

Finance & General Purposes Committee

Minute of Meeting of the Finance & General Purposes Committee held on **Thursday 17 August at 9.30am** in the Barbour Suite, in the College.

Present: Morag McKelvie (Chair)
Angela Bell
Frank Gribben
Mhairi Harrington
Alex Linkston
Richard Lockhart
Moirra Niven

In attendance: Joanna Paterson - Secretary to the Board
Jennifer McLaren – Vice Principal, Finance & Curriculum Services
George Hotchkiss – Vice Principal, Curriculum & Planning
Simon Earp – Vice Principal, Curriculum & Enterprise
Derek O’Sullivan – Senior HR Business Partner
Stuart Thomson (observer)

17.25 Welcome/Apologies

The Chair welcomed everyone to the meeting, and in particular Stuart Thomson, HR Assistant, who was attending the meeting as an observer.

There were no apologies.

17.26 Declarations of interest

There were no declarations of interest.

17.27 Financial Issues Committee Briefing

The Committee had previously agreed that it would be useful to have an opportunity for a collective briefing session to supplement the individual training that was provided for new members.

Vice Principal, Finance & Curriculum Services introduced the briefing which covered ONS reclassification, budget and budget monitoring, annual accounts, funding methodology and the College loan.

In discussion members noted that one funding Credit was based on the equivalent of 40 hours of learning (rather than learning and teaching as was often assumed within the sector).

It was noted that there were challenges within the Simplified Funding Model used by the SFC, in particular if that Model was used as a proxy for funding other cost pressures such as salary costs arising from National Bargaining. It was agreed that it would be helpful to develop the lines of argument in this area, and to identify specific ways in which the Model might be disadvantaging the College.

It was agreed that the briefing provided a very useful overview and should be built into the induction for new members of the Committee.

17.28 Minute of Meeting of 15 June 2017

The Minute of the meeting of 15 June 2017 was approved as a correct record.

17.29 Matters Arising from Minute of Meeting of 15 June 2017

Members noted paper 2 detailing actions duly completed following the meeting of 15 June 2017.

There were no other matters arising that were not otherwise on the agenda.

17.30 Financial Progress

(i) Financial Forecast Return (FFR) 2017

Vice Principal, Finance & Curriculum Services introduced the Financial Forecast Return (FFR), required as part of the SFC's financial health monitoring framework. The forecast now covered a six rather than a three year period. The Committee noted the guidance on the key assumptions that were to be used in producing the forecasts.

In relation to staff costs the Committee noted that the assumptions were not fully in line with Scottish Government Public Sector Pay Policy which is 1% or £400 for employees earning below £22k whichever is the greater, and that the commentary should be revised to reflect that staff costs could be understated.

It was agreed that it would also be useful to include an indicative figure in the commentary for the additional employer pension contribution costs following a pension revaluation.

The Committee noted that the guidance assumed that additional grant for National Bargaining harmonisation costs would be phased out in 2020-21 and 2021-22, leading to forecast deficits of £471k and £800k respectively.

The Committee agreed that this should be clearly presented within the forecast and commentary, rather than attempting to artificially balance the budget with unrealistic reductions in operating expenditure.

It was recognised that new models of delivery would be developed both nationally and within the College ahead of this time frame, and that these new models would have an impact on costs going forward, but that it would not be credible to present the reductions in grant funding as something that be accommodated without significant negative impact.

Subject to these amendments the Committee agreed to recommend approval of the FFR to the Board.

It was noted that a draft needed to be submitted to the SFC on 18 August and agreed that the forecast and commentary should be revised on the basis of the discussion at this Committee and submitted to SFC as a draft, pending consideration and approval by the Board. A copy should also be sent to Committee members to assist in preparation for discussion at the September Board.

It was agreed that the draft FFR and commentary for the Board should be excluded from publication on the basis of substantial prejudice to commercial interests.

