**Minute Finance Committee**

**5.30 pm Monday 20th May 2024 –via Zoom**

**Present:** Paula Blackadder, Moira Jarvie, Christopher Moore and Barbara Philliben**.**

**In Attendance:** Ann Baxter, Iain Clark, Ronnie Gilmour, Stella McManus, Diane McGill, Elaine McKechnie, Penny Neish and Ronnie Smith.

1. **Chair’s welcome:** The Chair welcomed everyone to the meeting and thanked them for coming.

**2. Apologies for Absence:** There were apologies from Elaine Loudon.

**3. Declarations of Interest:** Ronnie Smith, Ann Baxter, Moira Jarvie and Iain Clark declared an interest in relation to AMCOL.

**4. Minutes** of the meetings of the 26th February 2024 were approved by the Committee.

**5. Matters Arising from the minutes:** there were no matters arising that were not covered by the agenda.

**6. RSB and Assigned College Update:**

**6.1** Ronnie Smith updated the Finance Committeeinforming the Committee that Graeme Dey, the Scottish Minister with responsibility for the colleges, has announced a formal consultation with key stakeholders about the dissolution of the Lanarkshire and Glasgow Boards. Ronnie Smith had written to the minister to ask if the current regional arrangements in Lanarkshire could be suspended pending the outcome of the consultation and dissolution of the Lanarkshire Board if this is the consultation outcome. A response is awaited from the Scottish Government.

**6.2** A Transition Group was established following the SFC report into the Regional Bodies in October 2020 to oversee the process towards dissolution. The Transition Group was convened latterly by the Scottish Government through the SFC. This group comprised the two Lanarkshire Region Chairs and Principals, the Board Secretary of the Lanarkshire Board, Clare Jamieson of the Scottish Government and Linda McLeod and Wilma McDonald at the SFC.

***Action: It was agreed to reconvene this group initially with its members from the Lanarkshire Board and that the latest version of the Transition Plan would be circulated by the Board Secretary to those members.***

**7. SLC Head of Finance Report to RSB Finance Committee**

**7.1** Elaine McKechnie presented her report which is published on the website with the papers for this meeting highlighting the following areas:

* Updates relating to the financial sustainability of the College.
* Draft budget 2024/25
* Procurement update
* Finance Regulations
* Fee Policy 2024/25
* E-Signature Policy
* Procurement Policy & Procedures
* Quarter 3 management accounts & cashflow
* Facilities quarterly update
* Climate Change Action plan quarterly update
* Capital Expenditure Plan Scottish Funding Council (SFC) Funding Allocations 2024-25

The Chair thanked Elaine McKechnie for her comprehensive report.

**8. Forward Planning**

**8.1 Forward Plan Progress Update:**

**Christopher Moore updated the committee as follows:**

* The SFC had on the 9th May confirmed that they had accepted the mitigations for the credit targets being missed that had been sent to them on the 9th February 2024 and there would not be a claw-back. This is a significant on off improvement c£995k - to the overall position for this year and very welcome news.
* Cristopher Mooresaid that therehad been informal feedback about the SFC’s view on the Forward Planand it seems that there isfurther work to do to fully persuade the SFC of its merits. It has taken some weeks to get a formal response from the SFC. However, a meeting has been scheduled with SFC Senior management regarding the NCL Forward Plan on the 5th June 2024. it was agreed that the Board should be represented at the meeting to support the Principal and his senior team. Therefore, the Chair and Keith Fulton as SIM and possibly one other would also attend this meeting and that a robust approach should be taken by the college with the SFC to support a plan that was actually actively informed by an SFC consultant working with the college.
* NCL had finalized the agreement to set up an undergraduate school with UWS for a target number of 145 students – 120 had already been recruited. This represents a diversification of funding income of c. £1 million and a significant sum of additional funding. Furthermore, the number of students could go up to 200 depending on recruitment representing a further £500k. Paula Blackadder commented on the issue of diversity of talent and social mobility which is a key business interest and that the undergraduate school approach would be likely to appeal to industry. The momentum was also growing with a meeting arranged with Queen Margaret University to look at the Performing Arts courses.
* Work had started on the demolition of the Coatbridge Nursery which will be followed by the sale of the cleared land. There has been a change considered in the Scottish Government approach to retaining sales from assets which would now allow for 70% of an assets sale to be kept by a college. However, it was not clear if this was 70% of the entire asset sale or 70% of the amount of the sale above £500,000 which was the previous ceiling for retention of an asset sale. There may also be conditions applied to sales of this nature which are to date unknown and need to be fully understood before advancing any asset disposals.
* The SFC had approved another VS scheme though it was not clear that they would fund it and the scheme is now open.

