

South Lanarkshire College
Finance and Resources Committee (Board of Management)
Held on 29th April 2019

Present Clare Gibb (Chair)
Tricia Donnelly
Yvonne Johnston
Stewart McKillop

In attendance Keith McAllister
Angus Allan
Angela Martin

Apologies Stuart Dillett

1. Declarations of Members' Interests

Mr McKillop declared his membership of The Lanarkshire Board.

2. Minutes of the Previous Meeting

The minutes of the meeting held on 11th February 2019 had previously been agreed by the Board of Management.

3. Matters Arising

Overdraft Facility – Mr McAllister informed members that the facility had been renewed for another year. Clarification was sought on the service charge attached and members agreed that the benefits of this being in place fully supported this cost.

Consolidated Accounts – Having noted that 2018/19 would see the second year of there being consolidated audited accounts, but no separate college accounts for New College Lanarkshire, Mr McAllister informed the Committee that SFC had asked for some disaggregation to be done to separate the NCL figures.

He also stated that Audit Scotland would be producing their annual review of sector financial statements in June and there may be comment there on the consolidation process. Discussion ensued on the agreed need and wish of the Finance and Resources Committee in particular, for the results of the College to be publicly available to stakeholders.

The Lanarkshire Region – The Principal updated members on the vacancies for both the Principal and Vice Principal at New College Lanarkshire. The advert for the replacement Chair of the Regional Strategic Body will be placed within the next few days and it was also hoped that there would be a new Chair of Audit at the Regional Strategic Body.

After some discussion in regard to the impact on South Lanarkshire College, Ms Gibb asked that this be reflected in the College's Risk Register. Mr McAllister confirmed that this would be.

4. Head of Finance Report

The main purpose of the report was to present the College's management forecast for the 12 months to July 2019 and the most recent submissions to the Funding Council. Also presented were the updated reports on Procurement and Estates.

Management Forecast – 12 months to July 2019

Mr McAllister drew members' attention to the commentary on the forecast highlighting the projected surplus for 12 months of £71K. He added that it should be noted that some movement in grants received from the Funding Council; these include an increase in activity with the College whereby it was receiving an additional 900 credits from New College Lanarkshire. Members also noted that the cost attached to delivering these additional credits were also reflected in salaries and, to some extent, academic consumables.

The Principal explained, that for the 900 credits, the College received 60% of the normal SFC value but stressed that next year the full funding would be received. Mr Allan added that this in-year agreement had been reached in support of the Region and would avoid the credits being lost by the Lanarkshire Region. Members noted and supported this move but sought assurance that, going forward, the College would receive full funding. The Principal stated that this would be the case.

Mr McAllister took members through the extended format of the Income and Expenditure schedule. Supplementary lines had been incorporated to highlight the additional strands of SFC income received in the year. In particular, there were several items in relation to the funding of National Collective Bargaining which required to be highlighted.

SFC had decided to withhold the element of grant which was to offset costs of the support staff job evaluation scheme, which was a component part of the collective bargaining arrangements and this would now be released to the colleges in 2019/20. This would obviously have a knock-on effect on the wages and salaries forecast. The job evaluation scheme for support staff was being introduced to harmonise salary levels and although this should be implemented as at September 2018, it would now not take effect until the next financial year. The SFC has withdrawn the income line temporarily from its own financial drawdown schedules and associated costs have been withdrawn from the College's Forecast.

Discussion then took place regarding the introduction of the Job Evaluation Scheme; members sought comfort on the impact this may have both financially and to staff morale as often all expectations were not met.

The Principal stated that the process was being supported by the Human Resources Manager and all staff were being fully briefed; no staff would be disadvantaged but, having been through such an exercise a number of years ago, the College is fully aware of the disappointment that can occur. He added that there was an expectation by the staff of a national pay scale across Scotland, but the practicalities of this, what with there being many thousands of jobs involved, may not be quite as straightforward as some may envisage. With regard to additional costs, Mr McAllister stated that an accrual had been added to the Accounts as the payments would be backdated until September 2018. Members enquired if other relevant Committees were fully aware of the process and the Principal stated that this was the case.

Mr McAllister stated that monies should be available to draw down as required but that members should be mindful that not all awards made via national negotiations are funded by SFC and that costs such as cost of living increases had to be funded by the College.

Members enquired about the Gender Pay Gap within the College and sought assurance on the level of part-time staffing. The Principal stated that the pay gap had gone from 19% to 13% and that part-time staff had the same level of entitlement as full-time across the College.