**Action 1: Vice Principal, Finance & Curriculum Services,
Board Secretary**

(ii) June 2017 Management Accounts

Vice Principal, Finance & Curriculum Services presented the Management Accounts for the three month period ended 30 June 2017 and a forecast for the year to end July 2017.

Variances as set out in the report were noted.

The Committee noted that based on the forecast surplus the Senior Team had approved £363k of additional spend, including £158K approved against Investment Fund bids put forward by Managers.

Members noted the positive impact and wide-ranging benefits of this level of investment. It was noted that the work of many different teams had contributed to the surplus, including achievements on part-time fee income and targets met by the Workforce Development and Commercial and Enterprise sections.

The Committee agreed to note the accounts.

(iii) Income Generation Report

Vice Principal, Curriculum and Enterprise presented the Income Generation Report for the quarter. It was agreed that this was a suitable level of detail in terms of both briefing the Committee and preserving commercial confidentiality. If more specific issues needed to be brought to the Committee's attention the report could be redacted or a separate, exempt from publication, paper prepared.

The Committee noted the programme of work in support of Foundation Apprenticeships and the induction programme for new students that was already underway. Members noted the update on workforce development and in particular the positive discussions with the NHS to develop greater partnership working.

The continuing high level of both activity and performance of the Children's Hearing Scotland Unit was noted. The College had submitted a response to the Prior Information Notice and Request for Supplier Information (RFI) as part of the re-tendering process and information on the next part of the process was now awaited.

Members commented that there may be opportunities to develop the Unit's delivery model for other parts of the public sector in Scotland, including other areas associated with tribunals.

The Committee agreed that this was a positive report and noted the various updates provided. It was agreed that their thanks should be passed on to the various teams involved.

(iv) Financial Regulations and Schedule of Financial Approvals

Vice Principal, Finance & Curriculum Services introduced a paper setting out proposed revisions to the Financial Regulations which had been updated to take into account changes in job titles and membership of the Senior Team, the move to the Scottish Government Banking Service, and the requirement to produce 5 year financial forecasts.

The Schedule of Financial Approvals had also been updated to allow Vice Principals to sign SDS contracts and introducing a new line for signing-off staff contracts.

It was agreed that the references to Vice Principal posts should be checked for consistency and updated if required.

The Committee agreed to recommend approval of the updated Financial Regulations and Schedule of Financial Approvals to the Audit Committee and the Board.

**Action 2: Vice Principal, Finance & Curriculum Services,
Board Secretary**

(v) Capital Update

Vice Principal, Finance & Curriculum Services introduced a paper providing an update on capital expenditure.

In relation to the College Efficiency Pathfinder Project (CEEP) the Committee noted that additional funding had been made available which was being used for additional secondary glazed windows. The costs of legal fees were also being met. It was noted that all works would be completed by the end of August 2017.

In relation to the Extension to the Visitors Car Park the Committee noted that the project had been completed on time and within budget. The College would make use of any of the old mono blocks that were reusable.

The Committee noted the final value of the projects funded from the Additional SFC Capital Maintenance Funding allocated during 2016-17.

The Committee also considered one additional item requesting approval of the award of the contract for the transportation of College students. Information on the tender exercise had been circulated by email to the Committee, advising that the proposed cost of the contract if carried out for 2 years and 2 one year extensions would be in excess of the £100,000 approval limit. It was noted that the contract would be funded from bursary funds.

The Committee agreed to approve the contract to Prentice Westwood Ltd at a total cost of £108,750.

(vi) Pre Audit Credit Report

Vice Principal, Curriculum and Planning introduced a paper setting out the Credit position as at 7 August 2017. The Committee noted that the target had been exceeded by 515 Credits and that this provided a level of comfort should Credits be disallowed following the year end audit..

The Committee agreed to note the report.