Members of the Finance Committee congratulated the staff on the work undertaken on the undergraduate school and for the progress made on the Forward Plan.

**8.2 NCL and AMCOL FFR Supporting Narrative 2024**

**8.2.1** The Executive Summary for this paper sets out the following:

* The Supporting Financial Forecasting Return (FFR) 2024/25 was prepared to support the Forward Plan, covering the academic years 2023/24 to 2024/25 and was based upon the Mid-Year Return (MYR) 2023/24.
* The Mid-Year Return (MYR) 2023/24 submitted to the SFC on 28th March 2024 shows an Underlying Operating Deficit of **£-935k (-1.57% of Total Income)** for the College and subsidiary Amcol, compared to the revised Forward Plan Supporting FFR position of £-957k deficit. The assumptions used are per the MYR Guidance. The College deficit is forecast at £-1,185k offset by Amcol surplus of £250k.
* The Supporting FFR for the year 2024/25 forecasts a surplus of **£1,022k for the Group** **(1.72% of Total Income)** The College surplus is forecast at £772k and Amcol surplus remains constant at £250k. This was based upon a high-level MYR extrapolation, adjusted for known variables such as FWDF cessation, known staffing changes, pension changes of which SPPA was assumed fully funded, payrise upon current offer, assumes inflationary increases on income and expenditure and incorporates VS savings plus income from NCL Digital and the Under Graduate School. I Clark cautioned that this was an extrapolation exercise at a point in time and that the more detailed FFR on a granular basis would be necessary to provide a more definitive position. The 2024/25 year-end cash balance is assumed to equal the surplus at £1,022k, the primary assumption being achievement of I&E and the SFC write-off.

**8.2.2** There are a set of Key Assumptions which impact on the financial position as follows:

* MYR Cash Deficit of £4,530k is fully funded by the SFC at 31st July 2024, leaving an opening balance of £nil.
* Voluntary Severance (VS) cost of £850k is fully funded by the SFC at 31st July 2024. I Clark cautioned that this may have to be funded from NCL given the decision not to claw-back funding for under-delivered credits.
* Savings relating to VS are incorporated in the 2024/25 staffing costs at £1.5m.
* Income and expenditure from the Under Graduate School and NCL Digital is incorporated in 2024/25.

**8.3 FFR 2024 Forward Plan:** The Committee noted the MYR/Forward Plan FFR submission spreadsheets which accompany the supporting narrative with the summary narrative set out at 8.2 above. A verbal position statement on the I&E within the full FFR will go to the Board at its meeting on the 10th June 2024.

**Action: The Finance Committee recommended the submissions to the Board for its meeting on the 10th June 2024.**

**8.4 2024-25 cash flow executive summary:**

**8.4.1** Cash flow is a key issue for the college with the timing of the pay awards critical to the cash flow position and to when there is extreme pressure on the cash flow. There are potential approaches which could be used to try to smooth the position but they come with caveats:

* Phasing payment of the pay settlements – e.g. the unions may not settle at the same time
* Working capital considerations e.g. the time taken to make payments to creditors
* Cash Transfers from the subsidiary AMCOL. The process for any transfers would need to be set out in a detailed paper and agreed by the Finance Committee and then the AMCOL Board and then the Lanarkshire Board. A draft had been drawn up by Amcol.
* Cash advances from the SFC which will be needed in June 2024.

***Action: It was agreed that there would be a special meeting of the Finance Committee if necessary to recommend the way forward with these options.*** **S*enior management were to formally document a cash management policy/procedure with agreed governance/risk triggers including when board approval would be required e.g. for loans between AMCOL and the college.***

**8.5 2024-25 cash flow summary position:** The power point slides gave detailed figures for the cash flow position which was noted by the Finance Committee.

**9.NCL Management Accounts Reports**

**9.1** Iain Clark informed the Committee that the financial position in the management accounts to March 2024 was on track for forecasts with nothing standing out. The Committee noted the reports.

**10. AMCOL:** The AMCOL accounts before pay awards were looking healthy and the Committee noted the accounts.

**11. Mid - Year Return (MYR) 2024:** Iain Clark went over the key points in the MYR and informed the committee that the MYR was for noting as opposed to the sector FFR which required full Board approval. I Clark advised that he would revise the MYR schedule to accommodate Finance Committee approval if required and the Committee would consider this.

