

**West Lothian College  
Finance & General Purposes Committee  
Thursday 10 September 2020 at 10.00 am**

<b>Agenda</b>	<b>Paper</b>
1 Welcome/Apologies	
2 Declarations of Interest	
3 Minute of Meeting of 11 June 2020 Minute of Extraordinary Meeting 22 July 2020	1a For Approval 1b For Approval
4 Matters Arising from Minute of Meeting of 11 June 2020	2 To Note
5 Financial Progress –  (i) June 2020 Management Accounts (ii) Business Development Report (iii) Pre Audit Credit Report (iv) Infrastructure Update (v) Infrastructure Presentation (vi) Financial Regulations and Schedule of Financial Approvals	3 For Information 4 For Information 5 To Note 6 To Note  7 For Approval
6 College Key Performance Indicators (KPIs) 2019-2020	8 To Discuss
7 Organisational Well-being  (i) Human Resources & People Development Report (ii) Employers Association Update	9 To Discuss  Verbal
8 Complaints Report	10 For Information
9 Any Other Business	
10 Self-Evaluation of Committee	11 To Discuss
11 Date of Next Meeting: Thursday 19 November 2020	

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### Finance and General Purposes Committee

Minute of Meeting of the Finance & General Purposes Committee held on  
**Thursday 11 June at 10am** via zoom

Present:                   Moira Niven (Chair)  
                              Jackie Galbraith (Principal & Chief Executive)  
                              Frank Gribben  
                              Lynne Hollis  
                              Alex Linkston  
                              Sue Stahly

In attendance:         Jennifer McLaren (Vice Principal, Finance & Curriculum  
                              Services)  
                              Simon Earp (Vice Principal, Curriculum & Enterprise)  
                              Danny Duffy (Finance Manager)  
                              Derek O’Sullivan – (Senior HR Business Partner)  
                              Sandra Callan – note taker

#### **1 Welcome/Apologies**

The Chair welcomed all to the meeting. A special welcome was extended to Sue Stahly and Danny Duffy who were attending their first F&GP meeting.

Noted that Julia Simpson was unable to attend the meeting due to being furloughed.

#### **2 Declarations of interest**

There were no declarations of interest.

#### **3 Minutes of Meeting of 27 February 2020**

The Minutes of the meeting of 27 February 2020 were approved as a correct record of the meeting.

#### **4 Matters Arising from Minutes of Meeting of 27 February 2020**

Action 1 was noted as being in progress. The Principal gave an update and said she had met with Fiona Hyslop MSP and had made her aware of the issue the college faced regarding ITAs.

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It was also confirmed that HR Department had prepared some guidelines in relation to Special Leave Policy for the College Leadership Team.

**5 Financial Progress****(i) Annual Budget 2020-21**

Vice Principal, Finance & Curriculum Services advised that there would normally be a budget presented for approval but due to the uncertainties as a result of Covid19 a short presentation would be provided on progress to date. It was noted that:-

Grant-in-Aid - there had been a slight dip in ESF credits from 773 to 707 resulting in a reduction in funding (£196,048 reduced to £193,387). Total credits for 2020-21 were 44,353.

Further work was required to achieve the target surplus of £158k. There were particular risks associated with SDS and other income as a result of Covid19. A number of work streams were progressing with the College Leadership Team to produce a robust balanced budget.

The Committee informed management that a balanced budget should be produced for 2020-21 which would be considered at an extraordinary meeting of the Committee in July 2020. The Committee asked that the key assumptions and risks be highlighted to the Committee.

**Financial Forecast Return (FFR) 2020**

The Principal confirmed that the college's financial forecasts had been shared with all staff.

The Committee confirmed that their aspirations were to continue to grow to meet unmet demand.

SFC assumption in relation to core credits is no change over the planning period. As the college continues to exceed its target the Principal agreed to ask to meet with Karen Watt (SFC Chief Executive) to discuss credit growth and taking a loan break to strengthen the college's cash position.

**Action 1: Principal**

Vice Principal, Finance & Curriculum Services to clarify assumptions to be used with SFC.

The FFR for 2020 would be considered by the Committee at the meeting scheduled for July 2020.

**Action 2: Vice Principal Finance & Curriculum Services**

**(ii) April 2020 Management Accounts**

Vice Principal, Finance & Curriculum Services, presented paper 4 and gave explanations where necessary.

It was noted that staff costs were £478k worse than budget and were forecast to outturn £666k worse by the year end. This was mainly due to the cost of replacing lecturers throughout the year who were on long-term sick leave.

The college had submitted claims under the HMRC furlough claim scheme. These claims had not yet been approved.

IT spend was approved to purchase IT equipment to support staff and students to work from home.

There would now be additional costs due to the college purchasing PPE for staff and students returning to the campus. The total cost was still to be determined.

The second Cyber Lab, accessible toilets and the refurbishment works to the construction and engineering workshops had been postponed due to Covid19 but would take place in 2020-21.

The Committee noted the management accounts and thanked the Finance Team for their work.

**(iii) Accounting Policies**

Vice Principal, Finance & Curriculum Services presented paper 5. There had been no changes to the Accounting Policies from 2018-19.

The Committee approved the Accounting Policies.

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**6 Organisational Well-being****(i) Human Resources Report**

The Senior HR Business Partner presented the report covering the quarter to 1 January 2020 – 31 March 2020 and gave explanations where necessary.

The total absence percentage for this period was 6.77% which was an increase of 1.5% compared to last year's figure of 5.27% for the same period. This was due primarily to high levels of long term sickness absence amongst lecturers. The full year absence figure was 6.21% which was an increase of 1.73% compared to last year, again due to an increase and high levels of long term sickness absence. There had been only a slight increase in short term sickness absence. It was noted that this had been an exceptional year for long term sick absence.

The Committee discussed the EIS dispute on the pilot Instructor role introduced in August 2019. Earlier in the year this dispute had moved to Stage 3 in the process. However, it had not been possible to progress with ACAS due to Covid19. The Committee was informed that the evaluation of the role demonstrated that it was working well and agreed that the Instructor role should be made permanent.

The new HR/Payroll information system (iTrent) had gone live in April 2020.

The employee turnover for this period was discussed. Although there had been an increase on the turnover from the same period last year, the HR Manager confirmed that there was no cause for concern. It was agreed that the HR Manager would expand the report to show reasons for staff turnover.

**Action 3: HR Manager**

The Committee thanked the HR Manager for producing the detailed HR report.

**(ii) Employers Association Update**

The Chair of the Board gave a verbal update.

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### 7 Complaints Report

Vice Principal, Curriculum & Enterprise presented paper 7 covering the period from 1 February 2020 to 31 May 2020.

Noted that 14 complaints had been raised compared to nine during the same period last year. One complaint was on hold and one complaint was ongoing. Of the 12 complaints closed, six were upheld and six were not upheld. All 12 complaints were resolved within the agreed deadlines.

Vice Principal, Curriculum & Enterprise confirmed that the Complaints report had been adjusted and compliments were no longer included to avoid duplication as the Principal included compliments in her weekly updates.

The Committee noted the report.

### 8 Committee Remit Review

Vice Principal, Finance & Curriculum Services presented paper 8.

The Committee members were content with the paper and recommended the revised remit to the Board of Governors for approval.

#### **Action 4: Vice Principal, Finance & Curriculum Services**

### 9 Any Other Business

No other matters of business were raised.

### 10 Self-Evaluation of Committee

The Committee agreed to defer the self-evaluation. Vice Principal, Finance & Curriculum Services agreed to forward the template for Committee members to complete and return to her by the end of August 2020. The responses would be collated in order to present at the September meeting.

#### **Action 5: Vice Principal, Finance & Curriculum Services**

### 11 Date of Next Meeting

Date of Extraordinary Meeting to be confirmed

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The next scheduled meeting was 10 September 2020 at 9.30am.

**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 .....

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### Finance and General Purposes Committee Extraordinary Meeting

Minute of Meeting of the Finance & General Purposes Committee  
**Extraordinary** meeting held on **Wednesday 22 July 2020 at 10am** via zoom

Present:                   Moira Niven (Chair)  
                              Jackie Galbraith (Principal & Chief Executive)  
                              Frank Gribben  
                              Alex Linkston  
                              Julia Simpson  
                              Sue Stahly

In attendance:         Jennifer McLaren (Vice Principal, Finance & Curriculum Services)  
                              Simon Earp (Vice Principal, Curriculum & Enterprise)  
                              Danny Duffy (Finance Manager)  
                              Sandra Callan – note taker

#### 1 Welcome/Apologies

The Chair welcomed all to the extraordinary meeting of Finance & General Purposes Committee.

Apologies received from Lynne Hollis.

The purpose of the meeting was for committee members to recommend approval of the 2020-21 Budget and the Financial Forecast Return (FFR) 2020 to the Board of Governors.

#### 2 Annual Budget 2020-21

Vice Principal, Finance & Curriculum Services, presented the annual budget for 2020-21 noting that it was a balanced budget. It was acknowledged that there had been challenges in setting the budget due to the impact of Covid19.

Committee members asked about some of the assumptions made in the Annual Budget in relation to the Foundation Apprenticeship contract from Skills Development Scotland, furlough income and commercial income. The committee was satisfied with the responses received.

A short discussion on the Scottish Government's £10 million for estates development (for universities and colleges) took place and the Principal

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confirmed that a formula would be used by SFC to distribute these monies to colleges.

Vice Principal, Finance & Curriculum Services confirmed that the college's SFC loan repayment was for the PFI buyout and is a capital loan which is deducted from the estates maintenance grant.

The committee recommended approval of the 2020-21 annual budget to the Board of Governors.

### **Action 1**

The committee thanked all concerned for their hard work in producing a balanced budget.

### **3 Financial Forecast Return (FFR) 2020**

The Vice Principal for Finance and Curriculum Services presented the FFR for the period to 2022-23 and apologised for the error in the previous version of the FFR that was issued earlier in the week. The error occurred within the estates line. In 2020-21 the value of the estates grant doubles as the college is carrying forward the 2019-20 allocation. As this is for one year only the estates grant was reduced in 2021-22. However, the corresponding costs of expenditure were not removed which meant that the deficit was overstated. Members were reassured with the explanation provided.

As a result of making this correction the savings required to balance the budget are £166k in 2021-22 and £126k in 2022-23.

To achieve savings in these two years the college is reviewing its curriculum delivery model with a focus on integration of units and online delivery. There will also be a continued introduction of different roles within the college.

Committee members asked about some of the assumptions made in the FFR in relation to the Foundation and Modern Apprenticeship contracts from Skills Development Scotland and commercial income. The committee was satisfied with the responses received.

The Vice Principal, Finance & Curriculum Services confirmed that the estate was due to be revalued in 2019-20 and if the assets decreased in value there could be a potential impact on the SOCIE. However this was outwith the control of the college and there would be no impact on the cash position.

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The committee was content to recommend approval of the FFR to the Board of Governors.

## Action 2

The committee thanked all concerned for their hard work in producing the FFR.

## 4 AOB

No other business discussed.

Signed .....  
Chair, Finance & General Purposes Committee

Date .....

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### Finance and General Purposes Committee

Matters Arising / Action update from the Finance & General Purposes Committee of 11 June 2020.

#### **Action 1: Principal**

##### **Financial Progress (ii) Annual Budget 2020-21**

As the college continues to exceed its target the Principal agreed to ask to meet with Karen Watt (SFC Chief Executive) to discuss credit growth and taking a loan break to strengthen the college's cash position.

*Duly completed*

#### **Action 2: Vice Principal Finance & Curriculum Services**

##### **Financial Progress (ii) Annual Budget 2020-21**

Vice Principal, Finance & Curriculum Services to clarify assumptions to be used with SFC.

*Duly completed*

#### **Action 3: HR Manager**

##### **Human Resources Report**

It was agreed that the HR Manager would expand the report to show reasons for staff turnover.

*Duly completed*

#### **Action 4: Vice Principal, Finance & Curriculum Services**

##### **Committee Remit Review**

The Committee members were content with the paper and recommended the revised remit to the Board of Governors for approval.

*Duly completed*

#### **Action 5: Vice Principal, Finance & Curriculum Services**

##### **Self Evaluation of the Committee**

The Committee agreed to defer the self-evaluation. Vice Principal, Finance & Curriculum Services agreed to forward the template for Committee members to complete and return to her by the end of August 2020. The responses would be collated in order to present at the September meeting.

*Duly completed*

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**Finance and General Purposes Committee****JUNE 2020 MANAGEMENT ACCOUNTS****Introduction**

The June 2020 Management Accounts show comparisons of actual with budget income and expenditure for the eleven-month period ended 30 June 2020, and a forecast for the year to 31 July 2020.

**Financial Results**

The net trading position at 30 June 2020 is:

	<b>Actual £'000</b>	<b>Budget £'000</b>	<b>Variance £'000</b>
Income	15,844	15,939	-95
Expenditure	15,189	15,490	+302
Trading Surplus/(Deficit)	655	449	+207
Net I&E Transfer Surplus/(Deficit)	668	403	+265
Net I&E Transfer % of Income	4.2%	2.5%	+1.7%

The forecast outturn for the year to 31 July 2020 is:

	<b>Forecast £'000</b>	<b>Budget £'000</b>	<b>Variance £'000</b>
Income	17,475	17,330	+145
Expenditure	17,149	16,918	-231
Trading Surplus /(Deficit)	326	412	-86
Net I&E Transfer Surplus/(Deficit)	14	158	-144
Net I&E Transfer % of Income	0.1%	0.9%	-0.8%

The most significant variances are detailed below:

<b>Analysis of Income Variances</b>	<b>To Date £'000</b>	<b>Forecast £'000</b>
Grant in Aid	-	112
Fees	(175)	(181)
Skills Development Scotland (SDS) Contracts	75	92
Income Generation	39	-
European Funds	-	40
Other income	(144)	242
Other Scottish Funding Council (SFC) funding	111	(160)
	(94)	145

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Analysis of Expenditure Variances	To Date £'000	Forecast £'000
Salary costs	(420)	(451)
Teaching Centres supplies	107	102
Teaching Support supplies	51	35
Administration supplies	226	(59)
Commercial & Enterprise supplies	68	47
Other Activity supplies	(85)	(97)
Estates & Catering supplies	24	137
Other Payroll Costs	330	55
	302	(231)

**Comment on Specific Variances:**

Teaching Centres	To Date £'000	Forecast £'000
	-486	-406
<b>Areas of Concern</b>	Lecturers sick absence costs	

Full-time HE fees are £27k lower than budget, part-time FE fees £24k higher and part-time HE fees £27k higher. The part-time FE variance includes a £27k surplus on CITB fees due to new contract arrangements. Napier and QMU articulation fees are expected to outturn £63k below budget due to there being 16 less associate students than planned. Overall fees are expected to outturn £33k below target.

Staff costs are £544k worse than budget and are forecast to outturn £587k worse by the year-end. This is mainly due to the cost of replacing lecturers who are on long-term sick leave. However other reasons for the overspend includes servicing of the FWDF contact, staff re-joining the pension scheme and increased employer contributions to pensions.

Supplies budgets are currently £107k underspent but these are expected to be £102k under target by the year-end due to the coronavirus shutdown

Teaching Support	To Date £'000	Forecast £'000
	+90	+60
<b>Areas of Concern</b>	None	

SFC have awarded the college £83k in funding for counsellors as part of the Scottish Government initiative on mental health but it is expected only £43k of this will be spent on providing these services to end of July.

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Some additional costs have been incurred from projects approved through the new Learning and Teaching Innovation fund.

<b>Administration</b>		To Date	Forecast
		£'000	£'000
		+245	+337
<b>Areas of Concern</b>	HMRC Furlough Claim ICT Spend		

The college is submitting claims under the HMRC Furlough claim scheme, which are expected to return £380k of additional monies to support staff who are currently on Furlough. These claims have not yet been approved and if they were to be rejected this would have a significant impact on the forecast outturn for the year.

ICT budget has £215k still to spend which includes allocation of an additional £53k from other budgets. The under spend and additional funding is to be used to purchase IT equipment which will support staff and students to work from home next academic year.

<b>Commercial &amp; Enterprise</b>		To Date	Forecast
		£'000	£'000
		+191	+158
<b>Areas of Concern</b>	Short Course fees Workforce contract income SDS contract income FWDF grant		

The current deficit in fees relates to commercial short courses but as a result of the coronavirus restrictions it is expected that workforce contract income will also not meet target. The shortfall in each is expected to be £61k and £96k respectively.

The forecast for SDS contract income is for this to outturn £92k above target comprising £34k for MA's and £1k for FA's. According to scheduled milestones the FA income should be considerably higher but the forecast has been reduced by £126k in view of the coronavirus restrictions, however this has been partially offset with additional SDS MA income of £45k and an additional SDS Grant of £12k. SDS salaries are expected to outturn £47k less than budget due to the non-recruitment of an assessor post.

The college was allocated £329k FWDF funding for AY 2019-20 and the budget is based on this with £139k of associated salary costs. However some of the

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lecturing costs are being absorbed within general teaching centre budgets and an administrator post has been appointed late and at a lower FTE than planned so the forecast for FWDF salaries has been reduced by £79k. There is also a concern that some of the grant may need to be deferred until next academic year depending on how much activity will need to be rescheduled.

<b>Other Activities</b>		To Date £'000	Forecast £'000
		-67	-45
<b>Areas of Concern</b>	Erasmus re-imburement Platinum salaries		

The fourth iteration of the Improving Skills through International Learning Exchanges Erasmus project was approved in July 2019. This is a two year project providing eight groups of college students each year with overseas work experience opportunities. As a result of the coronavirus shutdown the activities planned for this academic year have been cancelled. However flight and accommodation costs have been incurred for most of these projects and the forecast recognises these costs. The Director of Commercial and Enterprise has been advised that these costs will be reimbursed by the college insurers and if not them by the UK managing agent therefore the forecast has included an equal level of income.

Platinum salon salaries are expected to outturn £14k over budget as a result of staff sickness.

<b>Estates</b>		To Date £'000	Forecast £'000
		-96	-245
<b>Areas of Concern</b>	Refectory income Estates salaries		

Refectory takings are £145k below target although they were in line with last year's takings prior to the closure. An additional income target was set this year but this will not be achieved due to the impact of the coronavirus shutdown. The shortfall in refectory income for the year is expected to be £146k which breaks down £47k additional target, £99k lost sales. Some savings are being made on salaries and other costs which provide some offset to the reduction in income.

The budget assumed that £70k would be retained from the 2019-20 FY estates grant allocation for use before March 2020 but due to an underspend on eligible costs last year an additional £32k became available.

Due to Coronavirus Lockdown the works on T1/T2 refurbishment and other planned expenditure are not expected to be started until the new academic

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year. As a result none of the FY 2020/21 estates grant will be released this year. It will instead be carried forward to the new academic year.

Additional staffing costs are being incurred by Estates which relates to overtime and shift allowance payments.

<b>Other Payroll Costs</b>	To Date £'000	Forecast £'000
	+330	+55
<b>Areas of Concern</b>	None	

The budget in this category mainly represents the expected cost of the job evaluation exercise being carried out for support staff and middle management in the sector. The forecast is based on an estimate issued by SFC.

<b>Restructuring</b>	To Date £'000	Forecast £'000
	-18	-138
<b>Areas of Concern</b>	Voluntary severance scheme for managers	

The college has introduced a voluntary severance scheme for managers who will be affected by the planned management restructure. It is expected this scheme will cost £120k which will be wholly funded by the college.

<b>Deferred Grant and Depreciation</b>	To Date £'000	Forecast £'000
	+72	+80
<b>Areas of Concern</b>	None	

The last year-end audit identified that there had been an under-release of deferred grant on a number of non-revalued assets over the previous two years. This is being corrected this year and will result in an additional release of £80k above budget.

<b>Student Funds</b>	To Date £'000	Forecast £'000
	+0	+0
<b>Areas of Concern</b>	FY limit on funds from SFC	

The college was allocated an initial allocation of £3.6M in student funds for academic year 2019-20 (excludes EMA). However as a result of implementing the Scottish Government policy changes to funding for care experienced students, and students aged 18 or 19, the college made a request for £553k of additional funding through the In Year Redistribution exercise. This was paid to the college at the end of March 2020.

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As in previous years the college was forecasting that it will pay out more in SFC student support by the end of March than it has received. The February forecast, even with the additional £553k above, was that the shortfall at end of March will be £148k. This was due to both the funding changes above but also to a fiscal year limit on how much funding can be drawn down between August and March. However in view of the coronavirus emergency SFC offered the sector an increase in the payments due in March and as a result the college has received an additional £350k advance funding which covered the expected shortfall.

<b>Investment Funds</b>		To Date £'000	Forecast £'000
		-1	-1
<b>Areas of Concern</b>	None		

Due to the tight budget this year the college made no provision for any Investment spend. The £1k spend relates to a late charge in respect of previous year.

<b>Pension Funds</b>		To Date £'000	Forecast £'000
		+0	-595
<b>Areas of Concern</b>	None		

Pension figures in the accounts forecast are based on the forecast in the actuarial report for the July 2019 accounts.

**Balance Sheet, Cash Flow and Capital Expenditure**

The Balance Sheet and Cash Flow forecast as at 30 June 2020 are appended. Net current assets are currently £438k negative and are expected to outturn £1,020k negative at the year-end. The year-end cash balance has taken account of the forecast deficit and the SFC loan repayment. It also includes £200k of advance ESF monies received in respect of the Improving Skills project and also assumes receipt of the £380k HMRC Furlough monies and payment to West Lothian Council of £344k in relation to a payroll error in April as the council transitioned to a new payroll system.