17.31 College Key Performance Indicators (KPIs) 2016-17

Vice Principal, Finance & Curriculum Services, introduced Paper 9 showing financial and non-financial performance indicators. Vice Principal, Curriculum and Planning, reported on the non-financial indicators.

In relation to the financial KPIs, it was noted that these reflected the management accounts.

It was noted that the learner KPIs now included national averages for comparison. Members noted that this was a headline comparison and did not take socio-demographic issues into account. It was noted that further checks would be undertaken to ensure that the College figures were reported on a like for like basis.

Members noted the intention to calculate the learner KPIs for 2016-17 at an earlier point in the year, albeit the figures might still be subject to adjustment pending checking and appeals.

The Committee agreed to note the report.

17.32 Organisational Well-being**(i) Human Resources Management Report**

The Senior HR Business Partner presented the report covering the period to end June 2017. Members commented that the format for the report was very helpful.

In relation to the figures for employee turnover, it was agreed that the presentation should distinguish between leavers and those who had come to the end of a short or fixed term contract. The Student Association President and Vice Presidents should not be included in the figures as this would have a distorting effect.

Action 3: Senior HR Business Partner

Members noted the current picture in relation to recruitment including applicant to vacancy ratios. It was noted that there were challenges recruiting for lecturers in some subject areas and that there may be a need to consider alternative ways to promote or describe the roles for individuals who were unlikely to identify themselves as lecturers.

(ii) Employers Association Update

Alex Linkston provided an update to the Committee on the work of the Employers Association and issues associated with national bargaining.

Agreement had been reached with Support Staff unions based on an increase of £425 and 44 days annual leave. Negotiations with the Lecturing side were still moving forward.

It was noted that September 2018 had been identified as the target date for new arrangements following job evaluation. Derek O'Sullivan was now a member of the job evaluation working group.

In relation to employment policies it was noted that colleges can make arrangements to update policies locally to reflect legislative changes. March 2018 had been agreed with the Unions as a target date for reviewing policies that are within the scope of National Bargaining.

It was noted that the Scottish Government was undertaking a review of arrangements for National Bargaining.

The Chair advised that he would be putting his name forward for election as Chair of the Employers Association. This had required an adjustment in College membership of the Association (now Alex Linkston and Mhairi Harrington). However, Sue Cook would also be able to attend meetings to ensure the College's interests were fully represented. Should he be successful in the election, reports from the Association would in future be given to this Committee and the Board by Mhairi Harrington and/or Sue Cook.

17.33 Quarterly Complaints Report

Vice Principal, Curriculum & Planning, presented the quarterly complaints report.

It was noted that some work was underway to clarify procedures and the quality and levels of service that students should expect which should assist with focusing complaints in relation to services delivered rather than disappointment or frustration at academic decisions or results.

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The Committee noted with concern that there had been a serious incident following a complaint relating to non-award of a College place. The incident had been dealt with swiftly and carefully and was now in the hands of the police.

The Committee agreed to note the report.

17.34 Any Other Business

There were no other items of business.

17.35 Review of Meeting, Supporting Papers & Development Plan

The Committee were content with the meeting, the information received and supporting papers presented. The Committee noted the updated Development Plan and agreed that the no further changes were required.

It was noted that a recommendation had been made to Scottish Ministers for a new Board member to fill the vacancy on the Committee and it was hoped that this would be confirmed soon.

The Committee had visited the 'Endurance' fitness facility before the start of the meeting, as part of the new programme of campus visits by Committees. Members commented that it was very useful to see first-hand the facilities available at the College and the benefits that flowed from investments made. The Chair thanked members of staff for organising the visit.

17.36 The next meeting was scheduled for 23 November at 9.30am. If possible this would be brought forward by a few days, with details to be confirmed.

Note: There were no matters discussed during the meeting, during which Members declared any conflict of interest, or the Secretary to the Board was aware from the Register of Interests that discussion could give rise to such a conflict.

Signed
Chair, Finance & General Purposes Committee

Date