

**West Lothian College
Finance and General Purposes Committee
Thursday 25 February 2016 at 9.30 am**

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West Lothian College

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Finance & General Purposes Committee

Minute of Meeting of the Finance & General Purposes Committee held on **Thursday 19 November 2015 at 9.30am** in the Barbour Suite, in the College.

Present: Morag McKelvie – Chair
Angela Bell
Frank Gribben
Mhairi Harrington
Terry Lafferty
Alex Linkston

In attendance: Joanna Paterson - Secretary to the Board
Jennifer McLaren - Assistant Principal, Curriculum Support & Finance
George Hotchkiss – Assistant Principal, Curriculum & Innovation
Lindsay Seywright – Assistant Principal, Curriculum & Planning

15.39 Welcome/Apologies

The Chair welcomed all to the meeting. There were no apologies.

15.40 Declarations of interest

There were no declarations of interest.

15.41 Minute of Meeting of 20 August 2015

The Minute of the meeting of 20 August was approved as a correct record.

15.42 Matters Arising from Minute of Meeting of 20 August 2015

Members noted paper 2 detailing actions duly completed following the meeting of 20 August. There were no other matters arising.

15.43 Financial Progress

(i) Annual Report and Financial Statements

Assistant Principal, Curriculum Support & Finance presented the Annual Financial Statements for the sixteen month period ended July 2015.

The Committee discussed the impact of revaluation of assets, and the requirement to generate a surplus to cover depreciation.

It was recognised that this was a sector wide issue and one of the consequences of ONS reclassification.

There was discussion about the treatment of holiday pay accrual, and agreed that it would be useful to clarify this through a footnote in the notes to the accounts.

Action 1: Assistant Principal, Curriculum Support & Finance

The Committee discussed the reporting requirements of the remuneration report. The statements had been prepared based on published guidance, and reflecting the Board's commitment to transparency, including salary and pension disclosure for Chair, Principal, and Assistant Principals.

It was noted however that other Colleges were not following the guidance in this way. The Committee expressed concern that there was a risk of unfair exposure for the College, and individual members of staff, in disclosing in this way.

The Committee agreed that in the circumstances their clear preference would be to limit disclosure to the Chair and Principal, and to seek agreement from the external auditors for this approach. If this was not agreed, their explanation should be asked for in writing.

Action 2: Assistant Principal, Curriculum Support & Finance

It was noted that there was a risk of misinterpretation of the published salary figures since they covered a sixteen month period. It was agreed that the figures should be asterixed to point clearly to a footnote explaining the basis of the figures.

Action 3: Assistant Principal, Curriculum Support & Finance

It was agreed that it would be helpful to prepare lines to take in case of press query including a statement from the Acting Chair, prior to publication.

Action 4: Principal

The figure in relation to the median remuneration was queried and it was confirmed that this was based on Full Time Equivalents (FTEs).

The Committee agreed to recommend approval of the financial statements to the Board.

It was noted that changes in Statements of Recommended Practice (SORP) meant there would be significant changes in the presentation of the accounts next year. The external auditors had offered to organise a presentation and discussion on this in the spring.

It was agreed that all Board members should be invited to attend, if possible as an adjunct to the March Board meeting.

Action 5: Board Secretary

(ii) Reconciliation of Forecast Outturn

Assistant Principal, Curriculum Support & Finance presented the paper which reconciled the forecast position to the final accounts for 2014-15.

The Committee noted the report.

(iii) Management Accounts

Assistant Principal, Curriculum Support & Finance presented the October 2015 Management Accounts showing comparisons of actual with budget income and expenditure.

It was noted that it was still early in the financial year, and that further analysis was being done by the senior team to test assumptions in the budget and clarify if remedial action was needed.

The Committee noted the report.

(iv) Key Financial Performance Indicators (KPIs)

Assistant Principal, Curriculum Support & Finance presented the Key Financial Performance Indicators for the 16 month period ended 31 July 2015.

It was noted that there were some particular cash flow issues relating to the timing of ESF payments. This was a sector wide issue that was being discussed with the Funding Council.