**Jennifer McLaren**

Vice Principal, Finance &amp; Corporate Services

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WEST LOTHIAN COLLEGE  
MANAGEMENT ACCOUNTS  
JUNE 2020

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	2019/20 BUDGET £'000	As at 30 JUNE 2020			Forecast to 31 July 2020		
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	BUDGET £'000	VARIANCE £'000
<b>SUMMARY</b>							
<b>INCOME</b>							
GRANT IN AID	11,659	10,687	10,687		11,771	11,659	+112
FEES	2,647	2,410	2,585	-175	2,466	2,647	-181
SDS CONTRACTS	655	711	636	+75	747	655	+92
INCOME GENERATION	1,121	1,089	1,050	+39	1,121	1,121	
EUROPEAN FUNDS	13	13	13	-0	53	13	+40
OTHER INCOME	574	425	568	-144	816	574	+242
OTHER SFC FUNDING	661	510	399	+111	501	661	-160
<b>TOTAL INCOME</b>	<b>17,330</b>	<b>15,844</b>	<b>15,939</b>	<b>-95</b>	<b>17,475</b>	<b>17,330</b>	<b>+145</b>
<b>EXPENDITURE</b>							
<b>SALARIES</b>							
Teaching Centres	6,369	6,376	5,831	-544	6,956	6,369	-587
Teaching Support	1,078	1,015	987	-27	1,111	1,078	-33
Administration	1,754	1,579	1,604	+25	1,739	1,754	+15
Commercial & Enterprise	2,593	2,221	2,372	+151	2,417	2,593	+176
Other Activities	109	116	99	-17	124	109	-15
Estates	890	822	814	-8	897	890	-7
	12,793	12,129	11,708	-420	13,244	12,793	-451
<b>SUPPLIES &amp; SERVICES</b>							
Teaching Centres	399	284	391	+107	297	399	+102
Teaching Support	274	215	266	+51	239	274	+35
Administration	1,442	1,164	1,390	+226	1,501	1,442	-59
Commercial & Enterprise	595	514	582	+68	548	595	+47
Other Activities	34	118	33	-85	131	34	-97
Estates	1,020	764	789	+24	883	1,020	+137
	3,764	3,059	3,451	+392	3,599	3,764	+165
OTHER PAYROLL COSTS	361	1	331	+330	306	361	+55
<b>TOTAL EXPENDITURE</b>	<b>16,918</b>	<b>15,189</b>	<b>15,490</b>	<b>+302</b>	<b>17,149</b>	<b>16,918</b>	<b>-231</b>
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>412</b>	<b>655</b>	<b>449</b>	<b>+207</b>	<b>326</b>	<b>412</b>	<b>-86</b>
<b>RESTRUCTURING</b>							
Voluntary Severance / Redundancy		-18		-18	-138		-138
Pension Transfers							
Apprenticeship Levy	-35	-29	-32	+3	-35	-35	
Holiday Pay Accrual							
	-35	-47	-32	-15	-173	-35	-138
<b>INTEREST</b>							
Interest receivable	2	1	1		2	2	-1
Interest Payable							
	2	1	1		2	2	-1
<b>DEFERRED GRANT &amp; DEPRECIATION</b>							
Release of Deferred Grant	457	490	419	+71	535	457	+78
Depreciation	-771	-705	-706	+1	-769	-771	+2
	-314	-215	-287	+72	-234	-314	+80
<b>STUDENT FUNDS</b>							
Student Funds Income	4,103	4,504	4,103	+401	4,473	4,103	+370
Student Funds Expenditure	-4,103	-4,504	-4,103	-401	-4,473	-4,103	-370
<b>INVESTMENT FUNDS</b>							
College Spend		-1		-1	-1		-1
Transfer to ALF							
		-1		-1	-1		-1
<b>COLLEGE SURPLUS/(DEFICIT)</b>	<b>65</b>	<b>394</b>	<b>131</b>	<b>+263</b>	<b>-80</b>	<b>65</b>	<b>-145</b>
<b>PENSION</b>							
FRS17 LPF	-732				-1,327	-732	-595
Early Retirement provision	-204				-204	-204	
	-936				-1,531	-936	-595
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>-871</b>	<b>394</b>	<b>131</b>	<b>+263</b>	<b>-1,611</b>	<b>-871</b>	<b>-740</b>
Transfer (To) / From Pension Reserve	732				1,327	732	+595
Transfer (To) / From Revaluation Reserve	297	274	272	+2	298	297	+1
<b>NET TRANSFER TO I&amp;E RESERVE</b>	<b>158</b>	<b>668</b>	<b>403</b>	<b>+265</b>	<b>14</b>	<b>158</b>	<b>-144</b>
		4.2%	2.5%	1.7%	0.1%	0.9%	-0.8%

## Variances

A + variance means an increase  
A - variance means a decrease

## Explanations

Explanations for variances are noted in the following papers

	2019/20 BUDGET £'000	As at 30 JUNE 2020			Forecast to 31 July 2020			
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	BUDGET £'000	VARIANCE £'000	
<b>TEACHING CENTRES</b>								
<b>INCOME</b>								
GRANT IN AID	10,238	9,384	9,384	10,350	10,238	+112	Note 1	
FEES	1,806	1,757	1,806	1,773	1,806	-33	Note 2	
SDS CONTRACTS								
INCOME GENERATION								
EUROPEAN FUNDS								
OTHER INCOME								
OTHER SFC FUNDING								
<b>TOTAL INCOME</b>	<b>12,044</b>	<b>11,141</b>	<b>11,191</b>	<b>12,123</b>	<b>12,044</b>	<b>+79</b>		
<b>EXPENDITURE</b>								
<b>SALARIES</b>								
Business & Creative	750	808	687	-121	879	750	-129	Note 3
Beauty Therapy & Hairdressing	537	557	492	-65	602	537	-65	"
Computing & Engineering	1,094	1,146	1,001	-144	1,255	1,094	-161	"
Construction & Motor Vehicle	955	988	874	-114	1,068	955	-113	"
Childhood Practice & Sports and Fitness	1,065	990	975	-15	1,077	1,065	-12	"
Hospitality & Communities	1,067	1,001	976	-25	1,115	1,067	-48	"
Health & Social Care, SS & Science	901	886	825	-60	960	901	-59	"
	6,369	6,376	5,831	-544	6,956	6,369	-587	
<b>SUPPLIES AND SERVICES</b>								
Business & Creative	49	28	48	+20	30	49	+19	Note 4
Beauty Therapy & Hairdressing	50	47	49	+2	48	50	+2	"
Computing & Engineering	65	43	64	+21	44	65	+21	"
Construction & Motor Vehicle	69	43	67	+25	43	69	+26	"
Childhood Practice & Sports and Fitness	64	45	63	+18	48	64	+16	"
Hospitality & Communities	81	71	79	+8	74	81	+7	"
Health & Social Care, SS & Science	21	7	21	+14	10	21	+11	"
	399	284	391	+107	297	399	+102	
<b>TOTAL EXPENDITURE</b>	<b>6,768</b>	<b>6,659</b>	<b>6,222</b>	<b>-437</b>	<b>7,253</b>	<b>6,768</b>	<b>-485</b>	
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>5,276</b>	<b>4,482</b>	<b>4,968</b>	<b>-486</b>	<b>4,870</b>	<b>5,276</b>	<b>-406</b>	

## Notes

- The grant for increased SPPA contribution rate is £31k higher than budgeted plus £81k additional Grant to cover Pensions Costs April -July 20
- Full-time HE fees are currently £27k worse than budget, part-time FE fees £24k better and part-time HE fees £27k better. Fees have been helped by the new CITB contract which has generated £27k more in fees than budgeted. Napier / QMU articulation fees are expected to outturn £63k below budget due to a reduced number of associated learners (seven and nine respectively).
- Reasons for additional costs include lecturers on long-term sick leave, servicing of FWDF activity and staff re-joining the pension scheme.
- Expected savings as a result of the Coronavirus shutdown.

	2019/20 BUDGET £'000	As at 30 JUNE 2020			Forecast to 31 July 2020			
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	BUDGET £'000	VARIANCE £'000	
<b>TEACHING SUPPORT</b>								
<b>INCOME</b>								
GRANT IN AID								
FEEES								
SDS CONTRACTS								
INCOME GENERATION								
EUROPEAN FUNDS								
OTHER INCOME	24	13	24	-11	13	24	-11	Note 1
OTHER SFC FUNDING		78		+78	69		+69	Note 2
<b>TOTAL INCOME</b>	<b>24</b>	<b>91</b>	<b>24</b>	<b>+67</b>	<b>82</b>	<b>24</b>	<b>+58</b>	
<b>EXPENDITURE</b>								
<b>SALARIES</b>								
Quality & Learner services	787	723	720	-3	790	787	-3	
External Engagement	131	144	121	-23	158	131	-27	Note 3
Student Advice & Admissions	160	148	147	-2	163	160	-3	
Course Approvals / Other								
	1,078	1,015	987	-27	1,111	1,078	-33	
<b>SUPPLIES AND SERVICES</b>								
Quality & Learner services	243	171	235	+64	195	243	+48	Note 4
External Engagement	20	17	20	+3	17	20	+3	
Student Advice & Admissions	1	2	1	-1	2	1	-1	
Course Approvals / Other	10	25	10	-15	25	10	-15	Note 5
	274	215	266	+51	239	274	+35	
<b>TOTAL EXPENDITURE</b>	<b>1,352</b>	<b>1,230</b>	<b>1,253</b>	<b>+24</b>	<b>1,350</b>	<b>1,352</b>	<b>+2</b>	
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>(1,328)</b>	<b>(1,139)</b>	<b>(1,229)</b>	<b>+90</b>	<b>(1,268)</b>	<b>(1,328)</b>	<b>+60</b>	

## Notes

- 1 Reduced estimate of SAAS contribution towards specialist support costs for sight / hearing impaired HE students.
- 2 Grant for Men in Early Learning in Childcare £10k, Funding for Counsellors £45k and Sanitary Products £14k.
- 3 Alteration to salary after budget set
- 4 Includes agreed reduction in QLS budgets -£35k and provision of SFC funded counselling services +£45k. Forecast reduced by additional £60k in June as a result of reduced activity due to the Coronavirus Impact
- 5 New commitment in respect of the Learning and Teaching Innovation Fund £10k and £5k of Men in Early Learning in Childcare.

	2019/20 BUDGET £'000	As at 30 JUNE 2020			Forecast to 31 July 2020			
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	BUDGET £'000	VARIANCE £'000	
<b>ADMINISTRATION</b>								
<b>INCOME</b>								
GRANT IN AID								
FEES								
SDS CONTRACTS								
INCOME GENERATION								
EUROPEAN FUNDS								
OTHER INCOME	36	28	35	-7	417	36	+381	Note 1
OTHER SFC FUNDING								
<b>TOTAL INCOME</b>	<b>36</b>	<b>28</b>	<b>35</b>	<b>-7</b>	<b>417</b>	<b>36</b>	<b>+381</b>	
<b>EXPENDITURE</b>								
<b>SALARIES</b>								
Executive Office incl. Senior Management Team	734	616	672	+55	688	734	+46	Note 2
Finance	242	230	221	-8	251	242	-9	
HRM	199	186	182	-4	203	199	-4	
ICT	138	139	126	-13	152	138	-14	Note 3
Marketing	68	63	62	-1	69	68	-1	
MIS	275	251	252	+1	274	275	+1	
Student Funding	98	94	89	-5	102	98	-4	
	1,754	1,579	1,604	+25	1,739	1,754	+15	
<b>SUPPLIES AND SERVICES</b>								
Executive Office incl. Senior Management Team	87	77	85	+8	90	87	-3	
Finance	187	166	174	+8	181	187	+6	
HRM	74	97	69	-28	101	74	-27	Note 4
ICT	364	202	350	+148	417	364	-53	Note 5
Marketing	112	68	111	+43	94	112	+18	Note 6
MIS	617	554	601	+47	617	617		
Student Funding	1	0	1	+0	1	1		
	1,442	1,164	1,390	+226	1,501	1,442	-59	
<b>TOTAL EXPENDITURE</b>	<b>3,196</b>	<b>2,742</b>	<b>2,994</b>	<b>+252</b>	<b>3,240</b>	<b>3,196</b>	<b>-44</b>	
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>(3,160)</b>	<b>(2,714)</b>	<b>(2,959)</b>	<b>+245</b>	<b>(2,823)</b>	<b>(3,160)</b>	<b>+337</b>	

## Notes

- 1 Assumes HMRC Furlough claim of £381k accepted.
- 2 Assumes vacant Vice Principal position will not be filled until August 2020. Includes additional costs for maternity cover.
- 3 Additional staff to cover extra workload at start of term and though holiday periods.
- 4 Additional recruitment costs and legal fees. The former mostly relates to introduction fees for agency staff subsequently employed at the college.
- 5 Budget transferred from QLS & Marketing for additional hardware purchases.
- 6 Agreed reduction in Marketing budgets.

	2019/20 BUDGET £'000	As at 30 JUNE 2020			Forecast to 31 July 2020			
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	BUDGET £'000	VARIANCE £'000	
<b>COMMERCIAL &amp; ENTERPRISE</b>								
<b>INCOME</b>								
GRANT IN AID	1,421	1,303	1,303		1,421	1,421		
FEES	841	653	778	-125	693	841	-148	Note 1
SDS CONTRACTS	655	711	636	+75	747	655	+92	Note 2
INCOME GENERATION	1,121	1,079	1,050	+29	1,121	1,121		
EUROPEAN FUNDS								
OTHER INCOME	46	37	42	-6	37	46	-9	Note 3
OTHER SFC FUNDING	329	329	329		329	329		
<b>TOTAL INCOME</b>	<b>4,413</b>	<b>4,111</b>	<b>4,139</b>	<b>-27</b>	<b>4,348</b>	<b>4,413</b>	<b>-65</b>	
<b>EXPENDITURE</b>								
<b>SALARIES</b>								
Commercial & Enterprise	235	197	215	+18	215	235	+20	Note 4
Childrens Hearings Scotland	613	547	561	+14	595	613	+18	
Workforce Development	1,307	1,188	1,194	+6	1,294	1,307	+13	
SDS Contracts	299	233	275	+41	252	299	+47	Note 5
FWDF Contract	139	55	127	+72	60	139	+79	Note 6
Other Centres		1		-1	1		-1	
	2,593	2,221	2,372	+151	2,417	2,593	+176	
<b>SUPPLIES AND SERVICES</b>								
Commercial & Enterprise	14	15	14	-2	18	14	-4	
Childrens Hearings Scotland	403	374	397	+23	377	403	+26	Note 7
Workforce Development	57	50	52	+2	63	57	-6	
SDS Contracts	119	53	117	+65	64	119	+55	Note 8
FWDF Contract		15		-15	19		-19	Note 9
Other Centres	2	7	2	-5	7	2	-5	
	595	514	582	+68	548	595	+47	
<b>TOTAL EXPENDITURE</b>	<b>3,188</b>	<b>2,736</b>	<b>2,954</b>	<b>+219</b>	<b>2,965</b>	<b>3,188</b>	<b>+223</b>	
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>1,225</b>	<b>1,376</b>	<b>1,184</b>	<b>+191</b>	<b>1,383</b>	<b>1,225</b>	<b>+158</b>	

## Notes

- 1 Additional Napier BA Management fees +£19k, expected shortfall in short course programme -£61k, expected shortfall in workforce contract fees -£96k as a result of coronavirus restrictions.
- 2 Assumes MA contract +£34k and FA contracts +£1k. Forecasts have been increased due to backlog clearance in June £45k and an additional Covid 19 Grant Awarded from SDS of £12k.
- 3 Expected shortfall in room and hall let due to coronavirus lockdown.
- 4 Savings in short courses lecturing and facility letting overtime costs.
- 5 Additional MA assessor post not filled.
- 6 Reduced lecturing costs and late appointment of administrator at reduced FTE
- 7 Reduced venue hire costs due to coronavirus
- 8 Based on costs to date.
- 9 Includes cost of external courses, books and participant refreshments.

	2019/20 BUDGET £'000	As at 30 JUNE 2020			Forecast to 31 July 2020			
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	BUDGET £'000	VARIANCE £'000	
<b>OTHER ACTIVITIES</b>								
<b>INCOME</b>								
GRANT IN AID								
FEEs								
SDS CONTRACTS								
INCOME GENERATION		10		+10				
EUROPEAN FUNDS	13	13	13	-0	53	13	+40	Note 1
OTHER INCOME	64	89	64	+25	91	64	+27	Note 2
OTHER SFC FUNDING								
<b>TOTAL INCOME</b>	<b>77</b>	<b>112</b>	<b>77</b>	<b>+35</b>	<b>144</b>	<b>77</b>	<b>+67</b>	
<b>EXPENDITURE</b>								
<b>SALARIES</b>								
Terrace Restaurant	36	26	33	+6	27	36	+9	
Platinum Salon	73	80	67	-14	87	73	-14	Note 3
Europe		9		-9	10		-10	
Other Activities								
	109	116	99	-17	124	109	-15	
<b>SUPPLIES AND SERVICES</b>								
Terrace Restaurant	12	12	11	-1	12	12		
Platinum Salon	10	9	10	+0	9	10	+1	Note 1
Europe	12	39	12	-27	52	12	-40	Note 2
Other Activities		58	0	-57	58		-58	
	34	118	33	-85	131	34	-97	
<b>TOTAL EXPENDITURE</b>	<b>143</b>	<b>235</b>	<b>133</b>	<b>-102</b>	<b>255</b>	<b>143</b>	<b>-112</b>	
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>(66)</b>	<b>(123)</b>	<b>(56)</b>	<b>-67</b>	<b>(111)</b>	<b>(66)</b>	<b>-45</b>	

## Notes

- Income and costs related to new Erasmus project - Improving Skills 4. All visits this year have now been cancelled but income and expenditure reflects costs committed and booked. The Head of Commercial & Enterprise has confirmed that it is likely that the college insurers will re-imburse this expenditure but if not the managing agents have confirmed they will indemnify.
- Income and costs related to student trips and other activities. Also includes £10k grant for e bikes.
- Additional staffing costs due to staff on sick leave.

	2019/20 BUDGET £'000	As at 30 JUNE 2020			Forecast to 31 July 2020			
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	BUDGET £'000	VARIANCE £'000	
<b>ESTATES</b>								
<b>INCOME</b>								
GRANT IN AID								
FEEs								
SDS CONTRACTS								
INCOME GENERATION								
EUROPEAN FUNDS								
OTHER INCOME	404	258	403	-145	258	404	-146	Note 1
OTHER SFC FUNDING	332	102	70	+32	103	332	-229	Note 2
<b>TOTAL INCOME</b>	<b>736</b>	<b>360</b>	<b>473</b>	<b>-113</b>	<b>361</b>	<b>736</b>	<b>-375</b>	
<b>EXPENDITURE</b>								
<b>SALARIES</b>								
Estates	645	634	590	-44	692	645	-47	Note 3
Catering	245	188	224	+36	205	245	+40	Note 4
	890	822	814	-8	897	890	-7	
<b>SUPPLIES AND SERVICES</b>								
Estates	841	632	610	-22	749	841	+92	Note 5
Catering	179	132	178	+46	134	179	+45	Note 5
	1,020	764	789	+24	883	1,020	+137	
<b>TOTAL EXPENDITURE</b>	<b>1,910</b>	<b>1,586</b>	<b>1,602</b>	<b>+17</b>	<b>1,780</b>	<b>1,910</b>	<b>+130</b>	
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>(1,174)</b>	<b>(1,226)</b>	<b>(1,129)</b>	<b>-96</b>	<b>(1,419)</b>	<b>(1,174)</b>	<b>-245</b>	

## Notes

- 1 Refectory income is in line with last year but additional income target is not being achieved. The forecast reflects the additional income that will be lost as a result of the coronavirus shutdown.
- 2 Funding brought forward from last July was £102k. Funding for 2020/21 FY to be carried forward to accommodate Terrace 1/2 project.
- 3 Overtime and shift allowances.
- 4 Vacancies not replaced.
- 5 Expected savings due to Coronavirus shutdown.

