

Finance & General Purposes Committee

Minute of Meeting of the Finance & General Purposes Committee held on **Monday 20 November 2017 at 9.30am** in the Barbour Suite, in the College.

Present: Morag McKelvie (Chair)
Angela Bell
Mhairi Harrington
Alex Linkston
Richard Lockhart
Moirá Niven
Claire Probert

In attendance: Sandra Callan – Minute taker
Sue Cook – Observer (items 17.37 – 17.41)
Jennifer McLaren – Vice Principal, Finance & Curriculum Services
Karine McNair – Secretary to the Board
Derek O’Sullivan – Senior HR Business Partner (item 17.44)

17.37 Welcome/Apologies

The Chair welcomed everyone to the meeting, and in particular Claire Probert (new Board Member), Karine McNair (new Secretary to the Board) and Sue Cook, Chair Learning & Teaching Committee, who was attending the meeting as an observer.

Apologies received from Frank Gribben.

17.38 Declarations of interest

There were no declarations of interest.

17.39 Minute of Meeting of 17 August 2017

The Minute of the meeting of 17 August 2017 was approved as a correct record.

17.40 Matters Arising from Minute of Meeting of 17 August 2017

Members noted paper 2 detailing actions duly completed following the meeting of 17 August 2017.

The Chair of the Board of Governors gave an update on the Financial Forecast Return (FFR) 2017 assumptions in relation to grant funding and the need to review credit band prices in the context of National Bargaining.

17.41 Financial Progress**(i) Annual Report & Financial Statements 2016-2017**

Vice Principal, Finance & Curriculum Services presented the annual financial statements for the financial year 2016-2017.

The Committee noted that there were several changes to the presentation of the accounts in line with the requirements of the Accounts Direction. In addition the impact of the interim valuation performed as at 31 July 2017 was incorporated into the financial statements. This had resulted in a revaluation gain of £2.2m and impairment loss of £1.9m, leading to a net revaluation gain of £300k in the financial statements.

Two new accounting policies had been added since the approval of the accounting policies in June:-

- Financial Instruments
- Judgements in applying accounting policies and key sources of estimation uncertainty

The two new accounting policies were approved by the Committee.

Vice Principal, Finance & Curriculum Services confirmed that the impairment loss of £1.9m was as a result of a desk based interim valuation and did not imply that the College was not maintaining its assets.

The Committee discussed the Holiday Pay Accrual. This was due to the timing of annual leave. All support staff would move to an annual leave period of 1 September to 31 August in 2019.

Members noted the challenges associated with the presentation requirements and the explanations that had been provided. The Committee expressed their appreciation to the Finance Team for the work that had gone into the preparation of the accounts.

The Committee agreed to recommend approval of the annual financial statements to the Audit Committee.

(ii) Reconciliation of Final Outturn for 2016-2017

Vice Principal, Finance & Curriculum Services presented the reconciliation of the final outturn for 2016-2017.

The operating result for the College for the twelve months to 31 July 2017 was a surplus of £647k which compared with a deficit of £472k forecast in the June 2017 Management accounts.

The main reasons for the variation were:-

- (i) Holiday Pay accruals being £133k better than forecast due to the holiday pay provision at the end of July being much lower than expected.
- (ii) The Lothian Pension Fund liability and early retirement provision actuarial revaluation resulted in a reduction in the liability of £1,050m.

The Committee also noted the excellent performance of the Commercial and Workforce Development Teams in relation to income generation which reduced the College's reliance on SFC funding.

The Committee agreed to note the papers.

(iii) Credit Claim 2016-2017

Vice Principal, Finance & Curriculum Services presented the certificate showing the College's Credit claim Income for academic year 2016-2017. The College delivered 1% above target.

The Committee noted the report.

(iv) October 2017 Management Accounts

Vice Principal, Finance & Curriculum Services presented the Management Accounts for the three month period ended 31 October 2017 and a forecast for the year to 31 July 2018.

Vice Principal, Finance & Curriculum Services highlighted key points from the Management Accounts and Variances as set out in the report were noted.

The Committee agreed to note the accounts.

(v) Income Generation Report

Vice Principal, Finance & Curriculum Services presented the Income Generation Report.

The Committee noted that in 2016-2017 commercial income had a very good year with total income of £3.8m against a target of £3.4m and with respect to KPIs, the £380,000 trading surplus helped deliver a percentage of income over direct costs of 35% against a budgeted target of 27%.

The Committee also noted that there were two new clients worthy of mention:-

Greggs who started the first of 26 Modern Apprenticeships (MAs) in September 2017 and Skills Development Scotland (SDS) who were undertaking assessor training for six of their staff.

Although the SDS contract was small, it was noted that the College was chosen to train SDS's assessment team, the very same team who actually assess College provision.

The Committee noted the excellent work taking place in the Commercial and Workforce Development Centres and agreed that the Vice Principal, Curriculum & Enterprise should be commended for producing the impressive and positive paper.

17.42 Capital Report on Infrastructure

Vice Principal, Finance & Curriculum Services, introduced Paper 8 showing West Lothian College's position with regards to the Cole Report Recommendations and the Cladding and Fire Risk.

Vice Principal, Finance & Curriculum Services advised the Committee that the College had no actions to take regarding the recommendations contained with the Cole Report.

The Committee noted the report and thanked Vice Principal, Finance & Curriculum Services for giving reassurances to the Board.

17.43 College Key Performance Indicators (KPIs) 2016-2017

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

With regards to the non-financial indicators, it was noted that good progress had been made in relation to three targets with Further Education Full Time (FE FT) requiring further improvement.

The Committee agreed to note the paper.

The Principal gave an update regarding an issue which the College had recently been made aware of and concerned the College's 2015-16 Performance Indicator (PI) for HE Full Time (HEFT) Successful Students.

The issue related to the coding of "success" for Higher National Students highlighted through a new process where the Scottish Funding Council match results from the FES database with the National Articulation database. This affected 27 students and the impact of removing these students from the College calculation would be to reduce the HEFT Success PI for 2015-16.

The Principal raised deep concern regarding the reputational damage this issue could cause and as no one from the SFC had made contact with the College's Senior Team regarding this issue, the College would be requesting a meeting with the SFC as soon as possible to seek clarification.

Action 1: Principal & Chief Executive**17.44 Organisational Well-being****(i) Human Resources Management Report**

The Senior HR Business Partner presented the report covering the period to end September 2017.

In relation to the figures for employee appointments, it was agreed that the Senior HR Business Partner would clarify the figures in the disability column.

Action 2: Senior HR Business Partner

The Committee noted the key points in the report.

(ii) Employers Association Update

The Chair of the Board of Governors 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 for 2017-2018. Negotiations with the Lecturing side were almost concluded.

Job evaluation for support staff still remained on target to be implemented September 2018.

17.45 Quarterly Complaints Report

Vice Principal, Finance & Curriculum Services, presented the quarterly complaints report.

The Committee agreed to note the report.

17.46 Any Other Business

A Student Association meeting would be held at 12 noon and all Committee members were welcome to attend.

17.47 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 no further changes were required.

17.48 Date of Next Meeting

The next meeting was scheduled for 22 February 2018 at 9.30am.

West Lothian College

22 February 2018

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