There was some discussion of the ratio of current assets to current liabilities figure. This was not a meaningful figure to use to measure performance, given the particular issues for the College in relation to the treatment of the historic loan.

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It was also recognised with some concern that the negative I&E reserve had a distorting effect on the presentation of the College's financial position, which could negatively influence the perception of others including external stakeholders and partner agencies. It was not an accurate reflection of the stewardship of the College over the last ten years.

Although writing off the loan was the Board's preferred option in the long term, the Committee requested that consideration also be given to netting off the revaluation reserve against the negative I&E reserve.

It was agreed that it would be useful to have a discussion with the external auditors about the option of netting off the revaluation reserve at the March meeting of the Board.

It would also be helpful to look at the treatment of loans in any other colleges funded by the SFC, and the impact on their balance sheet.

Action 6: Assistant Principal, Curriculum Support & Finance**(v) Income Generation Report**

Assistant Principal, Curriculum and Innovation presented the report for the period September – October 2015, and highlighted further developments since the report had been circulated.

It was noted that partnership working with the NHS continued to go well, with the potential for a significant strategic opportunity in relation to the delivery of vocational training.

It was noted that figures for the contract with Skills Development Scotland (SDS) should be confirmed shortly.

The Committee noted the report, and the positive developments that were evident in many areas.

(vi) College Certificate (Credit Claim)

The Committee noted the College Certificate submitted on 26 October.

It was noted that SFC had requested a small adjustment to the funded target. The revised claim was now 53,997 WSUMs.

(vii) Living Wage

Assistant Principal, Curriculum Support & Finance presented a report on the estimated additional salary costs of the introduction of the National Living Wage, which is due to rise to a £9 hourly rate by 2020. It was noted that the additional costs would be in the region of £45k.

15.44 Financial Strategy

Assistant Principal, Curriculum Support & Finance presented the Financial Strategy for 2015-18. The strategy had been updated in the light of changes to the Regional Plan and Outcome Agreement, and to reflect decisions taken following ONS reclassification.

The Committee agreed to recommend approval of the Financial Strategy to the Board.

15.45 Estates Strategy

Assistant Principal, Curriculum Support & Finance presented the Estates Strategy which had been reviewed in the light of ONS reclassification and a refresh of the Regional Plan and Outcome Agreement.

It was noted that there might be possible savings to be achieved at the time when the boiler had to be replaced, perhaps through local heating systems (shared with other local developments). This would be explored through professional advice at the appropriate time.

The Committee agreed to recommend approval of the Estates Strategy to the Board.

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

Assistant Principal, Curriculum Support & Finance presented the report covering the period 1 July to 30 September 2015.

It was noted that the new HR professional was now in post. She had made an early presentation to the senior team, and there would be opportunities for her to present findings to the Committee and Board in the future.

It was noted that the arrangements for provision of occupational health services were currently being reviewed by the senior team.

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It was noted that there was some uncertainty as a result of the potential for industrial action in response to national pay negotiations. A settlement had been reached in the HE sector and it might be helpful to suggest Colleges Scotland find out about their experience.

Action 7: Principal**15.47 Quarterly Complaints Report**

Assistant Principal, Curriculum and Innovation presented the quarterly complaints report.

It was noted that although there were now good systems in place for feedback and dialogue for most programmes, this was less well-developed for evening classes, where students might also feel more isolated. This was an area of future focus, and was also an issue that the Students Association would be looking at.

15.48 Committee Self-Evaluation

The Board Secretary introduced Paper 14, which was to form the basis of a collective discussion as the self-evaluation of the Committee's performance. In order to ensure there was sufficient time for a substantial discussion on this item it was agreed to take this forward in two stages.

As a first step, Committee members would complete and return individual responses before the December Board meeting. There would then be a collective discussion, informed by those responses, at the February meeting of the Committee.

Action 8: Secretary to the Board**15.49 Any Other Business**

There were no other items of business.

15.50 Review of Meeting, Supporting Papers & Training Needs

The Committee were content with the meeting, the information received and supporting papers presented.

15.51 The next scheduled meeting would take place on 25 February 2016 at 9.30am.

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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