	2018/19 BUDGET £'000	As at 30 JUNE 2020			Forecast to 31 July 2020		
		ACTUAL £'000	BUDGET £'000	VARIANCE £'000	ACTUAL £'000	BUDGET £'000	VARIANCE £'000
<b>TERRACE RESTAURANT</b>							
Income	44	31	41	-10	31	44	-13
Salaries	-36	-26	-33	6	-27	-36	9
Other Costs	-12	-12	-11	-1	-12	-12	
<b>NET</b>	<b>-4</b>	<b>-8</b>	<b>-3</b>	<b>-5</b>	<b>-8</b>	<b>-4</b>	<b>-4</b>
<b>PLATINUM SALON</b>							
Income	20	12	19	-7	12	20	-8
Salaries	-73	-80	-67	-14	-88	-73	-15
Other Costs	-10	-9	-10	0	-9	-10	1
<b>NET</b>	<b>-63</b>	<b>-78</b>	<b>-57</b>	<b>-20</b>	<b>-85</b>	<b>-63</b>	<b>-22</b>
<b>REFECTORY</b>							
Income	404	258	403	-145	258	404	-146
Salaries	-245	-188	-224	36	-205	-245	40
Other Costs	-179	-132	-178	46	-134	-179	45
<b>NET</b>	<b>-20</b>	<b>-62</b>	<b>1</b>	<b>-63</b>	<b>-81</b>	<b>-20</b>	<b>-61</b>

## Notes

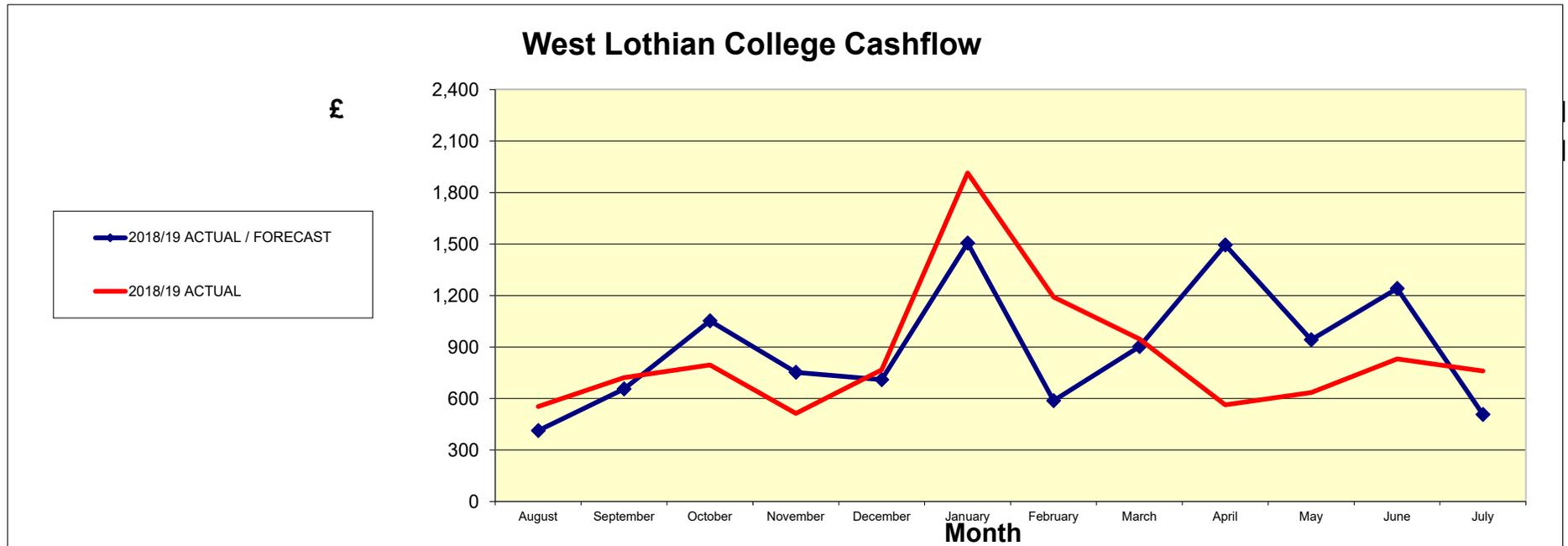
Income for all activities has been affected by Coronavirus shutdown.

## BALANCE SHEET PROJECTION

	Actual 31 JUL 2018 £'000	Actual 31 JUL 2019 £'000	Actual 30 JUNE 2020 £'000	Forecast 31 JUL 2020 £'000
<b>Fixed Assets</b>				
Land & Buildings	17,221	16,638	16,115	16,067
Equipment	1,639	1,435	1,253	1,236
New additions				
	18,860	18,073	17,367	17,303
<b>Current Assets</b>				
Trade Debtors	620	635	490	574
Europe	7	25		
Prepayments	177	155	138	155
Accrued Income	60	354	350	660
Bank	729	760	1,241	507
	1,593	1,929	2,219	1,896
<b>Current Liabilities</b>				
Trade Creditors	(526)	(654)	(476)	(289)
Payroll	(399)	(518)	(460)	(528)
Loans	(158)	(158)		(157)
Accruals	(307)	(570)	(547)	(896)
Deferred Income	(568)	(386)	(497)	(636)
Deferred Capital Grant	(457)	(457)	(457)	(410)
Unspent Student Funds	(13)	(47)	(222)	
	(2,428)	(2,790)	(2,657)	(2,916)
<b>Net Current Assets (Liabilities)</b>	<b>(835)</b>	<b>(861)</b>	<b>(438)</b>	<b>(1,020)</b>
<b>Total Assets less current liabilities</b>	<b>18,025</b>	<b>17,212</b>	<b>16,929</b>	<b>16,283</b>
Creditors: Amounts falling due after more than one year	(2,369)	(2,211)	(2,211)	(2,053)
Deferred Capital Grant	(12,306)	(11,849)	(11,359)	(11,361)
<b>Provisions</b>				
LPF Pension Liability	(2,783)	(6,904)	(6,904)	(6,904)
Early Retirement Provision	(3,688)	(3,756)	(3,569)	(3,756)
<b>Total Net Liabilities</b>	<b>(3,121)</b>	<b>(7,508)</b>	<b>(7,114)</b>	<b>(7,791)</b>
<b>Reserves</b>				
Income and Expenditure Account (Trading)	(111)	(148)	520	(292)
Income and Expenditure Account (Holiday Pay)	(153)	(174)	(174)	(174)
Income and Expenditure Account (PFI Loan)	(2,527)	(2,369)	(2,369)	(2,211)
Income and Expenditure Account (Early Retirement)	(3,688)	(3,756)	(3,756)	(3,756)
Income and Expenditure Account (LPF Pensions)	(2,783)	(6,904)	(6,904)	(6,904)
Revaluation Reserve	6,141	5,843	5,569	5,546
<b>Total Reserves</b>	<b>(3,121)</b>	<b>(7,508)</b>	<b>(7,114)</b>	<b>(7,791)</b>

2019/20 FORECAST CASHFLOW

	August <i>Actual</i>	September <i>Actual</i>	October <i>Actual</i>	November <i>Actual</i>	December <i>Actual</i>	January <i>Actual</i>	February <i>Actual</i>	March <i>Actual</i>	April <i>Actual</i>	May <i>Actual</i>	June <i>Forecast</i>	July <i>Forecast</i>	Total
<b>Income</b>													
SFC funding (including bursaries and hardship funds)	1112	1559	1706	1586	1556	1113	740	1514	1992	1079	1233	1010	16,200
<i>less loan repayments</i>									-158				-158
Other cash received	429	374	589	402	263	1,475	192	772	688	105	614	395	6,298
<b>Total cash in</b>	<b>1,541</b>	<b>1,933</b>	<b>2,295</b>	<b>1,988</b>	<b>1,819</b>	<b>2,588</b>	<b>932</b>	<b>2,286</b>	<b>2,522</b>	<b>1,184</b>	<b>1,847</b>	<b>1,405</b>	<b>22,340</b>
<b>Expenditure</b>													
Payroll	1,105	1,044	1,069	1,079	1,080	1,062	1,082	1,093	1,096	1,100	1,078	1,100	12,988
Other payments	719	418	356	460	454	288	352	599	334	356	217	1,039	5,592
SFC Student support payments	64	228	473	750	327	442	417	278	500	280	254		4,014
Interest payments													
<b>Total cash out</b>	<b>1,888</b>	<b>1,690</b>	<b>1,898</b>	<b>2,289</b>	<b>1,861</b>	<b>1,792</b>	<b>1,851</b>	<b>1,970</b>	<b>1,930</b>	<b>1,736</b>	<b>1,549</b>	<b>2,139</b>	<b>22,593</b>
<b>Net cash inflow/(outflow)</b>	<b>(347)</b>	<b>243</b>	<b>397</b>	<b>(301)</b>	<b>(43)</b>	<b>796</b>	<b>(919)</b>	<b>316</b>	<b>592</b>	<b>(552)</b>	<b>298</b>	<b>(734)</b>	<b>(253)</b>
Balance b/f (cash and overdraft)	760	413	656	1,053	752	710	1,506	587	902	1,494	943	1,241	760
<b>Balance c/f (cash and overdraft)</b>	<b>413</b>	<b>656</b>	<b>1,053</b>	<b>752</b>	<b>710</b>	<b>1,506</b>	<b>587</b>	<b>902</b>	<b>1,494</b>	<b>943</b>	<b>1,241</b>	<b>507</b>	<b>507</b>



2019/20 BUDGET £'000	History of Quarterly Forecasts for Year Ending 31 July 2020								
	Oct £'000	VARIANCE £'000	Jan £'000	VARIANCE £'000	Apr £'000	VARIANCE £'000	June £'000	VARIANCE £'000	
<b>SUMMARY</b>									
<b>INCOME</b>									
GRANT IN AID	11,659	11,409	-250	11,690	+31	11,771	+112	11,771	+112
FEES	2,647	2,555	-92	2,561	-86	2,419	-228	2,466	-181
SDS CONTRACTS	655	655		671	+16	690	+35	747	+92
INCOME GENERATION	1,121	1,121		1,135	+14	1,121		1,121	
EUROPEAN FUNDS	13	13		253	+240	53	+40	53	+40
OTHER INCOME	574	536	-38	564	-10	813	+239	816	+242
OTHER SFC FUNDING	661	703	+42	786	+125	501	-160	501	-160
<b>TOTAL INCOME</b>	<b>17,330</b>	<b>16,992</b>	<b>-338</b>	<b>17,660</b>	<b>+330</b>	<b>17,368</b>	<b>+38</b>	<b>17,475</b>	<b>+145</b>
<b>EXPENDITURE</b>									
<b>SALARIES</b>									
Teaching Centres	6,426	6,808	-382	6,959	-533	7,035	-609	6,956	-530
Teaching Support	1,057	1,078	-21	1,101	-44	1,119	-62	1,111	-54
Administration	1,754	1,771	-17	1,734	+20	1,735	+19	1,739	+15
Commercial & Enterprise	2,593	2,426	+167	2,439	+154	2,482	+111	2,417	+176
Other Activities	73	86	-13	133	-60	126	-53	124	-51
Estates	890	912	-22	906	-16	905	-15	897	-7
	12,793	13,081	-288	13,272	-479	13,402	-609	13,244	-451
<b>SUPPLIES &amp; SERVICES</b>									
Teaching Centres	399	399		399		297	+102	297	+102
Teaching Support	274	286	-12	328	-54	299	-25	239	+35
Administration	1,442	1,442		1,438	+4	1,497	-55	1,501	-59
Commercial & Enterprise	595	595		640	-45	548	+47	548	+47
Other Activities	34	44	-10	304	-270	128	-94	131	-97
Estates	1,020	1,020		1,073	-53	883	+137	883	+137
	3,764	3,786	-22	4,182	-418	3,652	+112	3,599	+165
OTHER PAYROLL COSTS	361	25	+336	306	+55	306	+55	306	+55
<b>TOTAL EXPENDITURE</b>	<b>16,918</b>	<b>16,892</b>	<b>+26</b>	<b>17,760</b>	<b>-842</b>	<b>17,360</b>	<b>-442</b>	<b>17,149</b>	<b>-231</b>
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>412</b>	<b>100</b>	<b>-312</b>	<b>-100</b>	<b>-512</b>	<b>8</b>	<b>-404</b>	<b>326</b>	<b>-86</b>
<b>RESTRUCTURING</b>									
Voluntary Severance / Redundancy			-9	-9	-138	-138	-138	-138	-138
Pension transfers									
Apprenticeship Levy	-35	-35		-35		-35		-35	
Holiday Pay Accrual									
	-35	-35		-44	-9	-173	-138	-173	-138
<b>INTEREST</b>									
Interest receivable	2	2		2		2		2	-1
Interest Payable									
	2	2		2		2		2	-1
<b>DEFERRED GRANT &amp; DEPRECIATION</b>									
Release of Deferred Grant	457	457		535	+78	535	+78	535	+78
Depreciation	-771	-771		-769	+2	-769	+2	-769	+2
	-314	-314		-234	80	-234	80	-234	80
<b>STUDENT FUNDS</b>									
Student Funds Income	4,103	4,103		4,375	+272	4,450	+347	4,473	+370
Student Funds Expenditure	-4,103	-4,103		-4,375	-272	-4,450	-347	-4,473	-370
<b>INVESTMENT FUNDS</b>									
College Spend					-1	-1	-1	-1	-1
Transfer to ALF									
					-1	-1	-1	-1	-1
<b>COLLEGE SURPLUS/(DEFICIT)</b>	<b>65</b>	<b>-247</b>	<b>-312</b>	<b>-376</b>	<b>-441</b>	<b>-398</b>	<b>-463</b>	<b>-80</b>	<b>-145</b>
<b>PENSION</b>									
FRS17 LPF	-732	-1,327	-595	-1,327	-595	-1,327	-595	-1,327	-595
Early Retirement provision	-204	-204		-204		-204		-204	
	-936	-1,531	-595	-1,531	-595	-1,531	-595	-1,531	-595
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>-871</b>	<b>-1,778</b>	<b>-907</b>	<b>-1,907</b>	<b>-1,036</b>	<b>-1,929</b>	<b>-1,058</b>	<b>-1,611</b>	<b>-740</b>
Transfer (To) / From Pension Reserve	732	1,327	+595	1,327	+595	1,327	+595	1,327	+595
Transfer (To) / From Revaluation Reserve	297	297		298	+1	298	+1	298	+1
<b>NET TRANSFER TO I&amp;E RESERVE</b>	<b>158</b>	<b>-154</b>	<b>-312</b>	<b>-282</b>	<b>-440</b>	<b>-304</b>	<b>-462</b>	<b>14</b>	<b>-144</b>

## Differences

A + variance means an increase in surplus

A - variance means a decrease in surplus

## West Lothian College

10 September 2020

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### Finance and General Purposes Committee

#### BUSINESS DEVELOPMENT REPORT

To reflect the changes brought about through the management restructure we have renamed the previous Income Generation report to Business Development. The majority of the reporting period covered in this report pre-dates the restructure implementation date and therefore I have maintained the Income Generation format. The content and structure of future reports will reflect the new structure.

#### Key Structural Changes

Workforce Development Faculty has taken on responsibility for the delivery of the Flexible Workforce Development Fund.

Access, Employability and Schools Faculty has taken over responsibility for Foundation Apprenticeship (FA) programmes and will fully integrate the FA activity into the School/College programme.

Business Development will now focus on identifying opportunities for income generation and bidding for new contracts. They will continue responsibility for ERASMUS+ funding whilst this remains available. The Children's Hearings Scotland (CHS) Academy team will also report into the Head of Business Development.

#### Financials

Inevitably the last three months have been very turbulent with a lot of evening and short courses having to be postponed, in-work activity such as SVQs and Apprenticeships paused, and general uncertainty surrounding educational contract funding. That said, some strong performance pre-lockdown particularly from Workforce Development has resulted in the overall commercial area forecasted to be £158k ahead of target.

#### Commercial and International

##### Flexible Workforce Development Fund (FWDF)

Whilst we were able to switch some FWDF courses to online, many courses had to be postponed resulting in 75% of contracted delivery still to delivered.

The ILM Certificate in Management (Level 9), delivered online, continues to be popular with a further 17 learners commencing the programme from Macdonald Hotels, Glen Turner and Escape Recruitment. Other courses which have been

## **West Lothian College**

10 September 2020

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adapted for online delivery include Managing Projects remotely, Managing and Leading Others remotely and Managing Yourself as a remote learner.

A recent mini procurement competition has meant we are in a position to use associate trainers to clear the backlog of one day FWDF courses. We are also in the process of tendering through Public Contracts Scotland for associate trainers to deliver 2020 – 21 FDWF short courses and we expect to have this in place for January 2021. We are confident that by utilising associated trainers we can continue to deliver high quality training but with additional flexibility and a wider range of content.

Scottish Government announced that a further £3m will be given to colleges for FWDF, as yet there is no detail on eligibility for this. Discussions are still underway in relation to an additional £7m and whether or not that will sit with colleges or independent training providers.

### **Additional Income Secured**

Three staff in Construction were funded through their assessors award using funding drawn down via ESP Scotland – total value £3,600.

Cyber Security Neuro-Diversity Skills Development Fund – Awarded £10,500 to deliver an introductory course to a cohort of Neuro-Diverse Learners.

Level 4 Foundation Apprenticeships – Awarded a contract worth £96,000 to deliver SCQF L4 FAs to cohorts in Hospitality, Automotive and Construction.

PDA's in Social Services and Healthcare – Approximately 20 starts in the August intake, all studying remotely.

Gaining approval to deliver courses funded by the armed forces for leavers and veterans.

### **Bids submitted and awaiting outcome**

North Ayrshire Council – a range of MA frameworks (£15K)

Calmac Management Development Programme – PQQ submitted - Awaiting notification of next stage (£200K)

Scottish Police Authority – Leadership Development Programme (200K)

Child Poverty Action Fund (£180K)

## West Lothian College

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### Workforce Development

#### SVQ's

The new contract year started well as a result of high uptake on the SVQ Social Services and Healthcare. Other sectors are starting to pick up as they return to business in particular childcare which, after a slow start, is now providing a high volume of enquiries. Discussions are underway with the Scottish Childminding Association (SCMA) to identify the best time to start promoting SVQ to childminders again. The business assessors are also at full capacity as work starts with organisations such as Catalent with their SVQ Business Improvement Techniques programmes, North Lanarkshire Council SVQ Management programme and Fife Council sub contracted Modern Apprentices.

#### Modern Apprentices

New Starts are being severely impacted post Covid with only 12% of our places filled. Some frameworks are performing well notably Business Administration, Social Services, Digital Marketing and Procurement, whilst Automotive and Hairdressing are struggling to recruit. Engineering has around 50% of spaces provisionally allocated. We are working with marketing, sales and faculties to identify and pursue opportunities. This recruitment challenge is replicated across the college sector with similar frameworks.

Skills Development Scotland (SDS) have just announced Pathways to Apprenticeship funding however the requirement for a placement to achieve this qualification might make this difficult to deliver.

In conjunction with Business Development we successfully applied for the SDS MA Covid Grant Scheme and were awarded £11,984.

#### Children's Hearings Scotland

The Academy went fully online from the start of lockdown but continued to deliver all the training as agreed with CHS, with quality remaining very high. The Autumn programme of training will also continue to be delivered remotely.

Key activities during the period include;

- New e-learning modules developed and launched including one that allows panel members to transition from face to face hearings to digital ones. This included online teaching and testing of the new emergency legislation for Panels.

## **West Lothian College**

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- A major Information Governance and Cyber Security programme was launched for 1300 panel members with 92% of participants completing the programme to date.
- The new panel member programme was reconfigured to blended learning with trainer led skills sessions and online support. This resulted in over 200 new panel members completing their initial training with another 100 in training.
- The Academy worked closely with the CHS digital transformation team to assist with the migration of 3000 training records to the new CHS digital platform.
- The Academy hosted a digital SQA External Verification visit. The resultant report was very positive. All elements of the award achieved the highest grade and three areas of good practice were identified.

Tom Birrell, the Academy manager will be retiring at the start of October. Tom has been instrumental in turning around the team and shaping it into the high performing one which it has been for the last four years. We have initially offered his post as a 12 month secondment, aligned with the end point of the current contract.

### **Simon Earp**

Vice Principal, Performance and Improvement  
10 September 2020

**West Lothian College**

10 September 2020

**Finance & General Purposes Committee****PRE AUDIT CREDIT REPORT**

This paper provides the committee with an update of progress against target in relation to the 2019-20 Scottish Funding Council (SFC) credit target.

SFC target credits (Core 43,646 plus 773 ESF and additional allocation of 333 credits)	44,752
Total curriculum plan target 2019-20	46,330
Total estimated credits 2019-20	45,653
Above/(below) SFC target	901
Above/(below) curriculum plan target	(677)

The table shows that we are currently predicting to be significantly above the SFC target. However the data has still to go through the SFC data cleansing process but it is expected that once this has been done the college will still meet its target but the number of credits above target will reduce. The internal audit of credits and student funds is scheduled to commence 14 September 2020.

For information, the college also delivered 64 associate student places (equating to 960 credits) funded through the higher education funding model and 110 foundation apprenticeships (equating to approximately 440 credits) funded by Skills Development Scotland.

**Action**

The committee is invited to note the credit position presented in this paper.

**Simon Earp**

Vice Principal, Performance and Improvement

10 September 2020

## West Lothian College

10 September 2020

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### Finance and General Purposes Committee

#### INFRASTRUCTURE UPDATE

##### Purpose

The purpose of this paper is to provide the committee with an update on the infrastructure plans for 2019-20.

##### Disabled Toilet Access

At the February 2020 meeting of the Finance & General Purposes Committee, the committee was informed that two of the college buildings (Pavilion A/B and Pavilion C/D) did not have toilets for disabled staff and students on the upper floor. This was to be remedied by reconfiguring the ladies toilets in both buildings.

The work has now been completed at a cost of £32k.

##### Cyber Security Room

The work to create a further cyber room in Pavilion A in order to run an HND course in cyber security from 2020-21 has also been completed at a cost of £60k.

##### Refurbishment of Skills Workshop in Terrace 1/2

The committee was previously informed that, following negative feedback from local employers and students about the working environment and the college being unable to provide welding facilities to engineering students, an additional mezzanine level floor was to be created in the skills workshop and engineering equipment to be replaced. The committee approved a budget of £350k for the project.

