

South Lanarkshire College
Finance and Resources Committee (Board of Management)
Held on 11th February 2019

Present Andy Kerr (Chair)
 Clare Gibb
 Stuart Dillett
 Tricia Donnelly
 Stewart McKillop

In Attendance Keith McAllister
 Angus Allan
 Angela Martin

1. Welcome

Mr Kerr welcomed Ms Donnelly to her first meeting as a newly appointed member of the Board of Management. He added that he had asked Ms Donnelly to join the Finance and Resources Committee and that she had accepted.

Members noted that new members had gone through a formal induction session on 8th February 2019 and this had allowed new members to attend this round of committee meetings in advance of the full Board meeting in March.

2. Chair of the Finance and Resources Committee

Mr Kerr explained that he had chaired this Committee since Mr Gallacher retired in Summer 2018. Now that new appointments had been made, he asked that the Committee take time during the meeting to consider the appointment of Ms Gibb as the new Chair of Finance and Resources. He added that he had discussed this with Ms Gibb prior to the meeting and she would be happy to take up the challenge. The matter would be revisited at the end of this evening's meeting.

3. Declaration of Members' Interests

Mr McKillop and Mr Kerr declared their membership of The Lanarkshire Board.

4. The Minute of the Previous Meeting

The minutes of the meeting held on 5th November 2018 had previously been agreed by the Board of Management.

Discussion then took place in regard to the approval of minutes and the process in place. It was agreed that minutes would, if possible, be sent out to all members for approval prior to them being circulated as part of the full Board of Management pack.

5. Matters Arising

Income receivable from SFC re National Bargaining – as requested at the November meeting, a paper was tabled by Mr McAllister, for information, which split the SFC income receivable by

category in the current year regarding National Collective Bargaining. Discussion took place regarding the monies allocated and it was noted that the SFC had decided that some elements of the bargaining process would now not be delivered in the 2018/19 College financial year, and the applicable income due to be drawn down by the College in this regard would now be deferred until 2019/20. This would be reflected in the Management Forecast position presented later in the meeting.

Members noted the content of the paper and asked that the Board be kept fully abreast of the challenges surrounding National Bargaining faced by the College and the wider sector.

6. Finance Manager's Report

Mr McAllister stated that the main purpose of the Report was to present the College's management forecast for 12 months to July 2019 and the most recent submissions to the Funding Council. His report would also present updated information on Procurement and Estates and an update on the work to be undertaken in connection with the exit process from the EU.

Management Forecast – 12 months to July 2019

Mr McAllister highlighted that the Management Forecast shows a projected surplus for the 12 months of £14K. He added that it should be noted that there have been two additional grants receivable re core activity, resulting in additional income for the year amounting to £180K. £144K had come as a result of core income being transferred from New College Lanarkshire and £36K had come from SFC re ESF activity delivered in 2017/18. Costs of producing the former is also reflected in salary and, to some extent, academic consumables costs.

He added that the College had been informed that it would be receiving a further £82K to offset the costs of National Collective Bargaining largely due to increased staffing levels since the original costings had been carried out. Some colleges, it was noted, had lost expected income and it was noted that NCLAN will lose £496K.

In explaining the emphasis that is put on the 12-month forecast (Appendix 1B) rather than the position at month 6 (Appendix 1C), Mr McAllister stated that a large proportion of the College's income was predictable at the beginning of the year and allowed him to make a forecast up to the year-end which, it had been felt, was more useful in terms of management monitoring and planning than the half year snapshot. Members noted the detail.

The Principal commented on the £27K granted in relation to the Period Poverty Initiative, in which the College had been a forerunner. Members noted the returns required to be made by the College in relation to this additional funding and agreed that this was an excellent initiative.

As regards salaries, Mr McAllister asked that members note that employer's on-costs are running at approximately 1.1% above budget.

Mr McAllister added that the Committee should be aware that a proposal was in place to increase the lecturing pension scheme employer's contribution in April 2019. Members enquired what the impact would be; Mr McAllister responded that could be as high as 5% which would result in an additional cost to the College of around £300K per annum.

Members noted the Forecast for the year and the associated narrative.

Management Forecast –Balance Sheet as at January 2019.

Mr McAllister drew members' attention to the details of the document. Discussion ensued regarding the overdraft facility in place for the College. Although this had not been utilised in recent years, members felt it was a useful facility for the College to retain.

Members noted Appendix 1E.

