document would be taken forward to the Board of Management.

## **Key Performance Indicators**

Mr McAllister drew members' attention to the schedule of Key Performance Indicators. He asked it be noted that the first set of tables covered the last four financial periods, and with these prepared on equivalent time periods in future, they will be more suitable for comparison.

Members noted the content and it was agreed that the detail should be given to the Committee but that a more visual format be produced for the Board. Mr McAllister agreed to take this forward.

## **Review of Colleges Policies and Procedures**

### **Anti-Bribery Policy**

Members noted the changes in this policy in line with the Code of Conduct for College Boards of Management. It was agreed that this go forward to the Board of Management.

Discussion took place regarding the recording of changes to policies and the process in place. The Principal stated that he would take this forward.

### **Procurement Update**

The College now has a dedicated Procurement Officer who has been seconded from Advanced Procurement for Universities and Colleges (APUC). The post holder reports to the Finance Manager and leads the College on meeting its legal responsibilities, on tendering and on

obtaining best value for money. She also liaises with her opposite number at New College Lanarkshire on bringing a Regional perspective to procurement.

Members examined the report. Discussion took place in regard to collaborative recent contracts. It was agreed that this information was excellent but that an extra column should be added showing when the contract would end.

It was agreed that the Finance and Resources Committee would be given the detail of all contracts and the Board of Management would receive detail on any contract in excess of £50K.

#### **4. Estates Report**

New Building

Members discussed the sustainability performance of the College. Mr Allan assured them that it was a good news story and even with the opening of the new build the campus overall had reduced its carbon footprint.

#### **5. Insurance**

Discussion took place on the implications of the College being involved in the Scottish Government's suggestion that FE colleges self-insure and the lack of resources in the College to support this. Members discussed the level of exposure that may result from claims and advised that the College do not go down the path of self-insurance.

#### **Recommendations**

It was recommended that the members of the Finance and Resources Committee –

- Review and approve the Management Forecast for the period to July 2017
- Review and approve the Financial Strategy document and propose its acceptance to the Board of Management
- Give consideration to the timespan that should be covered by the College's financial forecast at the next meeting
- Note the KPIs
- Review and approve the Anti-bribery Policy and recommend for approval to the Board of Management.
- Note the work being done on procurement.
- Note the Estates Report and the issues raised in the update document.

The members agreed the recommendations.

There being no further competent business the Chair closed the meeting by thanking everyone for their attendance.