Due to the impact of COVID19 the college was unable to progress the project in 2019-20. However the project will go ahead in 2020-21 and funding has been provided in the 2020-21 annual budget.

Building and planning warrants have been submitted to West Lothian Council and the college awaits a response. Once the building and planning warrants have been approved the college will move to tender for the work.

A further update will be provided at the November 2020 meeting of the Finance & General Purposes Committee.

**Action: To Note**

Agenda Item 5 (iv)

Paper 6

**West Lothian College**

10 September 2020

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**Action**

The Committee is asked to note the infrastructure update.

**Jennifer McLaren**

Vice Principal, Finance & Corporate Services

10 September 2020

## West Lothian College

10 September 2020

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### Finance and General Purposes Committee

#### FINANCIAL REGULATIONS

The college's Financial Regulations are based on the Chartered Institute of Public Finance and Accountancy (CIPFA) model set of regulations which aim to reflect best practice and provide a practical source of guidance. The regulations were last reviewed and approved by the Board of Governors in 2018. The regulations have been reviewed in 2020 and revised to reflect:

- changes to the management structure and job titles following the recent restructure exercise;
- an increase in the values for procurement of supplies, services and works through OJEU (Official Journal of the European Community) (section 20.7);
- change of procedure in relation to appointment of staff (Section 21.2)

The proposed changes have been made using track change for ease of reference.

The updated Financial Regulations are attached to this paper. The appendices referred to in the Regulations have not been provided but are available on the College website.

#### Action

The committee is asked to recommend approval of the updated Financial Regulations to the Audit Committee.

**Jennifer McLaren**

Vice Principal, Finance & Corporate Service  
10 September 2020



**west lothian**  
college

## Financial Regulations

**~~August 2018~~ September 2020**

Author: Jennifer McLaren, ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance & Corporate Services

Date: ~~August 2018~~ September 2020

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## Foreword

To conduct its business effectively a College needs to ensure that it has sound financial management systems in place and that they are strictly adhered to. Part of this process is the establishment of Financial Regulations which set out the financial policies of the College.

Financial regulations make good business sense and for further & higher education Colleges they have additional significance in that their grant funding depends upon it. The Financial Memorandum between the Scottish Funding Council (SFC) and the Colleges they fund makes it a condition of grant that the College ensures that it has a sound system of internal financial management and control and adequate procedures to prevent fraud or bribery. Similarly, internal and external audit services are required to give an assurance that Colleges have fully documented financial procedures in place and SFC may withhold grant where this cannot be shown to be the case.

In order to support colleges following reclassification the SFC issued an addendum to the Financial Memorandum for incorporated colleges which includes a number of derogations and actions to meet the requirements of the Scottish Public Finance Manual (SPFM). West Lothian College is required to comply fully with the SPFM subject to the derogations listed in the aforementioned addendum.

The regulations set out in this document are based on CIPFA's model set of regulations which aim to reflect best practice and provide a practical source of guidance.

In addition to the Financial Regulations, financial procedures are in place, which sets out in detail exactly how the regulations are to be implemented.

**Jennifer McLaren**  
**Vice Principal, Finance & ~~Curriculum~~ Corporate Services**

## Terminology

### The Board of Governors

The Board of Governors is the body ultimately responsible for the affairs of the College.

### Principal and Chief Executive

The Principal and Chief Executive Officer (referred to hereafter as the Principal) is the person directly accountable to the Governing Body for the proper conduct of the College's affairs and directly accountable to the SFC's Accountable Officer for the College's proper use of funds deriving from Scottish Ministers and its compliance with the requirements of the Financial Memorandum with SFC.

### Senior Executive Leadership Team (SELT)

This team comprises the Principal and three Vice Principals. The Vice Principals act on behalf of the Principal in her absence.

### Heads of Service

~~A Head of Service is responsible for the budget of his/her area.~~

### Manager Directors and Heads

~~A Manager-Director is in charge of a faculty of the College and a Head is the head in charge of a support department department of the College. Directors and Heads have who is responsible responsibility for the budget of his/her/their area. A Head of Centre is the head of an academic department of the College.~~

### College Leadership Team

This team comprises the Principal, Vice Principals, Directors and Heads and sets the annual budget for approval by the Board of Governors.

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### **Budget Holder**

A budget holder is the member of staff who has been assigned his/her own budget and is accountable to his/her Vice Principal/~~Manager~~Director/Head for it.

### **Vice Principal, Finance and ~~Curriculum~~ Corporate Services**

The Vice Principal, Finance and ~~Curriculum~~ Corporate Services is the chief financial officer of the College.

### **Secretary to the Board**

Secretary to the Board of Governors.

### **College**

The College refers explicitly to West Lothian College.

### **Scottish Funding Council (SFC)**

Provides public funding to Colleges and universities for teaching and research, buildings and equipment, and for specific initiatives and strategic developments.

## **Financial Regulations**

### **A General Provisions**

#### **1 Background**

- 1.1 West Lothian College is a further and higher education College incorporated under the provisions of the Further and Higher Education (Scotland) Act 1992 as amended by the Further & Higher Education (Scotland) Act 2005 and subsequently the Post-16 Education (Scotland) Act 2013. West Lothian College is accountable through its Board of Governors, which has ultimate responsibility for the effectiveness of its management and administration. In undertaking its functions, the Board of Governors must keep under review and have in place satisfactory provision in relation to the list of matters set out in section 7 (2) of the 2005 Act, as amended by the Post-16 Education (Scotland) Act 2013.
- 1.2 West Lothian College is an exempt charity by virtue of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990.
- 1.3 The Financial Memorandum between SFC and West Lothian College sets out the terms and conditions on which grant is made (Appendix C). The Board of Governors is responsible for ensuring that conditions of grant are met. As part of this process, West Lothian College must adhere to SFC's audit requirements, which requires it to have sound systems of financial and management control and adequate procedures to prevent fraud or bribery. The financial regulations of West Lothian College form part of this overall system of accountability.

#### **2 Status of Financial Regulations**

- 2.1 This document sets out West Lothian College's financial regulations. It translates into practical guidance West Lothian College's broad policies relating to financial control. This document was approved by the Board of Governors through its Finance and General Purposes Committee on ~~19 September 2017~~ 22 September 2020. It applies to the College and all

its subsidiary undertakings.

2.2 These financial regulations are subordinate to the Code of Good Governance for Scotland's Colleges and to any restrictions contained within West Lothian College's Financial Memorandum with SFC.

2.3 The purpose of these financial regulations is to provide control over the totality of West Lothian College's resources and provide management with assurances that the resources are being properly applied for the achievement of West Lothian College's ~~Regional Plan and~~ Outcome Agreement and business objectives. These financial regulations also seek to ensure that the College is:

- financially viable and sustainable
- achieving value for money
- economical, efficient and effective
- fulfilling its responsibility for the provision of effective financial controls over the use of public funds
- ensuring that West Lothian College complies with all relevant legislation
- safeguarding the assets of West Lothian College.

2.4 Compliance with the financial regulations is compulsory for all staff connected with West Lothian College. Any breach or non-compliance with these regulations must, on discovery, be reported to the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services who may discuss the matter with the Principal, Board of Governors and/or senior staff, as may be appropriate in order to determine the appropriate action to be taken. Ultimately a member of staff who fails to comply with the financial regulations may be subject to disciplinary action under West Lothian College's disciplinary policy. The Board of Governors will be notified of any such breach through the Audit Committee. It is the responsibility of ~~Managers-Directors and Heads~~ to ensure that their staff are made aware of the existence and content of West Lothian College's financial regulations.

2.5 The Finance and General Purposes Committee is responsible for maintaining a continuous review of the financial regulations, through the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services, and for advising the Board of Governors of any additions or changes necessary.

2.6 In exceptional circumstances, and where doing so does not result in a failure to comply with the terms of the SFC Financial Memorandum, the Principal may authorise a departure from the detailed provisions herein, such departure to be immediately reported to the chair of the Board of Governors and thereafter to the Finance and General Purposes Committee at the earliest opportunity. Where a departure from the provisions herein would result in a failure to comply with the terms of the SFC Memorandum the SFC Accountable Officer must also be notified.

2.7 West Lothian College's detailed financial procedures set out precisely how these regulations will be implemented.

## **B Corporate Governance**

### **3 The Board of Governors**

3.1 The Board of Governors is responsible for the management and administration of West Lothian College. Its financial responsibilities are to:

- ensure the solvency of West Lothian College and the safeguarding of West Lothian College's assets;
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Principal and Vice Principals, ~~senior post-holders and the Secretary to the Board~~;
- ensure that the financial, planning and other management controls, including controls against fraud, theft and bribery, applied by West Lothian College are appropriate and sufficient to safeguard public funds;
- approve the appointment of an internal audit service;

- secure value for money and the efficient, economical and effective management of all West Lothian College's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in West Lothian College is not put at risk;
- ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution;
- ensure public funds are used in accordance with relevant legislation;
- plan and manage its activities to remain sustainable and financially viable so that, year on year, it generates sufficient income to cover its costs and allow for maintenance of and investment in its infrastructure (physical, human and intellectual) at a level which enables it to maintain adaptive capacity necessary to meet future demands;
- ~~A~~approve a five year financial forecast for submission to SFC in a format required by SFC;
- approve an annual budget before the start of each financial year;
- ensure that West Lothian College complies with SFC's audit requirements;
- approve West Lothian College's ~~Regional Plan and~~ Outcome Agreement;
- approve the annual financial statements.

#### 4 Chief Executive Officer

4.1 The Principal is West Lothian College's Chief Executive Officer and is responsible for ensuring the financial administration of West Lothian College's affairs in accordance with the financial memorandum with SFC. As the Chief Executive Officer, the Principal may be required to justify any of West Lothian College's financial matters to the Scottish Parliament Audit Committee.

The Principal shall demonstrate his or her oversight of financial matters by signing the balance sheet and governance statement (as co-signatory with the Chair of the Board), the Performance Report, Remuneration and Staff Report and Board of Governors Report ~~and the Accountability Report~~ within the annual financial statements (as co-signatory with the Chair of the Board), and the declaration form

prefacing the five year financial forecasts submitted to SFC.

## **5 Committee Structure**

5.1 The Board of Governors has ultimate responsibility for West Lothian College's finances, but delegates' specific powers and processes to the Committees detailed below. These Committees are accountable to the Board of Governors. A diagram depicting the Committee structure is included at Appendix D.

### **5.2 Audit Committee**

Colleges are required by their financial memorandum with SFC to appoint an Audit Committee. The Committee is independent, advisory and reports to the Board of Governors. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The Committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. The Audit Committee's terms of reference are shown at Appendix E. The audit requirements of West Lothian College are set out in the Financial Memorandum with SFC.

### **5.3 Finance and General Purposes Committee**

Monitoring of West Lothian College's financial position and financial control systems is undertaken by the Finance and General Purposes Committee. The Committee will examine annual estimates and accounts (including the accounting policies upon which they are based) and recommend their approval to the Board of Governors. It will ensure that short-term budgets are in line with agreed longer-term plans and that they are followed. It will consider any other matters relevant to the financial duties of the Board of Governors and make recommendations accordingly. The Committee will also ensure that the Board of Governors has adequate information to enable it to discharge its financial

responsibilities. The Finance and General Purposes Committee's terms of reference are shown at Appendix F.

#### 5.4 Remuneration Committee

Responsible for the determination of pay and conditions for ~~managers and senior staff including~~ the Principal and Vice Principals. The Committee has the power to make decisions on their remuneration, including pay and other benefits, as well as contractual arrangements. The Remuneration Committee's terms of reference are shown at Appendix G.

#### 5.5 Nominations Committee

Considers candidates to fill vacancies on the Board. The Nominations Committee's terms of reference are shown at Appendix H.

#### 5.6 Learning and Teaching Committee

The Committee promotes continuous improvement in the quality of learning and teaching and in levels of achievement by students. The Learning & Teaching Committee's terms of reference are shown at Appendix I.

#### 5.7 Joint Negotiating & Consultative Committees

These committees were established to improve the effectiveness of the College in serving the community and, in particular the ability to respond to the challenge facing Further & Higher Education in Scotland, through establishing an improved working environment and positive employee relations.

## 6 Financial Responsibility

### 6.1 The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services

Day-to-day financial administration is controlled by the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services who is responsible to the Principal for:

- preparing annual capital and revenue budgets and financial plans;
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations;
- preparing West Lothian College's annual accounts and other financial statements and accounts which West Lothian College is required to submit to other authorities;
- ensuring that West Lothian College maintains satisfactory financial systems;
- providing professional advice on all matters relating to financial policies and procedures;
- day-to-day liaison with internal and external auditors in order to achieve efficient processes.

## 6.2 ~~Vice Principals~~ Vice Principals

Vice Principals are responsible to the Principal for financial management in their own areas. They are advised by the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services in the execution of their financial duties. The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services will also supervise and approve the financial systems operating within their departments including the form in which accounts and financial records are kept.

Vice Principals are responsible for establishing and maintaining clear lines of responsibility within their areas for all financial matters. Where resources are devolved to budget holders they are accountable to their Vice Principal for their own budget.

## 6.3 ~~Heads of Service~~

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~~Heads of Service are responsible to the Vice Principal Finance & Curriculum Services for financial management in their own areas. They are advised by the Vice Principal, Finance and Curriculum Services in the execution of their financial duties. The Vice Principal, Finance and Curriculum Services will also supervise and approve the financial systems operating within their departments including the form in which accounts and financial records are kept.~~

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#### 6.4 ~~Centre Heads and Support Managers~~ Directors and Heads

~~Centre Heads and Support Managers are~~ Directors and Heads are herein referred to as 'Managers'. Managers are responsible to the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services for financial management for the areas or activities they control. They are advised by the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services in executing their financial duties. The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services will also supervise and approve any financial systems operating in their areas. Managers are responsible for establishing and maintaining clear lines of responsibility within their area for all financial matters.

Managers shall provide the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services with such information as may be required to enable:

- compilation of West Lothian College's financial statements
- implementation of financial planning
- implementation of audit and financial reviews, projects and value for money studies.

#### 6.5 All members of staff

All members of staff should be aware of and have a general responsibility for the security of West Lothian College's property, for avoiding loss and for due economy in the use of resources.

They should ensure that they are aware of West Lothian College's financial authority limits (section 20.3 and Appendix J) and the values of purchases for which quotations and tenders are required (section 20.7 and Appendix J). All Hire Purchase, Lease and other financial ongoing agreements which extend beyond the current financial year must be approved and signed by the Principal.

They shall make available any relevant records or information to the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services or his or her authorised representative in connection with the implementation of West Lothian College's financial policies, these financial regulations and the system of financial control.

They shall provide the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Board of Governors.

They shall immediately notify the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of West Lothian College. The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services shall take such steps as he or she considers necessary by way of investigation and report.

## **7 Delegated Financial Limits and Annual Reporting Requirements**

### **7.1 Delegated Financial Limits**

West Lothian College must establish appropriate documented internal delegated authority arrangements consistent with the Delegated Authority section of the SPFM and the FM.

West Lothian College's specific delegated financial limits are:

<b>Delegated financial limits</b>	<b>Amount including VAT</b>
External business and management consultancies	£100,000
Special severance payments	£1,000
Operating leases-non property	£250,000
Procurement non-competitive action	£25,000

West Lothian College must obtain prior written approval from the SFC before entering into any undertaking to incur any expenditure above these delegations.

## 7.2 Prior Approval

Prior SFC approval must always be obtained before incurring expenditure for any purpose that is, or might be considered, novel, contentious or repercussive or which has or could have significant future cost implications.

What might be regarded as novel or contentious inevitably involves a degree of judgment. Novel would include proposed expenditure or financial arrangements of a sort not undertaken previously or which is not standard practice. Contentious would include proposed expenditure or financial arrangements where there was any doubt as to its regularity – for example, its compliance with relevant legislation or guidance – or its propriety – for example, compliance with the standards expected of publicly funded bodies or their officials. Proposed expenditure or financial arrangements that might be considered to be sensitive politically would also be regarded as contentious.

## 7.3 Fraud

Any frauds that are detected must be reported to SFC as and when they occur.

## 8 Risk Management

8.1 West Lothian College acknowledges the risks inherent in its business,

and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and sustainability.

8.2 The Board of Governors has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout West Lothian College through the development, implementation and embedment within the organisation of a formal, structured risk management process.

8.3 In line with this policy, the Board of Governors requires that the risk management strategy and supporting procedures include:

- the adoption of common terminology in relation to the definition of risk and risk management;
- the establishment of College-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence;
- a decision on the level of risk to be covered by insurance (Section 24.1);
- detailed regular review at ~~centre~~-faculty or support level to identify significant risks associated with the achievement of key objectives and other relevant areas;
- development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question;
- regular reporting to the Board of Governors of all significant risks;
- an annual review of the implementation of risk management arrangements.

The strategy and procedures must be capable of independent verification. Detailed guidance on the level of risk considered to be acceptable/unacceptable by the College is set out in a separate Risk Management Policy (Appendix K).

8.4 Managers must ensure that any agreements negotiated within their areas with external bodies cover any legal liabilities to which West Lothian

College may be exposed. The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services advice should be sought to ensure that this is the case.

## **9 Whistleblowing**

9.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.

9.2 Normally, any concern about a workplace matter at West Lothian College should be raised with the relevant member of staff's immediate line manager. However, West Lothian College recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.

A member of staff may, therefore, make the disclosure to the Secretary to the Board, who is the designated person to whom staff should make a disclosure. If the member of staff does not wish to raise the matter with this person, or with the Principal or the chair of the Board of Governors, it may be raised with the chair of the Audit Committee.

9.3 The full procedure for whistleblowing is set out in West Lothian College's whistleblowing policy and procedure (Appendix L).

## **10 Code of Conduct**

10.1 West Lothian College is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the nine key principles

underpinning public life in Scotland which incorporate the seven Nolan principles, which members of staff at all levels are expected to observe. These principles are set out at Appendix M.

10.2 Additionally members of the Board of Governors, the ~~senior-Executive~~ Leadership Team and all members of staff involved in procurement are required to disclose interests in West Lothian College's register of interests maintained by the Secretary to the Board. They are required to ensure that entries in the register relating to them are kept up to date at all times.

10.3 In particular, no person shall be a signatory to a College contract where he or she also has an interest in the activities of the other party.

10.4 Receiving gifts or hospitality

It is an offence under the Prevention of Corruption Act 1906 for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The Gifts and Hospitality Policy is described at Appendix N. The guiding principles to be followed by all members of staff must be:

- the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest
- the action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal or to their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation
- if an individual is in doubt about the propriety of accepting a gift or an item of hospitality advice must be sought.

Thus, members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than West Lothian College would be likely to provide in return.

When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services. For the protection of those involved, the Principal's PA will maintain a register of gifts and hospitality received where the value is in excess of that specified in Appendix N. Members of staff in receipt of such gifts or hospitality are obliged to notify the Principal's PA promptly.

#### 10.5 Anti-Bribery

Under the Bribery Act 2010 the College ensures that adequate procedures are in place to ensure the prevention of bribery.

##### Bribery

Is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.

It is unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;

- give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to “facilitate” or expedite a routine procedure;
- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return ;
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy;
- engage in activity in breach of this policy.

## C Financial Management and Control

### 11 Financial Planning

11.1 The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services is responsible for preparing annually a rolling five year financial plan for approval by the Board of Governors on the recommendation of the Finance and General Purposes Committee and for the onward transmission of that plan to the SFC. Financial plans should be consistent with the ~~Regional Plan and~~ Outcome Agreement and Infrastructure ~~strategy approved by the Board~~ Plan.

#### 11.2 Budget objectives

The Board of Governors will, from time to time, set budget objectives for West Lothian College. These will help the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services in preparing his or her more detailed financial plans for West Lothian College.

#### 11.3 Resource allocation

Resources are allocated annually by the Board of Governors on the recommendation of the Finance and General Purposes Committee, and

on the basis of the above objectives. Managers are responsible for the economic, effective and efficient use of resources allocated to them.

#### 11.4 Budget preparation

The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services is responsible for preparing each year an annual revenue budget and capital programme for consideration by the Finance and General Purposes Committee before submission to the Board of Governors. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Managers as soon as possible following their approval by the Board of Governors.

During the year, the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services is responsible for submitting updated forecasts to the Finance and General Purposes Committee for consideration before submission to the Board of Governors for approval.

#### 11.5 Capital programmes

The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs which are to be capitalised for inclusion in West Lothian College's financial statements. In relation to new build capital expenditure on land, buildings, furniture and associated costs can only be considered as part of the capital programme approved by the Board of Governors.

The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services has responsibility for establishing protocols for the inclusion of capital projects in the capital programme for approval by the Board of Governors. These set out the information

that is required for each proposed capital project as well as the financial and qualitative criteria that they are required to meet. They are summarised at Appendix O.

Financial Controls and procedures regarding New Build Projects are contained in the detailed planning documents for the project. All other proposed capital projects in excess of the limits specified in Appendix J should be supported by the relevant documentation.

The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services is responsible for providing regular statements concerning all capital expenditure to Finance and General Purposes Committee for monitoring purposes.

Following completion of a capital project, a post-project evaluation or final report should be submitted to the Finance and General Purposes Committee including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to SFC, as laid down in SFC guidelines.

#### 11.6 Overseas activity

In planning and undertaking overseas activity, West Lothian College must have due regard to the relevant guidelines issued by SFC.

#### 11.7 Other major developments

Any new aspect of business, such as diversification or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time of more than the limits as stated in Appendix J should be presented for approval through the Finance and General Purposes Committee to the Board of Governors.