Monthly Cashflow Forecast: December 2018/January 2019

Mr McAllister explained the purpose of this return which is made to the Funding Council on a monthly basis. Members were taken through the pertinent points and it was noted that management did not envisage being in overdraft during the year.

Members noted Appendix 1F.

7. Update on Grant-in-Aid Allocation 2018/19

The Principal stated that the College was now heading towards delivering 50,000 credits and gave the background to the College's continuous growth over the last ten years. He explained the situation re the additional credits that had been released by New College Lanarkshire and the agreed percentage income to SLC.

Members enquired if this percentage covered the costs and asked if there are any issues regarding staffing. The Principal explained that the credits were not attached to any particular course or subject and that, in order to gain the additional credits, the agreed income was acceptable and covered the marginal cost increases.

Discussion then took place in regard to demand and the best use of College accommodation.

8. Procurement Update

Mr McAllister stated that the College was continuing to make progress on the procurement process and procedure with the Procurement Strategy now complete and accessible via the College website. It is hoped that the Procurement Annual Report will be available by the end of February 2019. A Spend Analysis report was completed to identify the top 100 suppliers used by the College and to identify which of these are not contracted in order that the correct procurement process can be applied.

In addition to the member of staff from APUC already in place, the College has a part-time graduate secondment to assist in this particularly busy period. The Principal updated members on the work being done in allocating the dilapidation funding received by the College to appropriate projects and the required detail in regard to tendering.

The Principal explained the process attached to working within the APUC framework. Members were assured that all contractors had to adhere to exacting guidelines and tenders included provisos such as paying the living wage.

Members stated one of the main benefits was that it was in essence de-risking the procurement process.

Members studied the listings of current contracts included in the report and asked that detail of the efficiency savings continue to be presented to the Committee.

Members noted the report.

9. Estates Report

Mr McAllister drew members' attention to the detail of the report.

RAG Rating – College Performance Assessment

Members stated that although the report was showing only amber and green, it would be beneficial for the Committee to have commentary on 'the route to green' to give assurance in relation to those in amber and the possibility of slipping back to red.

It was agreed that the management team would consider this for the next meeting. This should also raise any possible reds that could be on the horizon.

10. Dilapidation Fund

Discussion took place regarding the use of these monies. The Principal explained how the decisions had been reached on the specific areas of spending, which were driven by a survey carried out previously in all colleges by the Scottish Government. The deadline for the allocation of the monies is set as 31st March 2019 but works can be carried out after this date as long as contracts have been legally agreed. Members were assured that an auditable route for all works would be in place.

Members noted the report.

11. EU Exit Checklist

Mr McAllister explained his involvement in the creation of this document through his secondment to the Scottish Government. This checklist was produced after consultation with representatives from the college sector with responsibility for EU Exit Planning within their institutions.

The document is to aid colleges in considering the impact the UK's exit from the EU will have on college finances, strategy and operations. Mr McAllister stated that he had already presented the document to two internal management meetings.

Discussion took place on the detail of the document. Members stressed the importance of the College being fully cognisant of the sensitivities for those staff and students who may be directly affected. The Principal stated that this process had already begun with consideration being given to what the College was able to do to assist in relation to the Citizenship Test and other areas.

Members noted the document and took assurance that the College was doing as much as possible prior to the outcome being announced. It was also agreed that the EU Exit Checklist would be taken to the Development Committee for consideration.

12. Consolidated Regional Accounts for 2017/18 and the associated report of the external auditors.

Mr McAllister explained the format of the accounts. This was the first year that New College Lanarkshire had not produced their own financial statements. Only consolidated accounts had been produced by New College Lanarkshire. Members noted that the narrative to the consolidated financial statements did not highlight separately the performance of the two colleges in detail, however it did detail that South Lanarkshire College had produced an operating surplus. It was noted that South Lanarkshire College's own performance statistics were contained in its own financial statements.

It was explained that the College was asked for comment on the narrative prior to the publishing of the Consolidated Accounts.

Members noted the documents.

13. Approval of Publication of Committee papers from this meeting

The Committee approved the publication of all papers marked 'For Publishing' by the reporting officers.

14. Any Other Competent Business

Appointment of Chair of Committee – members had taken time to consider Mr Kerr's proposal and it was agreed that the formal nomination of Ms Gibb as chairperson of the Committee would be taken forward to the full Board meeting in March 2019.

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