Members noted the slight increase in Alternative Funding income, taking it marginally ahead of budget. This is due to a higher than anticipated level of income from local authority courses that ended in March 2019. Mr McAllister highlighted that the College is currently awaiting results for tenders submitted re South Lanarkshire Council projects for the year from April 2019. No income had been incorporated into the 2018/19 forecast in relation to these projects.

Discussion then took place with regard to general maintenance and investment in equipment and IT. Members stressed the importance of the College continuing to ensure these areas were kept at an acceptable level to ensure the students were receiving the best possible experience.

The Principal stated that all Dilapidation Monies (a grant of £1,375k) had now been committed with tenders agreed through the College's APUC secondee with the larger projects being led by Gardiner Theobald.

Discussion took place regarding the process used to prioritise the areas for infrastructure spending. The Principal highlighted the use of the Operational Planning Process which allowed each Faculty/Department to present their key areas of need for the coming year. An update of priorities would be given at future Board meetings.

Members recommended the Management Forecast for the period to July 2019 to go forward to the Board of Management.

Mid-year Return to Scottish Funding Council 2018-19

(a copy had been distributed with the papers)

Mr McAllister stated that in previous years colleges had been required by the SFC to prepare a quarterly financial forecast as at January. This year the arrangement had been changed and the newly-designed Mid-year Return had been submitted at the end of March 2019. It showed a projected surplus for the year of £14K, much in line with the Forecast presented to the Committee in February 2019.

Members noted the Mid-year Return made to SFC and the surplus reported therein.

Grant in Aid 2018/19

(spreadsheet distributed with the papers)

Mr McAllister stated that the spreadsheet had been produced to give clear explanation for the auditors and thought it would also be useful for members. He then took members through the content.

Members noted the strands of Grant in Aid income receivable in the year and the in-year movements.

Grant in Aid 2019/20

Mr McKillop gave an update on the indicative Grant in Aid reported at this point.

Discussion then took place regarding the split and value of credits within the Region. Members stressed that, in order to safeguard the position of the College, there must be an auditable line in place from the Regional Strategic Body on both the split and the value of the credit.

5. Procurement Update

Members were in receipt of the quarterly procurement report. Ms Gibb had placed questions and received answers in advance of the meeting. The written response was tabled for information.

Mr McAllister highlighted the continued work with APUC and the obvious benefits to the College. Members noted the detail of the recent contracts and those listed for the next six to nine months. Ms Gibb noted that this information was extremely useful to the Committee.

Members praised the efforts and increase in collaborative working and the benefits achieved for the Region.

6. Estates Report – January to March 2019

Mr McAllister took members through the content of the report, highlighting the following –

Capital Projects and Backlog Maintenance – details of the areas being addressed were covered in the report and these works would continue into the summer works period.

Service Control – the high-level maintenance and repairs are contracted out to specialist businesses. Details of the items and the contractors are included in the report. Members welcomed the comparative RAG ratings for this period against the January report.

Discussion took place on the red RAG rating against CCTV provision. The provider had been informed of the red rating and that a minimum of amber was anticipated.

Clarification was given regarding the function of the CCTV system and the use throughout the campus. The Principal stated that since the fitting of three additional cameras recently, there were now no blind spots. Members enquired if a policy on CCTV was in place for the College ensuring that staff and students were fully aware of the use.

Members noted the content of the Estates Report.

7. Approval of Publication of Papers

The Committee approved the publication of all papers marked ‘for publishing’ by the reporting officers.

8. Any Other Competent Business

The Lanarkshire Region/New College Lanarkshire – the Principal stated that further to an email that had been sent to the Board and a subsequent notification to the Chairs of the Committees

by Andy Kerr, he felt it was essential that each Committee was fully briefed of the changes at New College Lanarkshire and the impact on the Region and, most pertinently, South Lanarkshire College.

Ms Gibb stated that, further to the email from the Chair, she sought clarification from both him and the Principal on the overall impact such a level of change may have on the organisational and reputational wellbeing of South Lanarkshire College.

Members were informed that the Chair, Principal and Depute Principal had been assured by both the Scottish Government and by the Scottish Funding Council in regard to the continued independence of the College.

Very positive messages had also been received in regard to the Governance, Management and achievement of the College.

The Principal added that the position of Chair for the RSB had now been advertised and that it was expected to be appointed prior to October 2019.

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