The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services has responsibility for establishing protocols for these major developments to enable them to be considered for approval. These will set out the information that is required for each proposed development as well as the financial and qualitative criteria that they are required to meet. They are summarised at Appendix O.

## 12 Financial Control

### 12.1 Budgetary control

The control of income, expenditure and net return within an agreed budget is the responsibility of the designated budget holder, who must ensure that day-to-day monitoring is undertaken effectively. Managers are responsible to the Vice Principals for the income and expenditure appropriate to their budget.

Significant departures from agreed budgetary targets must be reported immediately to the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services by the other Vice Principals concerned and, if necessary, corrective action taken.

### 12.2 Financial information

The budget holders are assisted in their duties by management information provided through the College's financial reporting tool Q&A. The types and frequency of management information prepared is regularly reviewed by the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services to reflect the current management needs of the College.

The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services is responsible for supplying budgetary reports on all aspects of West Lothian College's finances to the Finance and General Purposes Committee on a basis determined by the

Finance and General Purposes Committee but subject to any specific requirements of SFC. These reports are presented to the Board of Governors, which has overall responsibility for West Lothian College's finances.

### 12.3 Changes to the approved budget

The Finance and General Purposes Committee will recommend approval of any necessary changes to the previously set budget to the Board of Governors after consideration of the regularly updated financial forecasts.

### 12.4 Virement

Virement is only permitted between budget headings (e.g. staff, transport, property costs, income etc) within the same overall Budget with prior written permission by the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services.

Where a budget holder is responsible for more than one budget, virement is only permitted with the prior written approval of the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services.

Virement between budgets held by different budget holders is permitted with the prior written approval of the transferring budget holder and the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services.

It will be at the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services's discretion whether to amend the budgets held in the financial systems in the current year to reflect agreed 'virements'.

### 12.5 Treatment of year-end balances

At year end, budget holders will not have the authority to carry forward a positive balance on their budget to the following year. A negative balance will be charged to the Income and Expenditure Account in the year incurred.

## **13 Accounting Arrangements**

### 13.1 Financial year

West Lothian College's financial year will run from 1 August until 31 July the following year.

### 13.2 Basis of accounting

The consolidated financial statements are prepared on the historical cost basis of accounting as modified by the revaluation of surplus land and certain fixed assets and in accordance with the Scottish Government Financial Reporting Model (FReM) issued by the Scottish Government and applicable accounting standards.

### 13.3 Format of the financial statements

The financial statements are prepared in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education and Financial Reporting Standard FRS102, subject to any specific requirements of SFC and the Scottish Government Financial Reporting Model (FReM).

### 13.4 Capitalisation and depreciation

New land and buildings will be recorded in the balance sheet at actual build or acquisition cost, except where they are received as gifts, where they will be recorded at depreciated replacement value. Buildings will be depreciated in equal instalments over their estimated remaining useful life. Freehold land will not be depreciated.

Expenditure incurred on repair, refurbishment or extension of existing buildings will not be capitalised unless it can be demonstrated that the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value.

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition is expected to be in use within the business on a continuing basis for at least 3 years. Capitalised assets other than land and buildings will be depreciated in accordance with a policy approved annually by the Finance and General Purposes Committee.

### 13.5 Accounting records

The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities.

West Lothian College is required by law to retain prime documents for six years. These include:

- complete record of transactions for each year from the computerised accounting system
- purchase order requisitions
- paid invoices
- accounts raised
- bank statements
- copies of receipts
- paid cheques
- payroll records, ~~including part-time lecturers' contracts.~~

The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services will make appropriate arrangements for the retention of electronic records.

Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as the European Social Fund.

### 13.6 Public access

The Board of Governors is required to supply any person with a copy of West Lothian College's most recent financial statements. Board of Governors may levy a reasonable fee and this will be charged at the discretion of the ~~Vice Principal, Finance and Curriculum~~ Vice Principal, Finance and Corporate Services. Copies of latest financial statements are provided to statutory agencies as required and are available on the College website.

### 13.7 Taxation

The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services is responsible for advising the ~~Senior Executive Leadership~~ Team in the light of guidance issued by the appropriate bodies and relevant legislation as it applies to the College in respect of all taxation issues. Therefore the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services will issue instructions to all areas on compliance with statutory requirements including those concerning VAT, corporation tax and import duty. The Human Resources Department will issue instructions ~~to departments to~~ all departments on compliance with statutory requirements including those concerning PAYE and national insurance.

West Lothian Council, on behalf of the College, is responsible for maintaining the College's tax records, calculating tax due, receiving tax credits and submitting tax returns by their due date as appropriate. The College is responsible for making ~~payments~~ tax payments to HMRC.

### 13.8 Tax Planning and Tax Avoidance

All individuals who would qualify as employees for tax purposes must be paid through the payroll system with tax deducted at source. The SFC must be consulted before any payment arrangements are put in place that could be perceived, reasonably, as seeking to minimise the tax liability of either the individual or the paying organisation concerned. Public sector organisations should, as a general rule, avoid tax management arrangements that have the primary objective of reducing tax liabilities. Proposals to put in place non-standard tax management arrangements must be approved in advance by the SFC.

SFC approval should be obtained before employing external tax advisers or using schemes marketed by such advisers.

Public procurement decisions should be based on the need to secure value for money - independent of any tax advantages for individuals or bodies that may arise from a particular bid or from complex or artificial tax arrangements which have no underpinning economic basis.

Restrictions on bidders should be considered where they are justified in terms of the objectives of the project and consistent with international obligations and government objectives on tax transparency and openness.

### 13.9 Write offs

Any write-off of bad debt and/or losses will be recorded against resource Departmental Expenditure Limits (DEL).

### 13.10 Use of Suspense Accounts

Wherever possible, transactions should be debited or credited direct to appropriate budget related expenditure and income account codes and the use of suspense accounts should be kept to an absolute minimum.

Any balance held on a suspense account at the end of a financial year falls to be recorded in the annual accounts according to whether it is in the nature of an asset, or a liability. It is essential therefore that any balances can be fully supported and justified to the external auditors.

Suspense accounts should be reviewed (and reconciled) as a minimum every 3 months. In addition the operation and control of suspense accounts should be reviewed at least once during the financial year and at the year-end.

### 13.11 VAT

~~The VAT Act 1994 (VATA) is the main legislation concerning VAT in the UK. Although the VATA is a UK statutory document and the level of VAT is set by the UK Government, much of what can be covered within the Act is set out within European Directives.~~

~~VAT is payable by West Lothian College on the importation or acquisition of most goods and services. However, it is the legal responsibility of VAT registered suppliers to decide the tax liability of the supplies that they make.~~

~~West Lothian College shall charge VAT on any taxable supplies made in the course or furtherance of business activities specified in Taxing Directions.~~

~~Colleges are entitled to reclaim or deduct from the output tax they are due to pay the input tax they incur on purchases for their business activities, including those activities deemed to be business in the Taxing Directions. Colleges can also reclaim VAT on those non-business activities specified in Contracting Out Directions.~~

~~Staff involved in authorising invoices for payment or charging for goods and services should ensure that they reclaim or charge the correct amount of VAT.~~

~~*The VAT Act 1994 (VATA) is the main legislation concerning VAT in the UK. Although*~~

the VATA is a UK statutory document and the level of VAT is set by the UK Government, much of what can be covered within the Act is set out within European Directives. VAT is payable by West Lothian College on the importation or acquisition of most goods and services. However, it is the legal responsibility of VAT-registered suppliers to decide the tax liability of the supplies that they make.

West Lothian College shall charge VAT on any taxable supplies made in the course or furtherance of business.

Colleges are entitled to reclaim an element of the input tax they incur on purchases that relates to their taxable supplies. As a result, purchases are recorded net of VAT and irrecoverable VAT is added back and recorded in the Statement of Comprehensive Income (SOCIE).

Staff involved in authorising invoices for payment or charging for goods and services should ensure that they reclaim or charge the correct amount of VAT.

## **14 Audit Requirements**

### **14.1 General**

External auditors and internal auditors shall have authority to:

- access College premises at reasonable times
- access all assets, records, documents and correspondence relating to any financial and other transactions of West Lothian College
- require and receive such explanations as are necessary concerning any matter under examination
- require any employee of West Lothian College to account for cash, stores or any other College property under his or her control
- access records belonging to third parties, such as contractors, when required.

The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

Following consideration by the Finance and General Purposes Committee and the Audit Committee, the financial statements are submitted to the Board of Governors for approval.

#### 14.2 External audit

Under the terms of the Public Finance and Accountability (Scotland) Act 2000, the Auditor General is responsible for the appointment of the external auditors for West Lothian College.

The primary role of external audit is to report on West Lothian College's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. The external auditors address their report and opinion jointly to the Auditor General and the members of the Board of Governors. Their duties will be in accordance with advice set out in SFC's audit requirements contained in the Financial Memorandum and the Auditing Practices Board's statements of auditing standards.

#### 14.3 Internal audit

The internal auditor is appointed by the Board of Governors on the recommendation of the Audit Committee.

The audit requirements set out in the Financial Memorandum requires West Lothian College to have an effective internal audit function and their duties and responsibilities must be in accordance with these audit requirements. The main responsibility of internal audit is to provide

the Board of Governors, the Principal and Senior-Executive Leadership Team with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation but has direct access to the Board of Governors, Principal and chair of the Audit Committee. The formal responsibilities of internal audit are detailed at Appendix P. The internal audit service must conform to the professional standards of the Chartered Institute of Internal Auditors. The operation and conduct of internal audit must comply with Public Sector Internal Audit Standards and, where relevant, the Scottish Public Finance Manual.

#### 14.4 Fraud and corruption

It is the duty of all members of staff, management and the Board of Governors to notify the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

- 14.5 If the suspected fraud is thought to involve the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services and/or the Principal, the member of staff shall directly notify the Chair of the Audit Committee of their concerns regarding irregularities via a letter addressed to the Secretary to the Board of Governors marked "For the attention of the Chair of the Audit Committee - Private and Confidential – to be opened by addressee only".

#### 14.6 Value for Money

It is a requirement of the financial memorandum that the Board of Governors of West Lothian College strives to achieve value for money and is economical, efficient and effective in its use of public funds from all sources. It should keep under review its arrangements for managing all the resources under its control, taking into account

guidance on good practice issued from time to time by SFC, the Scottish Government, Audit Scotland, the National Audit Office, the Scottish Parliament Audit Committee or other relevant bodies.

Internal audit is to have regard to value for money in its programme of work. This will be used to enable the Audit Committee to refer to value for money in its annual report. The College's Value for Money policy is shown at Appendix Q.

#### 14.7 SFC

Where appropriate, West Lothian College must provide data returns requested by the SFC by the deadlines and to the standards specified.

#### 14.8 Other auditors

West Lothian College may, from time to time, be subject to audit or investigation by external bodies such as Audit Scotland, National Audit Office, European Court of Auditors, HM Revenue and Customs. They have the same rights of access as external and internal auditors.

#### 14.9 Checking Financial Transactions

The College places reliance on internal controls, systems controls and the division of responsibilities within individual teams to meet the requirements of the SPFM. The Internal Auditor reviews these controls on a regular basis and changes are made when necessary.

### **15 Treasury Management**

#### 15.1 Treasury management policy

The College will comply with the requirements of the Financial Memorandum and Scottish Public Finance Manual in relation to cash management, borrowing, investment and financing.

#### 15.2 Grant-in-aid

Grant payment will not be made in advance of need, as determined by the level of unrestricted cash reserves and planned expenditure. Unrestricted cash reserves held during the course of the year should be kept to the minimum level consistent with the efficient operation of West Lothian College and the level of funds required to meet any relevant liabilities at the year-end. Grant-in-aid not drawn down by the end of the financial year shall lapse; however, Grant-in-aid will not be paid into any restricted reserve held by West Lothian College. West Lothian College may transfer any surplus on its income and expenditure account as at 31 March to the arms-length-foundation. Any donation must take place in the financial year in which it arises and is subject to sufficient cash and resource cover being available.

#### 15.3 Appointment of bankers and other professional advisers

Banking arrangements should ensure they offer best value and comply with the Banking section of the Scottish Public Finance Manual.

#### 15.4 Banking arrangements

The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services is responsible, on behalf of the Finance and General Purposes Committee, for liaising with West Lothian College's bankers in relation to West Lothian College's bank accounts, the issue of cheques and payments made through the Bankers Automated Clearing System (BACS). All cheques shall be

ordered on the authority of ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services. Proper arrangements for their safe custody shall be made by the Finance Manager.

On receipt of the authority of the Board of Governors the ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services(or in his/her absence the Principal) may open or close a bank account for dealing with West Lothian College's funds. All bank accounts shall be in the name of West Lothian College. All cheques must be signed by two authorised persons.

All automated transfers on behalf of West Lothian College, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services. Details of authorised persons and limits are provided for in Appendix J. The ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

## 15.5 Investment

West Lothian College will not make any investments of a speculative nature without the prior written approval of SFC.

## 16 Income

### 16.1 General

West Lothian College will be able to retain all commercial income, gifts, bequests or donations received. These funds will be in addition to any grant or funding the institution receives from the SFC.

The ~~Vice Principal, Finance and Curriculum Services~~Vice Principal,

Finance and Corporate Services is responsible for ensuring that appropriate procedures are in operation to enable West Lothian College to receive all income to which it is entitled. All receipt forms, invoices, vouchers or other official documents in use and electronic collection systems must have the prior approval of the ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services.

Levels of charges for fees which are not set by statutory agencies, services rendered, goods supplied and rents and lettings are determined by procedures approved by the Principal.

Student tuition fees are set in line with the requirements of the Financial Memorandum (Appendix C) and all applicable legislation and guidance.

The ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services is responsible for the prompt collection, security and banking of all income received.

The ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services is responsible for ensuring that all grants notified by SFC and other bodies are received and appropriately recorded in West Lothian College's accounts.

The ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services is responsible for ensuring that all claims for funds are made by the due date.

## 16.2 Completeness of income

It is the responsibility of all staff to ensure that revenue to West Lothian College is fully accounted for by the efficient application of agreed procedures for the identification, collection and banking of income. In particular, this requires the prompt notification to the ~~Finance Manager~~Head of Finance, Procurement and Student

~~of~~ Funding of sums due so that collection can be initiated.

#### 16.3 Receipt of cash, cheques and other negotiable instruments

Money must be paid to the Finance Department and the custody and transit of all monies received must comply with the requirements of West Lothian College's insurers.

#### 16.4 Cash Handling

Money must be paid to the Finance Department and the custody and transit of all monies received must comply with the requirements of West Lothian College's insurers.

All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous expenses or be paid into any petty cash float. Personal or other cheques must not be cashed out of money received on behalf of West Lothian College.

Receipts by credit or debit card: West Lothian College may only receive payments by debit or credit card using procedures approved by the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services.

#### 16.5 Collection of debts

The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services should ensure that:

- debtors invoices are raised promptly on official invoices, in respect of all income due to West Lothian College;
- invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account;
- any credits granted are valid, properly authorised and completely recorded;

- VAT is correctly charged where appropriate, and accounted for;
- monies received are posted to the correct debtors account;
- swift and effective action is taken in collecting overdue debts, in accordance with the protocols noted in the financial procedures;
- outstanding debts are monitored and reports prepared for senior management.

Only the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services can implement credit arrangements and indicate the periods in which different types of invoice must be paid.

Detailed collection procedures and other credit controller information are contained in the College Debt Procedures.

Requests to write off individual debts, claims deemed to be irrecoverable or investments subject to a permanent diminution in value in excess of £5,000 must be referred by the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services for submission to the Principal or Finance and General Purposes Committee for consideration. Individual debts below this level may be written off as per the Scheme of Delegation (Appendix J). All reasonable action must have been taken to affect the recovery of losses.

#### 16.6 Student fees

The procedures for collecting tuition fees must be approved by the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services. He or she is responsible for ensuring that all student fees due to West Lothian College are received.

- 16.7 Any student who has not paid an account for fees owing to the College shall not be awarded a degree or any qualification from the College until all outstanding debts have been cleared. The names of such

students shall not be included on any pass lists until all outstanding accounts have been settled in full. Such students shall be prevented from re-enrolling at the College and from using any of the College's facilities. The College also reserves the right to exclude students from classes during an academic year if that student has outstanding fees or other charges owing to the College and he/she has not made arrangements with Finance to clear the debt.

#### 16.8 Student Support Funds

The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services is responsible for ensuring that all ring-fenced funding received by West Lothian College for student support is used in accordance with each scheme's rules and regulations. Under no circumstances should payments be made other than in accordance with the approved scheme.

#### 16.9 Repayment of SFC Grant

Where the SFC makes a payment to West Lothian College of a Strategic, Capital or other grant, the College will be required to comply with any additional requirements attached to the grant, as well as with the Financial Memorandum.

If West Lothian College fails to comply with the requirements of the Financial Memorandum, and any other specific terms and conditions attached to the payment of grant from the SFC, it may be required to repay the SFC any sums received from it and may be required to pay interest in respect of any period during which a sum due to the SFC remains unpaid.

If, in the reasonable opinion of SFC, any provision set out in the Financial Memorandum is not observed by West Lothian College, the SFC will be entitled, in respect of the payment of grant from SFC:

- In the case of funding by way of grant: to require immediate

repayment of any and all grants or any part or parts of any grants at any time after the SFC becomes aware of such failure to observe (without prejudice to further demands until the whole of all sums made available by way of grant shall have been paid in full)

- In the case of funding by way of loan (notwithstanding the terms of any agreement attached to the same): to require immediate repayment of the whole or part of each such loan at any time after SFC becomes aware of such failure to observe (without prejudice to further demands until the whole of all sums made available by way of loan shall have been repaid in full).

## 17 Commercial Activity

### 17.1 Non SFC-~~Funded Provision~~Funded Provision

In this context commercial activity covers all non SFC-Funded training, assessment and consultancy provision.

Any manager wishing to offer commercial activity must complete a costing and pricing form. A contract must be in place for all commercial activity.

### 17.2 Commercial Contracts

In this context, commercial contracts include training, assessment and consultancy. These contracts are normally originated by the client and must be signed by the Principal. In such event that West Lothian College is required to originate such documents, the Vice Principal, ~~Curriculum & Planning~~Learning and Attainment or Vice Principal, ~~Curriculum & Enterprise~~Performance and Improvement will arrange for these to be drafted and signed by the Principal. Internal Contracts between the Faculty of Workforce Development ~~Department~~ and an internal ~~department~~faculty within West Lothian College can be signed by the ~~Head Director~~of the Faculty of Workforce Development.

### 17.3 Private Consultancies and Other Paid Work

Unless otherwise stated in a member of staff's contract:

- outside consultancies or other paid work may not be accepted without the written consent of the Principal (and in the case of the Principal, the Chair of the Board of Governors);
- applications for permission to undertake work as a purely private activity must be submitted in writing to the Principal, as appropriate, and include the following information:
  - the name of the member(s) of staff concerned;
  - the title of the project and a brief description of the work involved;
  - the proposed start date and duration of the work;
  - full details of any College resources required (for the calculation of the full economic cost);
  - an undertaking that the work will not interfere with the teaching and normal collegial duties of the member(s) of staff concerned, nor will it be in conflict of interests or competition with the work of the College.

The College will not unreasonably withhold permission for outside consultancies or other paid work.

### 17.4 Off-Site Collaborative Provision

Any contract or arrangement whereby the College provides education to students away from College premises, or with the assistance of persons other than the College's own staff or with independent contractors (partner organisations), must be subject to the following procedure.

- There shall be a contract/agreement signed by the Principal and on behalf of any partner organisation that shall comply with any guidance issued by SFC and Scottish Government (as amended

from time to time) in place before any provision is made.

- The form of the contract shall be scrutinised in advance of its operation by the ~~Senior Executive Leadership~~ Team.
- The impact of the contract(s) shall be subject to scrutiny by the Board of Governors. The format for regular reports shall be as stated in SFC guidance. They shall consider the risk factors associated with the proposed partnership and agree an appropriate entry in the College's financial forecast.
- Where the partnership would represent a significant departure from the College's ~~Regional Strategic Plan~~ or Outcome Agreement, the Board of Governors shall approve the departure, and the Principal shall seek the views of and inform SFC.

#### 17.5 Facilities and Accommodation

The hire of accommodation and the provision of facilities are provided at day rates. The Vice Principal, ~~Curriculum & Enterprise Performance and Improvement~~ is responsible for setting the relevant schedule of rates on at least an annual basis. Volume discounts are at the discretion of the Vice Principal, ~~Curriculum & Enterprise Performance and Improvement~~ and ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services.

#### 17.6 Levels of Authorisation for Income Contracts

Only the Principal (or any Vice Principal with delegated authority from the Principal) can sign contracts. Contracts are required in ALL cases. Contracts must be costed and authorised before any commitments are made. Internal Contracts between the Faculty of Workforce Development ~~Department~~ and an internal department within West Lothian College can be signed by the Head of Workforce Development.

#### 17.7 Profitability and recovery of overheads

All commercial activities must be surplus-generating unless agreed in

advance by the ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services. All other income-generating activities must be self-financing or surplus-generating unless it is intended that a new course is to be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the appropriate Vice Principal and ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services. Activities which incur a planned deficit (“loss leader”) will be reviewed regularly by the relevant Vice Principal and ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services and factored into the budget-setting process.

A costing & pricing form must be completed by staff who organise other income-generating activities and be agreed with the ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services before any commitments are made.

## **18 European Union (EU) and other grant funding activities**

- 18.1 Any such project requires the approval of the Principal prior to any commitment being entered into. Such approval shall be dependent upon the Vice Principal, ~~Curriculum & Enterprise~~Performance and Improvement being able to demonstrate that eligible matching funds are available, the project is financially viable and it is consistent with the ~~Regional Plan and~~ Outcome Agreement of the College.

If West Lothian College is lead partner in any approved project or sub-contracts such work to external providers, the Vice Principal, ~~Curriculum & Enterprise~~Performance and Improvement shall ensure that:

- each partner organisation or external provider signs a written contract which sets out their responsibilities and allows for full audit access to detailed records;
- appropriate monitoring procedures are in place to ensure that the outputs are achieved and the provision by partners is of suitable

- quality;
- payments are only made to partners against detailed returns.

The Principal must authorise all projects before final agreement is reached.

#### 18.2 Additional Payments to Staff

Any proposal that involves additional payments to members of staff should be supported by a schedule of names and values and submitted on the relevant College form. All payments must be approved by the ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services.

#### 18.3 Guidance

Where West Lothian College is in receipt of European funding, it must also follow relevant SFC guidance as well as guidance contained in the Scottish Public Finance Manual.

### 19 Intellectual Property Rights and Patents

#### 19.1 General

Certain activities undertaken within West Lothian College including research and consultancy may give rise to ideas, designs and inventions which may be patentable. These are collectively known as intellectual property.

#### 19.2 Patents

The Audit Committee is responsible for establishing procedures to deal with any patents and rights accruing to West Lothian College from inventions and discoveries made by staff in the course of their work.

### 19.3 Commercialisation

In the event of West Lothian College deciding to become involved in the commercial exploitation of inventions and research, the matter should be referred to the Audit Committee for guidance on how to proceed.

## 20 Expenditure

### 20.1 General

The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services is responsible for making payments to suppliers of goods and services to West Lothian College.

### 20.2 Pre Expenditure Appraisal

Appraisal and evaluation are essential parts of good financial management. The general principles should apply to any proposal - whether project, programme or policy related - with implications for expenditure / use of resources.

The effort that should go into appraisals and evaluations and the detail to be considered is a matter of judgment. This should be relevant to the scale, risk and financial outlay associated with the proposal.

Appraisal within the Scottish Government involves the preparation of Pre-Expenditure Assessments (PEAs). PEAs must be undertaken for any proposal with significant resource implications

### 20.3 Schedule of financial approvals/financial authorities

The relevant member of the ~~Senior Executive Leadership~~ Team or Manager is responsible for purchases within his or her area. Budget holders are required to observe the purchasing policies and financial

procedures; this includes ensuring strict segregation of duties. No one person should be able to control all aspects of the payment authorisation procedure and different people should be responsible for ordering goods and services, for approving payments, and for processing payments.

The ~~Vice Principal, Finance and Curriculum Services-Vice Principal, Finance and Corporate Services~~ shall maintain a register of authorised signatories. Any changes to the authorities to sign must be notified to the ~~Vice Principal, Finance and Curriculum Services-Vice Principal, Finance and Corporate Services~~ immediately. The relevant member of ~~Senior-Executive Leadership~~ Team must supply the ~~Vice Principal, Finance and Curriculum Services-Vice Principal, Finance and Corporate Services~~ with specimen signatures of those authorised to certify invoices for payment.

All cheques or other instruments drawn on behalf of the College must be signed in the form approved by the Board of Governors.

Where ~~Service Areas/Departments~~ have any other additional controls in relation to purchasing limits this will be their sole responsibility to control.

Under procedures agreed by the ~~Vice Principal, Finance and Curriculum Services-Vice Principal, Finance and Corporate Services~~ central control shall be exercised over the creation of requisitioners and authorisers and their respective financial limits (for electronic systems).

The ~~Vice Principal, Finance and Curriculum Services-Vice Principal, Finance and Corporate Services~~ must be notified immediately of any changes to the authorities to commit expenditure.

Budget holders are not authorised to commit West Lothian College to expenditure without first reserving sufficient funds to meet the purchase cost. All Hire Purchase, Lease and other financial ongoing agreements which extend beyond the current financial year must be approved and signed by the Principal.

Purchase Order requisitions are required to be authorised in line with the levels set out in Appendix J. Only those with delegated authority or the relevant Vice Principal must authorise departmental orders in the absence of a budget holder.

In the event that the relevant Vice Principal, is unavailable for approval of expenditure, other members of the Senior Executive Leadership Team may approve relevant orders in their absence.

#### 20.4 Petty Cash

Petty cash requisitions require to be authorised in line with the limits set out in Appendix J.

The Head of Finance, Procurement and Student funds ~~Manager~~ shall make available to the Finance Office and other departments such imprests as are considered necessary for the disbursement of petty cash expenses.

Requisitions for reimbursement must be sent to the Finance Department, together with appropriate receipts or voucher.

Any member of staff granted a float is personally responsible for its safe keeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the College's insurers when not in use, and will be subject to periodic checks by the ~~Finance Manager~~ Head of Finance, Procurement and Student Funds or another person nominated by him or her.

At the end of the financial year a certificate of the balances held should be completed by the member of staff responsible for the float and counter signed by the Head of Finance, Procurement and Student Funds~~Finance Manager~~.

## 20.5 Procurement

West Lothian College requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice. Budget holders should use the Scottish Government's e-procurement system PECOS for placing orders and take advantage of APUC collaborative buying opportunities.

The ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services is responsible for:

- ensuring that West Lothian College's purchasing strategy and policy is known and observed by all involved in purchasing for West Lothian College
- advising on matters of College purchasing policy and practice
- advising and assisting staff where required on specific departmental purchases
- ensuring all orders are vetted before they leave West Lothian College
- ensuring that West Lothian College complies with EU regulations on public purchasing policy.
- ensuring that accepted conditions of contract for the purchase of goods do not expose the College to unacceptable risk.

## 20.6 Purchase orders

The ordering of goods and services shall be in accordance with West Lothian College's Procurement Strategy and Procurement Policy & Procedure (Appendix R).

Official College orders must be placed for the purchase of all goods or services, except those made using petty cash. In exceptional circumstances, urgent orders may be given orally, but must be supported by an official purchase order requisition endorsed 'confirmation order only' not later than the following working day.

The exceptions to the requirement to raise a purchase order are as follows:

- Utility costs e.g. gas, electricity, rates, rent
- Exam fees
- Payroll, pension and staff expenses
- Student fund payments
- Catering provisions

## 20.7 Tenders and quotations

All staff must comply with West Lothian College's Procurement Strategy and Procurement Policy & Procedure.

The following procedure will apply:

Route 1A	Below £1,000 – Supplies, Services and Works	The budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained.
Route 1B	Between £1,000 and £20,000 – Supplies, Services and Works	3 price comparisons or written quotations.  Approval of the <del>Vice Principal, Finance and Curriculum Services</del> Vice Principal, Finance and Corporate Services is required.
Route 1C	Between £20,000 and £50,000 – Supplies and Services	PCS- Quick Quote. 3 or more quotes advertised on Quick Quotes to named suppliers.  Approval of the Principal is required.
Route 2A	Between £50,000 and <del>£164,176</del> 189,330 – Supplies and Services	PCS – Public Contracts Scotland Open Tender Advert  Approval of the Principal is

		required up to £100,000. >£100,000 requires approval from the Finance and General Purposes Committee
Route 2B	Between £50,000 and £2,000,000 - Works	PCS – Quick Quote. 5 or more quotes advertised to named suppliers.  Approval of the Principal is required up to £100,000.  >£100,000 requires approval from the Finance and General Purposes Committee  The <del>Vice Principal, Finance and Curriculum Services</del> <u>Vice Principal, Finance and Corporate Services</u> shall determine whether a tender or quotation is the most appropriate documentation to be issued.
Route 2C	Over £2,000,000 - Works	PCS – Public Contracts Scotland Open Tender Advert  Approval of the Principal is required up to £100,000.  >£100,000 requires approval from the Finance and General Purposes Committee
Route 3A	Over <del>£181,302</del> <u>£189,330</u> Supplies and Service EU Tender	PCS EU Tender – Will advertise in the OJEU (Official Journal of the European Community) following the most appropriate EU process.  Approval is required from the Finance and General Purposes Committee
Route 3B	<del>£4,551,413</del> <u>£733,252</u> Works EU Tender	PCS EU Tender – Will advertise in the OJEU (Official Journal of the European Community) following the most appropriate EU process  Approval is required from the Finance and General Purposes

		Committee
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All of the above limits are exclusive of VAT.

Partnership arrangements for the supply of goods or services specifically approved by the Finance and General Purposes Committee or the Board of Governors will fall outside these arrangements for tenders and quotations.

In all cases value for money must be obtained.

## 20.8 IT Purchases

IT purchasing will normally occur through the budgets allocated annually to the ~~Facilities Manager~~Head of Information Systems and Digital Infrastructure. It is important that all IT purchasing within the College is reviewed and approved by the ~~Deputy Facilities Manager~~Digital Infrastructure Manager. This is to ensure a) that all products purchased are compatible with College networks, b) to eliminate possible duplication within the College, c) and to ensure value for money.

For the main IT purchasing from annual IT budget allocations, standard purchase procedures are generally unsuitable. Reasons for this include:

- 'spot' pricing that requires immediate uptake;
- volume discounts for aggregation of orders;
- compatibility to ensure new equipment will work with existing systems;
- avoidance of maintenance contract 'overlap'.

For these reasons the normal requirement to obtain quotes and tenders may not apply to IT purchases. However the prior approval of the ~~Vice Principal, Finance and Curriculum Services~~Vice Principal,

Finance and Corporate Services must be obtained before the exemption can apply.

#### 20.9 IT procurement

To be exempted from the standard tender process regulations, IT expenditure must still conform to the remainder of the purchasing regulations specified above including the raising of official orders.

#### 20.10 Post-tender negotiations

Post-tender negotiations (i.e. after receipt of formal tenders but before signing of contracts) with a view to improving price, delivery or other tender terms can be entered into, provided:

- it would not put other tenderers at a disadvantage;
- it would not affect their confidence and trust in West Lothian College's tendering process.

In each case, a statement of justification should be approved by the Principal prior to the event, showing:

- background to the procurement;
- reasons for proposing post-tender negotiations;
- demonstration of the improved value for money.

All post-tender negotiations should be reported to the Finance and General Purposes Committee.

#### 20.11 Building Contracts

Building contracts are administered by the College's ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services. Proposals will normally be initiated by the ~~Facilities Manager~~ Head of Estates and Sustainability in respect of planned replacements, general improvement schemes, space

planning or in response to requests from departments.

Consultants and other professional advisors may be appointed if the project, as determined by the Board of Governors, is too large or too specialised for the ~~facilities department~~~~states department~~ -resources. The Finance and General Purposes Committee will advise the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services on the selection of such advisors. Appointments shall be subject to tendering and other procedures where appropriate.

Proposals must be made in accordance with the College's ~~Regional Plan and~~ Outcome Agreement and Infrastructure ~~Strategy~~Plans. Where the proposal is in excess of the limits shown in Appendix J the Financial Forecasts shall be presented in the form of costings or investment appraisals as appropriate to the Finance and General Purposes Committee for approval to the Board of Governors. Other proposals shall be presented in similar form to the Finance and General Purposes Committee for consideration. Investment appraisals should comply with appropriate SFC guidance.

Following consideration by the Finance and General Purposes Committee and approval by the Board of Governors, submissions should be forwarded to the SFC where appropriate. If the required agreement is to be secured from the SFC, then SFC procedural rules should be followed. SFC guidance on best practice should be followed even when SFC approval is not required.

All contracts should ensure Best Value for Money. Best Value for Money means the best combination of cost and quality.

Protocols for proposed capital expenditure and major developments are set out in Appendix O.

## 20.12 EU regulations

The ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services is responsible for ensuring West Lothian College complies with its legal obligations concerning EU procurement legislation. EU procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.

The ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services will advise Managers on the thresholds that are currently in operation. A breach of these EU regulations is actionable by a supplier or potential supplier.

It is the responsibility of Managers to ensure that their members of staff comply with EU regulations by notifying the ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in journals such as the Official Journal of the European Community (OJEC).

#### 20.13 Receipt of goods

All goods shall be received at designated receipt and distribution points. They shall be checked for quantity and inspected for quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods and details entered into PECOS where appropriate.

If the goods are deemed to be unsatisfactory, the supplier shall be immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery, the record should be marked accordingly and the supplier immediately notified with the outcome communicated to the ~~Finance Manager~~Head of Finance, Procurement and Student Funds to prevent erroneous payments being made.

## 20.14 Payment of invoices

The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS transfer each week. In exceptional circumstances the Finance Department will arrange an ad-hoc electronic urgent payment. Payments to overseas suppliers will normally be made by a Bank Transfer in the currency of the supplier.

Suppliers should be instructed by the budget holder to submit invoices for goods or services directly to the Finance Department.

~~Senior Executive Leadership~~ Team and Managers are responsible for ensuring that expenditure within their department(s) does not exceed funds available.

Payments will only be made by the Finance Department against invoices that have been certified for payment by the appropriate budget holder (paper-based system) or against invoices that are matched to a purchase order (electronic system).

Certification of an invoice or matching of an electronic order will ensure that:

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory;
- invoice details (quantity, price discount) are correct;
- the invoice is arithmetically correct;
- the invoice has not previously been passed for payment;
- where appropriate, an entry has been made on a stores record;
- an appropriate cost centre and project code are quoted. The financial codes used must be from those included in the budget holder's areas of responsibility;

#### 20.15 Public Sector Payment Policy

Payments by relevant public sector organisations should be made in accordance with the Scottish Government target for the payment of invoices within 10 working days of their receipt. West Lothian College will strive to meet this target whilst taking cognisance of the provisions of section 20.14 herein, making payment as early as is practicable.

#### 20.16 Staff reimbursement

The College's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement (see 21.5).

Where such purchases by staff are planned, the Senior-Executive Leadership Team may approve cash advances to staff who are going to incur expenditure on the College's behalf. Upon completion of the travel or project to which the advance relates, the member of staff must provide the appropriate receipts and change to the Finance Department so that the cash advance may be reconciled. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding.

#### 20.17 College credit cards

Where appropriate, the Principal may approve the issuing of College credit cards to senior staff. Such credit cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services will be responsible for setting in place a system to monitor the use of College credit cards and account for expenses charged through them. The credit card policy is described in Appendix S.

#### 20.18 Other payments

Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services, supported by certified claims where appropriate.

#### 20.19 Late payment rules

The Late Payment of Debts (Interest) Act 1998 was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities. Key points are:

- small businesses can charge interest on overdue invoices;
- interest is chargeable on sales made after 1 November 1998;
- the rate of interest is currently 8% per annum above the official daily rate of the Bank of England;
- the Act also applies to overseas organizations;
- West Lothian College can be sued for non-payment.

In view of the penalties in this Act, the Board of Governors requires that invoices must be passed for payment as soon as practicable.

## 20.20 Giving hospitality

Staff entertaining guests from outside bodies should normally use West Lothian College's catering facilities. Reasons may be requested when submitting a claim for reimbursement.

Further guidance is contained in the Gift and Hospitality Policy (Appendix N).

## 20.21 Overpayments

In principle West Lothian College will always attempt to pursue the recovery of overpayments, irrespective of how they came to be made. In practice, however, there will be both practical and legal limits to how cases should be handled. Each case will therefore be dealt with on its merits.

West Lothian College will only take a decision not to seek recovery of an overpayment on the basis of a cost benefit analysis of the options. A decision not to pursue recovery will be exceptional and will only be taken after a careful appraisal of the relevant facts. The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services must authorise the non-pursuance of an overpayment. The decision not to pursue an overpayment must take into account the guidance in the section of the SPFM on Losses and Special Payments. Any decision not to pursue recovery, or not to pursue recovery in full, should be defensible in the public interest.

Any proposal by West Lothian College to forgo recovery of the whole or part of a collective overpayment must be approved by the SFC before the recipients of the overpayments are informed.

## 20.22 Bankruptcy

As a general rule, when West Lothian College learns of a bankruptcy it

will stop all payments pending confirmation of the individual / organisation's status.

Once the bankruptcy has been confirmed it is essential for West Lothian College to ensure that any payment due by them is made only to the proper person, and that any claim by them is properly lodged. West Lothian College will also consider, in consultation with its legal advisers, whether any contract should be terminated.

Any amounts to be written off as a result of bankruptcies will be subject to the SPFM guidance on Losses and Special Payments.

## 21 Remuneration Policy

- 21.1 All College staff will be appointed to the salary scales approved by the Board of Governors and in accordance with appropriate conditions of service. All letters of appointment must be issued by the Human Resource Department.

The Board of Governors will determine what other benefits, such as cars, medical and life insurance, are to be available, the basis of their provision (contributory or not) and the staff to whom they are to be available. Active consideration will be given as to whether non-salary reward schemes represent an appropriate use of public funds. West Lothian College will be open and transparent in the way it deals with non-salary rewards. Clear policies will be established on disclosure of information about the awards which have been made and the procedures adopted for making those awards. The SFC will be consulted prior to the implementation of any non-salary reward scheme.

The tax implications for both the College and employees of the provision of non-salary rewards will be carefully considered.

The Remuneration Committee set up by the Board of Governors will determine salaries and other benefits for the Principal and other

~~managers~~Vice Principals. The Principal under the functions delegated to him/her by the Board will implement conditions of service in relation to all staff as agreed through the National Pay Bargaining process.

## 21.2 Appointment of staff

All contracts of service shall be concluded in accordance with West Lothian College's approved human resource practices and procedures and all offers of employment with West Lothian College shall be made in writing by the Human Resources Department. ~~All appointments must be approved by the Principal before an offer of employment is made.~~ Budget holders shall ensure that the ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services and the Human Resources Department are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

## 21.3 Salaries and wages

The Human Resources Department is responsible for ~~all~~ payments of salaries ~~and wages~~ to all staff including payments for overtime or services rendered. All ~~timesheets and other~~ pay documents, including those relating to fees payable to external examiners, will be in a form prescribed or approved by the Human Resources Department.

The Human Resources Department will be responsible for keeping the ~~Senior Executive Leadership~~ Team informed of all matters relating to staff for payroll purposes. In particular these include:

- appointments, resignations, dismissals, secondments and transfers;
- absences from duty for sickness or other reason, apart from approved leave;
- changes in remuneration other than normal increments and pay awards;
- information necessary to maintain records of service for superannuation, income tax and national insurance.

The ~~Finance Manager~~ Head of Finance, Procurement and Student Funds is responsible for payments to non-employees, which will be made in accordance with the College's Payment Procedures.

The Human Resources Department shall be responsible for keeping all records relating to payroll including those of a statutory nature. All fixed term and part-time employees will be included on the payroll except temporary agency staff.

All payments must be made in accordance with West Lothian College's detailed payroll financial procedures and comply with ~~Inland Revenue~~ HMRC regulations.

#### 21.4 Superannuation schemes

The Board of Governors is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.

The Human Resources Department is responsible for day-to-day superannuation matters, including:

- identifying contributions to various authorised Superannuation schemes for payment by BACS through the Finance Department;
- preparing the annual return to various Superannuation schemes; and
- administering the College's pension liabilities.

The Human Resources Department is responsible for administering eligibility to pension arrangements.

#### 21.5 Travel, subsistence and other allowances

Members of College staff are entitled to reimbursement of legitimate travel and other costs incurred in performance of their College duties.

Travel and other costs will only be made in line with the travel and

subsistence policy and procedures.

All claims for payment of staff mileage shall be completed in a form approved by the Human Resources Department, and payable through the monthly payroll.

All claims for payment of travel, subsistence and all other business expenses shall be completed in an Expense form approved by the ~~Finance Manager~~Head of Finance, Procurement and Student Funds, and payable through the Finance system on a monthly basis. Reimbursement will not be made for expenditure not supported by a valid receipt. The College will not accept claims for expenditure incurred more than three months from the date of the claim.

The certification by a line manager shall be taken to mean that:

- the journeys were authorised;
- the expenses were properly and necessarily incurred;
- the allowances are properly payable by the College;
- consideration has been given to value for money in choosing the mode of transport.

For travel outwith the UK reimbursement will be made in line with HMRC approved rates.

Any travel outside Scotland or involving an overnight stay must be approved by the Principal in advance.

Arrangements for travel outside Scotland by the Principal shall be approved by the Chair of the Board of Governors.

Where spouses, partners or other persons unconnected with West Lothian College intend to participate in a trip, this must be clearly identified in the approval request. West Lothian College must receive reimbursement for the expected costs it may be asked to cover for those persons in advance of confirming travel bookings.

The College will not accept claims for expenditure incurred more than three months from the date of the claim.

Claims by members of staff must be authorised in line with the levels stated in Appendix J. In signing a claim the member of staff is certifying that:

- the journeys were undertaken;
- the expenses were properly and necessarily incurred;
- the allowances are properly payable by the College;
- consideration was given to value for money.

Travel claims by the Principal shall be approved by the Chair of the Board of Governors, Chair of Audit Committee or Chair of the Finance & General Purposes Committee.

Travel claims by members of the Board of Governors shall be approved by the Chair of the Board of Governors.

Travel claims by the Chair of the Board of Governors shall be approved by the Chair of the Audit Committee.

#### 21.6 Travel outwith Scotland

All arrangements for travel outwith Scotland must be approved by the Principal in advance of making commitments and travel bookings. Arrangements for travel by the Principal or members of the Board of Governors shall be approved by the chair of the Board of Governors.

Where spouses, partners or other persons unconnected with West Lothian College intend to participate in a trip, this must be clearly identified in the approval request. West Lothian College must receive reimbursement for the expected costs it may be asked to cover for those persons in advance of confirming travel bookings.

## 21.7 Allowances for Members of the Board of Governors

Claims for members of the Board of Governors will be authorised by the Secretary to the Board of Governors. Claims for meeting attendance will be based on standard amounts for each individual, but only reasonable expenses can be reimbursed.

## 21.8 Severance and other non-recurring payments

Severance payments will adhere to the principles set out in the Financial Memorandum with SFC and shall only be made in accordance with the Protection of Employment Policy and Redundancy Procedure, and the appropriate Severance Policy for Staff. Amounts paid should be declared in the financial statements.

All matters referred to an industrial tribunal shall be notified to the Finance and General Purposes Committees at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified.

## 22 Assets

### 22.1 Land, buildings, fixed plant and machinery

The purchase, lease or rent of land, buildings or fixed plant can only be undertaken with authority from the Board of Governors and with reference to SFC requirements where exchequer-funded assets or exchequer funds are involved.

### 22.2 Fixed asset registers

The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services is responsible for maintaining West Lothian College's register of land, buildings, fixed plant and machinery. Managers will provide the ~~Finance Manager~~ Head of Finance, Procurement and Student Funds with any information he or she may need to maintain the registers.

In addition to the asset register, the ~~Facilities Manager~~Head of Estates and Sustainability is responsible for maintaining an electronic inventory of all plant, equipment and furniture. The inventory must include items donated or held on trust and be checked at least annually.

### 22.3 Stocks and stores

All Managers are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments. The systems used for stores accounting in all areas must have the approval of the ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services.

All Managers are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature must be subject to appropriate security checks by the College Health and Safety Officer.

Managers whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services and that instructions to appropriate staff within their departments are issued.

### 22.4 Safeguarding assets

Managers are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc under their control. They will consult the ~~Vice Principal, Finance and Curriculum Services~~Vice Principal, Finance and Corporate Services in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

Assets owned by West Lothian College shall, so far as is practical, be effectively marked to identify them as College property.

#### 22.5 Personal use

Assets owned or leased by West Lothian College shall not be subject to personal use without proper authorisation.

#### 22.6 Asset disposal

Disposal of equipment and furniture where the value of the disposal is greater than £10,000 will be reported to the Finance and General Purposes Committee. The authorisation levels for any disposal are stated in Appendix J.

Disposal of land and buildings must only take place with the authorisation of the Board of Governors. SFC consent may also be required if exchequer funds were involved in the acquisition of the asset.

#### 22.7 All other assets

Managers are responsible for establishing adequate arrangements for the custody and control of all other assets owned by West Lothian College, whether tangible such as stock or intangible including electronic data.

### 23 Funds Held on Trust

#### 23.1 Gifts, benefactions and donations

The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services is responsible for maintaining

financial records in respect of gifts, benefactions and donations made to West Lothian College and initiating claims for recovery of tax where appropriate.

#### 23.2 Student support funds

Records of student support funds will be maintained according to SFC and SAAS requirements.

#### 23.3 Voluntary funds

The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services shall be informed of any fund that is not an official fund of West Lothian College, which is controlled wholly or in part by a member of staff in relation to their function in West Lothian College.

#### 23.4 General

The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services is responsible for maintaining a record of the requirements for each trust fund and for advising the Finance and General Purposes Committee on the control and investment of fund balances.

The Finance and General Purposes Committee is responsible for ensuring that all the College's trust funds are operated within any relevant legislation and the specific requirements for each trust.

### 24 Other

#### 24.1 Insurance

The Scottish Ministers have agreed a derogation whereby colleges can extend their current commercial insurance arrangements for three years to 31 July 2021. While this derogation is in place the ~~Vice~~

~~Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services is responsible for West Lothian College's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy (see sections 8.1 to 8.4), all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets. This portfolio of insurances will be considered and approved by the Finance and General Purposes Committee.

Until 31 July 2021 the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services is responsible for effecting insurance cover as determined by the Finance and General Purposes Committee. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services will keep a register of all insurances affected by West Lothian College and the property and risks covered. He or she will also deal with West Lothian College's insurers and advisers about specific insurance problems.

All staff must ensure that any agreements negotiated within their areas with external bodies cover any legal liabilities to which West Lothian College may be exposed. The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services's advice should be sought to ensure that this is the case. All staff must give prompt notification to the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. All staff must advise the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services immediately of any event that may give rise to an insurance claim. The ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services will notify West Lothian College's insurers and, if

appropriate, prepare a claim in conjunction with the staff member concerned for transmission to the insurers.

The ~~Facilities Manager~~Head of Estates and Sustainability is responsible for keeping suitable records of plant, which is subject to inspection by an insurance company, and for ensuring that inspection is carried out in the periods prescribed.

All staff using their own vehicles on behalf of West Lothian College must ensure appropriate insurance cover for business use.

#### 24.2 Companies and joint ventures

In certain circumstances it may be advantageous to West Lothian College to establish a company or a joint venture to undertake services on behalf of West Lothian College.

It is the responsibility of the Board of Governors to establish the shareholding arrangements and appoint directors of companies wholly owned by West Lothian College or where the College is the majority shareholder. These and other arrangements will be set out in appropriate legal documentation.

The directors of companies where the company is a subsidiary of West Lothian College must submit, via the Finance and General Purposes Committee, an annual report for recommendation to the Board of Governors. They will also submit business plans or budgets as requested to enable the Committee to assess the risk to West Lothian College. West Lothian College's internal and external auditors shall also be appointed to such companies and the company's financial year must be consistent with that of West Lothian College.

#### 24.3 Security

The ~~Senior Executive Leadership~~Team is responsible for maintaining proper security at all times for all buildings, stock, stores, furniture,

cash, etc under their control. They shall consult the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

Keys to safes or other similar containers are, at all times, to be kept in a secure environment, under the control of the person responsible for those keys. The loss of such keys must be reported to the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services immediately.

The ~~Senior Executive Leadership~~ Senior Executive Leadership Team shall be responsible for maintaining appropriate technical and organisational security measures to ensure that personal information is held securely either on computers or in physical files. The restriction of access to computer areas to authorised persons only by the use of passwords is an example of the type of security control that will be used. Information which identifies individuals are subject to the provisions of the Data Protection Act 2018 and all associated data protection law.

The College has an independent Data Protection Officer (DPO). The ~~Head of External Engagement~~ Vice Principal, Finance and Corporate Services has overall responsibility for Data Protection and works with the Data Protection Officer to monitor compliance with the Act and work with College staff to ensure the College complies with privacy law.

#### 24.4 Security of Documents

The Principal's PA is responsible for the safekeeping of official and legal documents relating to the College. Signed copies of all deeds and leases, together with such agreements and contracts as are relevant to the College as a whole, must be forwarded to the Principal's PA. All such documents shall be held in an appropriately secure, fireproof, location and, where practicable, copies are held at a separate location.

#### 24.5 Student Association

The Student Association has no separate legal identity but is recognised to fulfil a valuable role in relation to West Lothian College's students.

Each year, the Finance and General Purposes Committee shall determine the level of funding to be made available to the Student Association to support its work.

#### 24.6 Provision of indemnities

Any member of staff asked to give an indemnity, for whatever purpose, should consult the ~~Vice Principal, Finance and Curriculum Services~~ Vice Principal, Finance and Corporate Services before any such indemnity is given.

#### 24.7 Contingent Commitments

The College must seek SFC's prior written consent if it intends to lend or give a guarantee, indemnity or letter of comfort. The value of the guarantee should be equal to the total contingent liability over the term of the guarantee. In all cases, the College must take steps to restrict the contingent liability to a minimum and will undertake a careful appraisal of the risks before accepting any contingent liability.

The College will also provide assurance that, in the event of the contingent liability arising, it can be met from within the College's own resource, or that appropriate insurance cover has been arranged. SFC's written consent is not required for such arrangements if the indemnity is of a standard type contained in contracts and agreements for 'day-to-day' procurement of goods and services in the normal course of business.

## 25 Appendices

Appendix A	Legislative Framework and Standing Orders
Appendix B	Code of Good Governance for Colleges Scotland
Appendix C	Financial Memorandum
Appendix D	Committee Structure Diagram
Appendix E	Audit Committee Terms of Reference
Appendix F	Finance & General Purposes Committee Terms of Reference
Appendix G	Remuneration Committee Terms of Reference
Appendix H	Nominations Committee Terms of Reference
Appendix I	Learning & Teaching Committee Terms of Reference
Appendix J	Schedule of Financial Approvals
Appendix K	Risk Management Policy
Appendix L	Whistleblowing Policy
Appendix M	Code of Conduct
Appendix N	Gift & Hospitality Policy
Appendix O	Capital Protocols
Appendix P	Internal Audit Responsibilities
Appendix Q	Value for Money Policy
Appendix R	Procurement Strategy and Procurement Policy & Procedure
Appendix S	Credit Card Policy

## West Lothian College

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### Finance and General Purposes Committee

#### COLLEGE KEY PERFORMANCE INDICATORS (KPIS) 2019-20

The attached table shows the college's key financial performance indicators for 2017-18, 2018-19 and a forecast for 2019-20. Explanations for variances from target are provided.

For benchmarking purposes financial KPIs are provided from Borders College, Dumfries & Galloway College and Forth Valley College for 2017-18 and 2018-19.

Early withdrawal statistics for 2019-20 are also provided. As the college is predicting to exceed its credit target no financial clawback is expected.

#### Action

The committee is asked to discuss the KPIs for 2019-20.

**Jennifer McLaren**

Vice Principal, Finance & Corporate Services

10 September 2020

West Lothian College -Key Financial Performance Indicators 2019-20

	Target	Forecast	Forecast	Actual	Actual
	2019-20	For the eleven months ended 30 June 2020	For the year ended 31 July 2020	For the year ended 31 July 2019	For the year ended 31 July 2018
College Surplus (£'000)	65	394	(80)	4	70
Operating Surplus (£'000)	(871)	394	(1,611)	(4,386)	1,765
Non SFC Income as % of total income	27%	27%	28%	28%	29%
Trading Surplus on commercial activities as % of income from commercial activities	28%	33%	32%	35%	32%
Staff costs as % of total income (excludes exceptional costs)	69%	71%	71%	69%	67%
Ratio of Current Assets to Current Liabilities	0.6:1	0.8:1	0.7:1	0.7 :1	0.7:1
Days Cash to Total Expenditure	16	30	11	16	15

Comments	Actions
Below target largely as a result of higher than budgeted salary costs in curriculum centres due to the cost of backfilling long-term sick absence and impact of COVID19	HR working proactively with centres and Senior Team monitoring the position
Below target as a result of higher than budgeted salary costs in curriculum centres due to the cost of backfilling long-term sick absence, impact of COVID19 and movement in the FRS17 pension provision following the 2018-19 actuarial revaluation	HR working proactively with centres and Senior Team monitoring the position
On target for year.	
Above target as a result of saving in FWDF salary costs and posts not being filled. FWDF salary costs being absorbed within the academic centres.	Monitor through Corporate Engagement Committee
Above target as a result of higher than budgeted salary costs in curriculum centres due to the cost of backfilling long-term sick absence	HR working proactively with centres and Senior Team monitoring the position
On target for year.	Monitor through monthly management accounts
Below target largely as a result of higher than budgeted salary costs in curriculum centres due to the cost of backfilling long-term sick absence	Monitor through cash flow forecast to SFC and monthly management accounts

	2018-19			
	Borders	Dumfries & Galloway	Forth Valley	West Lothian
Non SFC Income as % of total income	26%	17%	27%	28%
Staff costs as % of total income (excludes exceptional costs)	71%	76%	75%	71%
Ratio of Current Assets to Current Liabilities	1.5: 1	1.6: 1	0.6: 1	0.7: 1
Days Cash to Total Expenditure	82	94	21	14

	2017-18			
	Borders	Dumfries & Galloway	Forth Valley	West Lothian
Non SFC Income as % of total income	29%	16%	27%	29%
Staff costs as % of total income (excludes exceptional costs)	66%	68%	74%	67%
Ratio of Current Assets to Current Liabilities	1.5:1	0.5:1	1.1:1	0.7:1
Days Cash to Total Expenditure	72	22	60	15

Early Withdrawals						
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	2019-20 Early Withdrawal @22-7-20 (%)	2019-20 Early Withdrawal Actual Number of Enrolments @ 22-7-20	2019-20 Total Number of Enrolments@ 22-7-20	2018-19 Early Withdrawal (%)	2018-19 Early Withdrawal Actual Number of Enrolments	2018-19 Total Number of Enrolments
FEFT	8.8%	112	1,276	7.9%	97	1,236
HEFT	4.6%	36	791	6.1%	47	767
FEPT	1.8%	57	3,218	2.0%	75	3,807
HEPT	2.6%	18	693	1.9%	22	1,140
Total		223	5,978		241	6,950

**West Lothian College**

10 September 2020

**Finance and General Purposes Committee****HUMAN RESOURCES & PEOPLE DEVELOPMENT REPORT**

The Human Resources Report for the quarter 01 April to 30 June 2020 is attached to this paper.

The key points from the report are:

<b>THEME</b>	<b>SUCCESS INDICATOR</b>	<b>CURRENT POSITION</b>
<b>Recruitment &amp; Retention</b>	Zero unfilled vacancy rate	All posts filled this quarter
	Stable employee turnover	9.37% (previous 3 years' average is 13.87%)
	Favourable exit interview feedback	No significant issues reported
<b>Health, Safety &amp; Wellbeing</b>	Sickness absence at or below 4%	2.56% YTD (previous YTD was 4.90%)
	Healthy Working Lives accreditation	Silver Award achieved Q2 2019-2020
	Favourable Staff Experience Survey feedback in areas associated with health & wellbeing	99% of respondents agree that the College takes positive action on health & wellbeing (+3% on 2018)
	Zero reportable Health & Safety incidents	Reported on separately at Audit Committee
<b>Reward</b>	Zero unfilled vacancy rate	All posts filled this quarter
	Stable employee turnover	See 'Engagement' section
	Favourable Staff Experience Survey feedback in areas associated with reward	77% of respondents satisfied with the extent to which the College values their work (+6% on 2018)
<b>Engagement</b>	Stable employee turnover	9.37% (previous 3 years' average is 13.87%)
	Favourable Staff Experience Survey feedback in areas associated with engagement	84% of respondents enthusiastic about their job (-2% on 2018)

**West Lothian College**

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<b>Employee Relations</b>	Constructive climate of management-Trade Union partnership working  Favourable Staff Experience Survey feedback in areas associated with decision-making and communication  Grievance processes	No disputes, no collective grievances  75% of respondents feel involved in deciding changes (-3% on 2018)  No grievances
<b>Equality &amp; Diversity</b>	Candidate attraction and recruitment reflecting the diversity of the community  Favourable Staff Experience Survey feedback in areas associated with equality and diversity	2019-2020 report to be provided upon return to onsite working  3% of respondents perceive experiencing discrimination at work (no change on 2018)

**Action**

For discussion.

**Jennifer McLaren**

Vice Principal, Finance & Corporate Services  
10 September 2020

## **Human Resources and People Development Report – 01 April to 30 June 2020**

### **RECRUITMENT & RETENTION**

For the period 01 April to 30 June 2020 9 vacancies were dealt with and a total of 127 applications reviewed. All recruitment and selection reverted to being managed and delivered online using videoconferencing. The management restructure selection was also delivered using VC technology.

#### **Unfilled Vacancy Rate**

No vacancies were unfilled during this period.

#### **Applicant: Vacancy Ratio**

The applicant to vacancy ratio for Lecturing posts is 18:1 (an increase from 3:1 from the previous quarter) and for Support posts is 11:1 (a decrease from the previous quarter which was 12:1).

#### **Recruitment Activity**

Recruitment for the following staff vacancies was underway or completed:

Lecturing:

<b>Job Status</b>	<b>Job Title</b>	<b>Faculty/Team</b>	<b>Total Number of Applicants</b>	<b>Number of applicants – Hired</b>
Closed/Filled	Lecturer - Health Care	Care, Health and Sport	23	3
Closed/Filled	Lecturer - Science	Care, Health and Sport	21	3
Closed/Filled	Lecturer - Social Care	Care, Health and Sport	17	2
Closed/Filled	Temp Lecturer - Health Care	Care, Health and Sport	11	1

Support:

<b>Job Status</b>	<b>Job Title</b>	<b>Faculty/Team</b>	<b>Total Number of Applicants</b>	<b>Number of applicants - Hired</b>
Closed/Filled	HR Business Partner	Human Resources and People Development	1	1
Closed/Filled	Information Systems Manager	Digital Infrastructure and Information Systems	1	1
Closed/Filled	Part Time Trainers - Children's Hearings Scotland Learning Academy	Business Development (Children's Hearings Scotland Learning Academy)	25	2
Open	Work Based Assessor - Automotive and Engineering	Workforce Development	10	TBC
Closed/Filled	Vice Principal	Executive	18	1

## New Starts

3 new members of staff joined the College between 01 April to 30 June 2020.

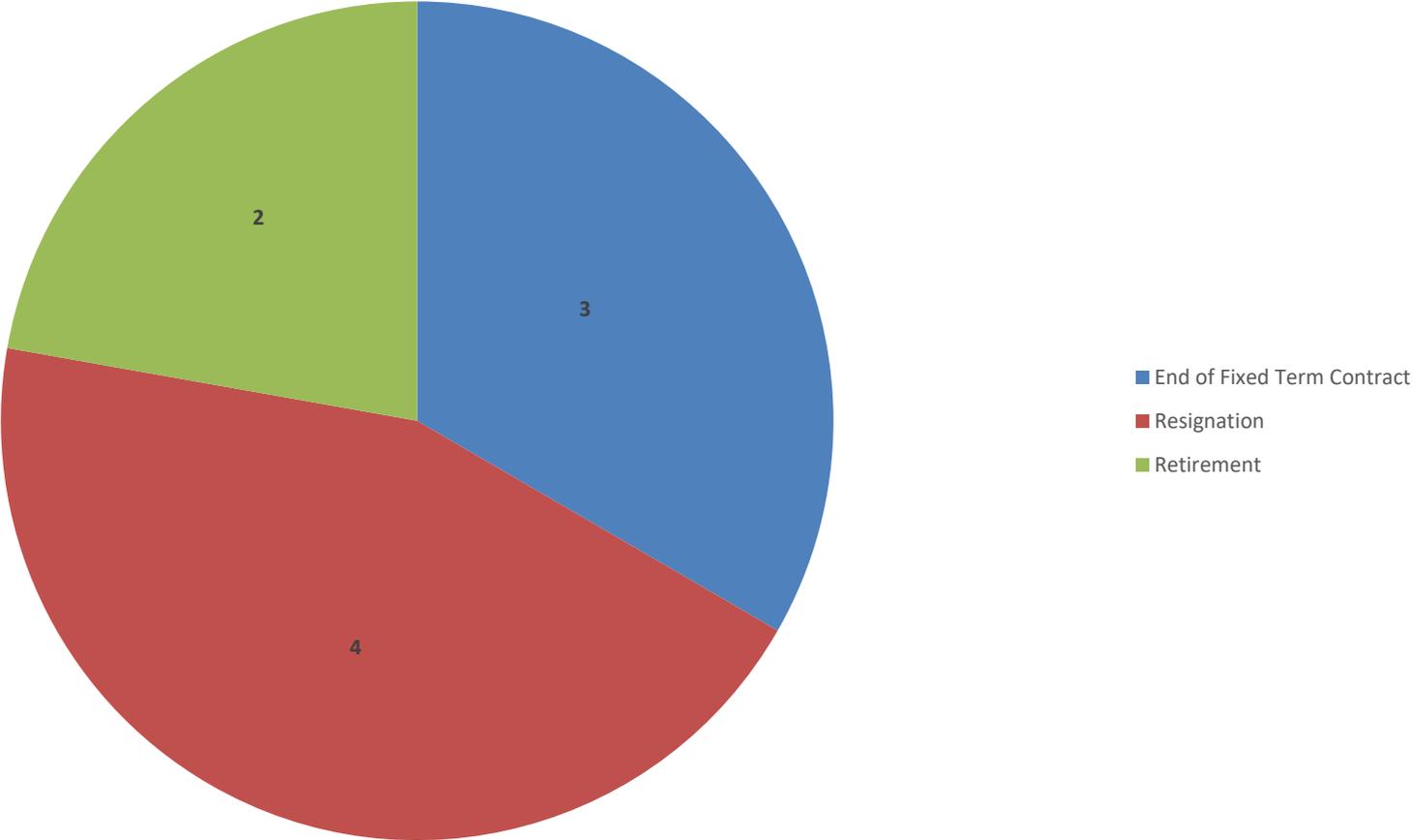
Faculty/Team	Position	Date Joined
Facilities Management	Maintenance Technician	20 April 2020
Commercial and Marketing	Lecturer – IOSH	04 May 2020
Finance and Bursaries	Finance Manager	11 May 2020

## Leavers

There were 9 leavers between 01 April to 30 June 2020.

Date of Leaving	Position	Faculty/Team	Reason
03 April 2020	Lecturer - Hairdressing	Beauty Therapy and Hairdressing	Resignation
05 April 2020	Contracts Manager	Children's Hearings Scotland Learning Academy	End of Fixed Term Contract
30 April 2020	Depute Manager	Children's Hearings Scotland Learning Academy	Retirement
01 May 2020	Employer Engagement Officer	Commercial and Marketing	End of Fixed Term Contract
07 May 2020	Administrative Assistant	Executive Office	Resignation
31 May 2020	Work Based Assessor	Construction and Motor Vehicle	Resignation
30 June 2020	Finance Manager	Finance and Bursaries	Retirement
30 June 2020	Hospitality Co-Ordinator	Hospitality and Communities	End of Fixed Term Contract
30 June 2020	Work Based Assessor	Workforce Development	Resignation

Reasons for Leaving



## Employee Turnover

The employee turnover for this period was 9.37%. This is a decrease on the turnover during the same period last year which was 21.35%.

For sector comparison, the median annual turnover rate for the Education Sector is 14% (Source: Office for National Statistics Industry Turnover up to December 2018 – Published October 2019)

Comparative employee turnover for previous full academic years are shown below:

Year	Employee Turnover
2017/18	14.26%
2018/19	12.46%
2019/20	14.89%

## HEALTH, SAFETY & WELLBEING

### Staff Absence

The absence figures for 01 April to 30 June 2020 are as follows:

Month	Long Term Sickness		Short Term Sickness		Total	
	%	Days	%	Days	%	Days
April 20	2.58	152	0.25	15	2.84	167
May 20	2.14	126	0.36	21	2.50	147
June 20	1.95	115	0.39	23	2.34	138

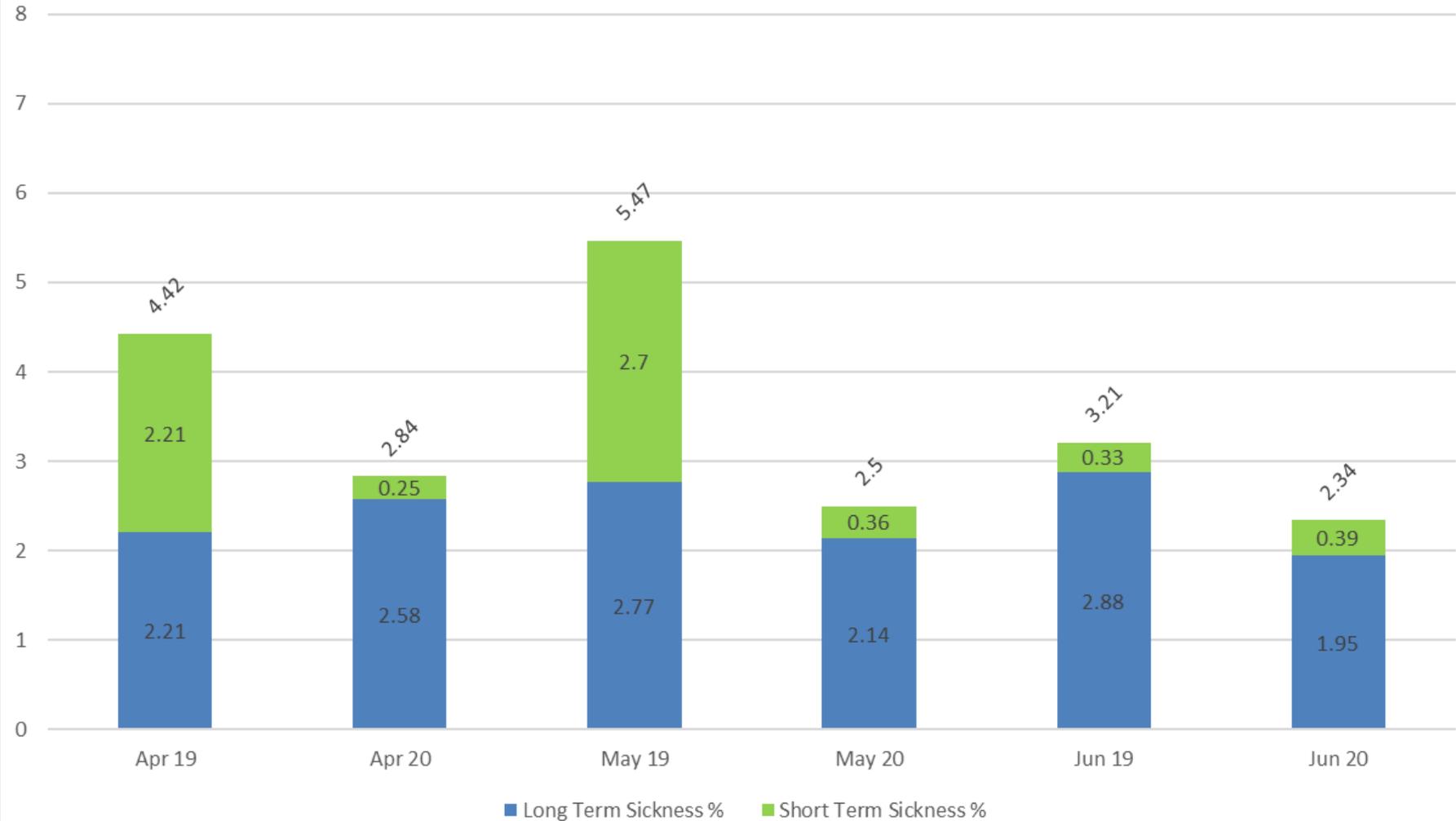
The following charts show absence trends in further detail:

**Sickness Absence – 01 April to 30 June 2020** chart: Shows month on month absence trend compared to previous year.

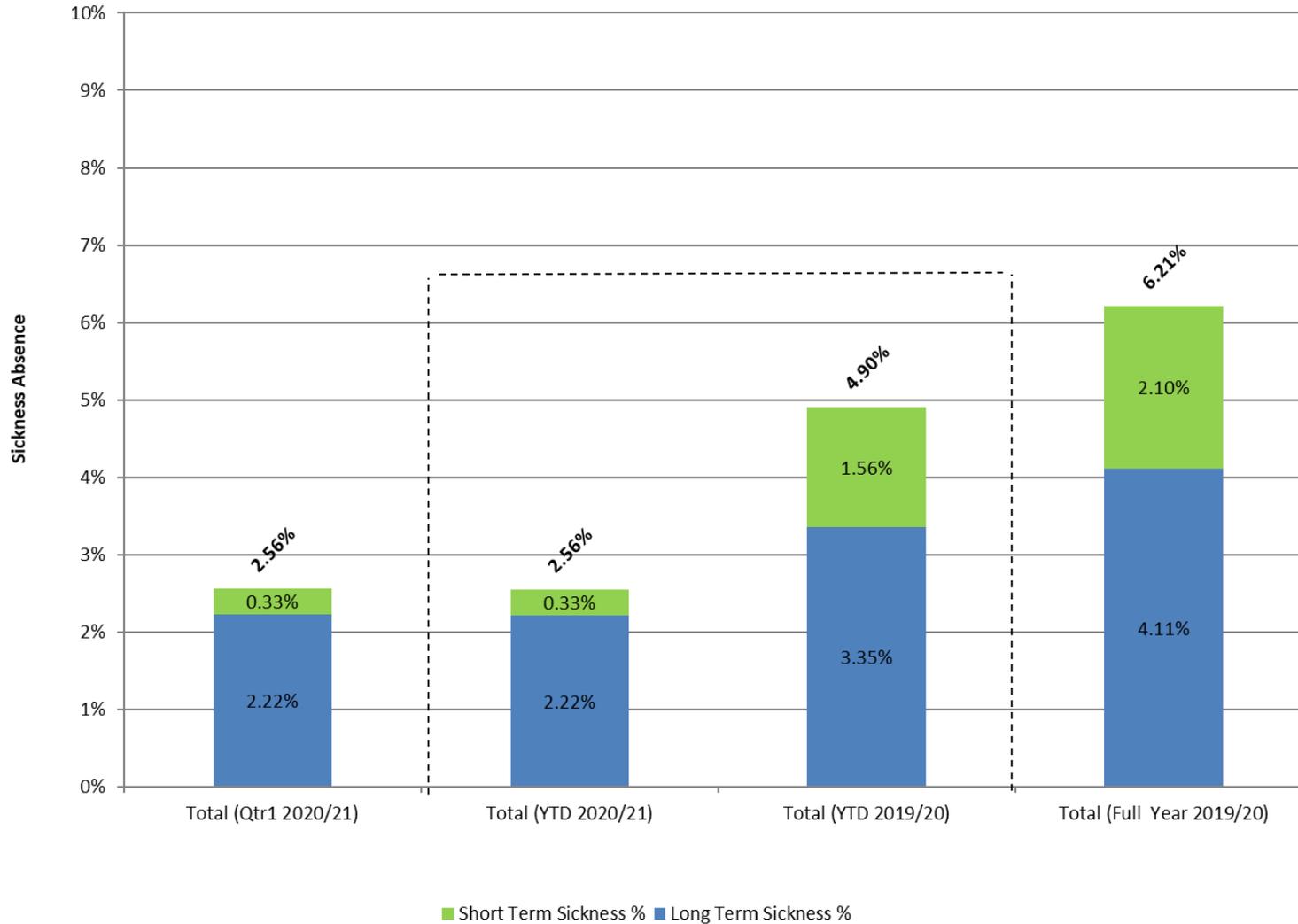
**West Lothian College – Sickness Absence** chart: The first bar shows absence for current Quarter (01 April to 30 June 2020), the second and third bar shows absence for the current Fiscal Financial Year 2020-2021 and the previous Fiscal Financial Year 2019-2020 respectively.

**Absence Costs:** An indicative figure for the cost of long term absence (hours lost multiplied by average salary of £22,500) is £24,226.03.

### Sickness Absence - Apr to Jun 20



## West Lothian College - Sickness Absence



The total absence percentage for the three-month period 01 April to 30 June 2020 was 2.56% which is a decrease of 2.34% compared to last year's figure of 4.90% for the same period.

HR Business Partners meet Faculty/Team management bi-monthly to review sickness absence to ensure appropriate management action is taken, as well as providing advice and guidance on an ongoing basis.

Any employees who reach the short term sickness absence Policy 'trigger' are managed appropriately under the Policy. Any employees on long term sickness absence are supported and a return to work, where appropriate, is facilitated through relevant advice from Occupational Health and ongoing communication between the employee and their line manager.

In regards to long term sickness absence appropriate support and management action is taken informed by advice from Occupational Health.

Absence reports are sent out to the Directors & Heads monthly. The reports show absence episodes for the previous 6 months for all staff in the Centre, assisting in appropriate management action being taken, in line with the College's Your Attendance Matters Policy.

## Leave of Absence

The main reasons for Leave of Absence (in terms of the number of instances rather than the number of days) over the three month period are:

- Bereavement
- Family Care
- Hospital and other medical Appointments
- Attending a Funeral
- Jury Duty

The total numbers of days granted this period were:

Month	Leave of Absence	
	%	Days
April 20	0.08	5
May 20	0.12	7
June 20	0.08	5

## Occupational Health

Activity and performance information is shown in the table below:

	KPI Target	April 2020	May 2020	June 2020
Pre-employment screening		0	3	0
Face to Face Consultations		3	3	7
Telephone Assessments		3	2	1
KPI performance (number of working days for completion of consultation)	5.0	7.00 (Face to Face) 2.00 (Telephone)	5.00 (Face to Face) 2.00 (Telephone)	2.0 (Face to Face) 2.0 (Telephone)

## **REWARD**

In this quarter the national Job Evaluation project requested clarification queries for various College posts. Postholders completed and managers approved these and they were returned.

## **ENGAGEMENT**

The Staff Experience Group continued its work. The group comprises 20 staff members from across the College with Lecturing, Support Staff and Management all represented.

The Health & Wellbeing Subgroup of the Staff Experience Group undertook health promotion focussed on the home working arrangements which were in place during this quarter – mental health awareness was undertaken and the supports offered by the College's Occupational Health, Employee Assistance and Physiotherapy providers were highlighted.

The Smarter Working Subgroup of the Staff Experience Group circulated various ideas and techniques to support staff to work productively at home and to use online tools to support learning delivery.

## **EMPLOYEE RELATIONS**

One JNCC meeting with UNISON were held during this quarter at which College implementation of the Government's furlough scheme was discussed and agreed.

In June a series of joint JNCC meetings with EIS and UNISON began to prepare and share information regarding the College site reopening planned for August 2020.

## **EQUALITY & DIVERSITY**

An Equality & Diversity monitoring report is now provided annually at the end of the year.

## **PEOPLE DEVELOPMENT**

Due to the Covid19 situation this period saw a proactive effort across college of staff upskilling around digital technologies. This was through a range of methods including e-learning, sharing best practice and self- directive approaches. Staff were encouraged to engage with training through the online Staff Learning Academy and other online training where appropriate with constant promotion of the range of resources accessible through our networks, including but not inclusively, College Development Network. The range of training actively promoted has included digital skills in addition to self-care around mental health and resilience.

A number of staff were part way through qualifications during this period and went on to successfully adjust to learning through online models. These qualifications included SVQs, Assessor and Verifier Qualifications.

The College's TQFE cohort are all on track to successfully complete their award too, with just one of the cohort waiting for their final result. These achievements will be recognised on 11 September 2020.

As also reported through the Audit Committee – Health and Safety Report, a priority for when restrictions ease, will be ensuring College First Aiders are re-certificated to meet on-site first aid requirements. Their refresher training was halted due to the pandemic.

The agreed Mandatory Staff Induction will be rolled out for all staff effective from 5 October 2020 with the expectation that all staff completely the full suite of training during the academic year and this will be repeated on an annual basis to ensure compliance around areas such as GDPR, Safeguarding, Health and Safety.

## **OPERATIONAL MATTERS**

The College implemented the Government's Coronavirus Job Retention Scheme and furloughed 99 staff members who were all scheduled to return from furlough at the latest by 31<sup>st</sup> July 2020. A memorandum of understanding was reached with UNISON locally on implementing this. Communication was issued to affected staff who were signposted to support during this time.

One investigation under the College's Disciplinary Procedure commenced.

Work was completed, in conjunction with West Lothian Council, for the implementation of a new HR/Payroll information system (iTrent) and the Payroll component went live on 1<sup>st</sup> April 2020.

**Derek O'Sullivan**  
**Head of HR & People Development**  
3 September 2020

**West Lothian College**

10 September 2020

**Finance and General Purposes Committee****COMPLAINTS REPORT – 1 JUNE 2020 TO 31 AUGUST 2020**

From 1 June 2020 to 31 August 2020, one complaint was raised. This is a Level 2 complaint, requiring investigation. As this complaint was received during an academic year leave period, investigation was unable to commence until the start of academic year 2020-21, therefore investigation of this complaint is currently ongoing. In the same period in 2018-19, nine complaints were raised.

One complaint received in May 2020, reported to the committee on 11 June 2020, is also ongoing. Investigations were placed on hold at end of academic year 2019-20, with agreement from complainant, and are now continuing.

Nature of Complaint	Date Received/ Level	Date Resolved	Outcome	Improvement Action
Posts made on a staff member's Facebook page  This complainant wishes to remain anonymous.	30/06/20 (Level 2)	Ongoing  Complaint was received during academic year holiday period. Investigation commenced on 17/08/20.		

**Additional Information on Complaints - Update:****Action**

The committee is asked to note this paper.

The committee is advised to read the Principal's Update for positive feedback on students and stakeholders.

**Simon Earp**

Vice Principal, Performance and Improvement  
10 September 2020

## **Finance and General Purposes Committee**

### **SELF-EVALUATION OF COMMITTEE**

#### **Background**

At the Finance & General Purposes Committee held in June the committee agreed that, in light of the COVID19 restrictions, each member of the committee would separately complete the self-evaluation paperwork.

The feedback from each committee member is attached to this paper and will form the basis of the committee's development plan for the period August 2020-31 July 2021.

#### **Action**

For discussion

**Jennifer McLaren**

Secretary to the Board of Governors

10 September 2020

## West Lothian College

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### Finance and General Purposes Committee (four out of six responses received)

- 1 The Committee receives appropriate, timely and high quality information in a form that allows it to monitor and scrutinise the college's activities and to challenge performance when required.**

**Yes**

***Comments / evidence in support of this:***

Development of summary document for annual accounts assists focus on critical issues for scrutiny by committee members.

Good quality succinct committee reports with appropriately detailed supporting documentation. On-going feedback to Executive Management Team (EMT) on information requirements eg removal of duplication in HR reports.

Finance strategy workshop meetings held for committee Chairs/EMT with a 5 year-period focus to ensure continued high-quality student outcomes against increasingly constrained resources. Proposed and Chaired by F&GP.

F&GP has had detailed consideration of staff absences levels and implementation of revised attendance policy, effectiveness of occupational health advice and management action to mitigate the financial impact. This has been the key financial concern this year.

Received suitable information to enable the committee to fulfil its monitoring and scrutinising role

Good overall review of college performance provided to committee.

Received suitable information to enable the committee to fulfil its monitoring and scrutinising role.

Reports are of a very high quality and reflect the needs of the committee.

***Areas for action and improvement:***

Executive Management team undertaking review of key performance measures for F&GP and other committees to be presented for consideration. Completion of this task delayed due to COVID.

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Continue to refine finance strategy and monitor delivery of efficiencies against agreed timescale.

A more focussed, punchier performance management summary would be helpful.

Ensure the information provided is appropriate in content, length and format to make as reader friendly as possible.

### **2 The Committee provides a constructive challenge to the principal and executive team and holds them to account.**

**Yes**

#### ***Comments / evidence in support of this:***

Continue to focus on key outcomes against targets and relevant comparator performance. Material progress on a number of key measures recognised with EMT and wider staff team.

Sustained capability to invest in resources needed to meet student and staff requirements due to effective financial management.

Committee visits to areas of investment and discussion of impact with affected staff and student representatives.

Idea of a short working group to review finance and benchmarking has been raised.

As meetings and minutes show, especially on finances and budgets.

Individual members actively contribute to the committee's deliberations.

#### ***Areas for action and improvement:***

Continue to scrutinise investment priorities/rationale and consider a range of potential sources of funding.

Focus for the group mentioned above needs to be reviewed.

None in particular, more of the same.

## West Lothian College

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- 3 The Committee has the appropriate balance of skills, experience, independence and knowledge of the college to enable them to discharge their respective duties and responsibilities effectively.**

**Yes**

***Comments / evidence in support of this:***

Successful recruitment of new Board and F&GP members with relevant HR and finance experience at strategic level. Good skills, experience, independence and gender balance achieved.

Balance of skills provides challenge to both Executives and Board members.

The committee has had new members with further public sector finance skills to bolster it.

There is a good range of skills on the committee and the Board actively consider skill requirements when recruiting to fill any vacancies.

***Areas for action and improvement:***

Provide appropriate opportunities for new F&GP members to develop their knowledge of the wide range of college provisions, partnership relationships and breadth of the student experience and role of student representatives. Opportunities to observe other committee meetings.

Maintain balance of skills under review, as is being done currently.

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- 4 The Chair ensures that adequate time is available for discussion of all agenda items. The Chair promotes a culture of openness and debate by encouraging the effective contribution of all Board members and fostering constructive relations between Board members.**

**Yes**

***Comments / evidence in support of this:***

Chair encourages debate from all members.

Meetings and minutes reflect this.

The Chair is excellent and meets all the requirements of the post.

***Areas for action and improvement:***

Visit to Forth Valley College was arranged for Chair of F&GP but did not take place due to COVID – to be rearranged, possibly via Zoom.

More of the same

## West Lothian College

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### 5 There is effective reporting and two way communication between the Committee and the Board.

**Yes**

***Comments / evidence in support of this:***

The Chair provides a verbal report on the F&GP committee meetings at the Board meeting and invites other members of the committee to add further comment in order to ensure that all key discussions are reflected to their satisfaction.

Chair presents minutes and encourages debate at all Board meetings.

Meetings and minutes reflect this.

At each Board meeting, the committee Chair updates on the work of the committee.

***Areas for action and improvement:***

Continue to invite members of other committees to observe F&GP.

### 6 The Committee has a clearly stated remit, which it keeps under regular review

**Yes**

***Comments / evidence in support of this:***

Remit has been recently reviewed.

Remit kept under review with any changes reviewed and agreed as appropriate.

Remits are reviewed regularly.

***Areas for action and improvement:***

June 2021

None

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**7 To what extent has the Committee fulfilled its remit over the last twelve months? What, if anything, should we do differently to ensure we fulfil this remit in the year ahead?**

***Comments / evidence in support of this:***

College finances have been very well managed. Robust financial management has enabled material investment in the college estate and IT infrastructure.

Committee considered and rejected option of having an overlap meeting with Audit Committee for consideration of Annual Accounts. Agreed Chair of F&GP would attend Audit Committee for this item each year.

Committee scrutinised staff absence issue given material financial impact.

This is an area which continues to be monitored given the challenging education environment we face.

The committee has fulfilled its remit.

The committee has delivered all that is required of it over the last year.

***Areas for action and improvement:***

COVID will continue to impact on service delivery and the finances and resources of the college requiring clear understanding of opportunities and constraints by F&GP.

Continued interest in staff absences given potential impact on students and finances.

More of the same.