**12. NCL Update on financial strategy approved by the Board:** This was covered at item 8.1 above.

**13. Financial Plan for the Cumbernauld Nursery**

**13.1** There was discussion of the paper and the following points were noted.

* I Clark advised that the paper had not yet formally gone to the Cumbernauld Nursery Development Board (CNDB)in its current format although all parties had seen it. Iain Clark confirmed that the current paper did not yet represent an agreed position by the CNDB and this paper was for consideration. The paper should be presented at the next meeting of that Board.
* The Committee agreed that the Report needed to be developed further to provide an explanation of assumptions e.g. how long would it take to extend the opening hours which would make it more accessible to working parents and also the assumptions behind projected occupancy rates. The issues around any potential changes to the Terms and Conditions for existing staff needed to be examined and articulated clearly in the report.
* There were different fee profiles and these needed to be clarified.
* There is clearly much more work to be done to make this report useful for the Committee and the Board’s consideration. Ronnie Smith stressed the importance of the report, reminding the officials that clarity was required to allow the Board to consider whether there was a viable future for the Nursery at Cumbernauld or not. The report needs to conclude with clear recommendations built upon realistic projections and the cost implications for retaining the nursery which Ronnie Smith reminded the Committee was not an obligation for the College to maintain.

***Action: There should be a presentation to the NCL Board at the scheduled meeting on the 10th June 2024 by representatives of the CNDB which should include management at the nursery. The report should be based on revised figures, taking account of the comments noted above.***

**14. NCL Educational Foundation Update**

**14.1** TheFoundation continues to deliver breakfasts for studentsalthough the uptake is down this year in comparison to last year which can be explained by the the student headcount for the current academic year being some 16% lower than last year and there would have been significantly lower numbers of students on campus during the days of industrial action taken by academic and support staff.

**14.2 Foundation Accounts:** The Foundation’s reported balance in the previous report to this committee was £17,468.87. The current balance is £15,436.17, which is decrease of £2,032.70.

**14.3 Three Peaks Challenge:** In early June 2024, a group of students and staff from the College will be attempting to reach the peaks of the tallest mountains in the three countries of Great Britain (England, Scotland, and Wales). Their motivation for so doing is to raise funds for the Foundation in order to support the Foundation’s activities in the next academic year (2024-25). To that end the group have worked with staff from the College’s Branding and External Funding and Activity teams to reach out to potential sponsors in the local business community, and they are organising equivalent College-based fund-raising activities for those unable to participate in the mountain-climbing event.

**15. NCL Procurement Strategy:** Iain Clark informed the Committee that there had been some tidying up of the strategy adjusting for changes in thresholds, titles but no fundamental changes. A “track-changes” version was provided for ease of consideration.

***Decision: The Committee approved the changes to the Procurement Strategy.***

**16. Update from RGP Committee on Information Systems and ICT at NCL:**

**16.1** Ronnie Gilmour presented the papers that had gone to the RGP Committee to the Finance Committee for information.

The Information Systems paper covered the following areas:

### Introduction- new staff appointments

### Course Design – Process Improvement

### Part-time Teaching Hours – Process Improvement

### Registers Refresh – improvement to screens accessing registers and student communication

### Quality – Internal Verification

### Survey Tool – tool to allow surveys of students and others based on data held

### Curriculum Development Planning Tool Enhancement –

### SQA qualifications uploads for Application Screening

### Celcat room images- lecturers can now see the layout of a room

###  Collaboration with Edinburgh College – potential collaboration in systems development

**16.2** The ICT paper set out the series of upgrades, replacements and improvements to the ICT estate that have been made by being able to access the High Priority Maintenance Fund. This has made a considerable difference to the students and staff in learning and teaching.

**17. Update from RGP Committee on NCL Estate:**

**17.1** The paper set out that in the period from Feb to April 2024, Estates have continued to deliver all 3 core services in:

* Facilities and Cleaning services
* Essential and Routine maintenance
* Projects (Lifecycle and Development)

During the Easter holidays, essential maintenance works were carried out across all three main campuses including the refurbishment of the student social space at Motherwell for the new Wellbeing Centre.

**17.2** Ronnie Gilmour informed the Committee as follows:

* Well- being centres were also being set up at the Cumbernauld and Coatbridge Campuses.
* The demolition had started at the Coatbridge Nursery.
* Estates bid for and secured £235,000 in separate SFC unallocated capital maintenance funding in 2023/24 submission and are currently upgrading the 4 lifts at Motherwell to emergency evacuation lifts. Due to the complexities and costs of installing the same in the main building of Cumbernauld, the remining funds are now being used to update our fire doors in Motherwell. This funding has been a significant boost to how we can evacuate the building with disabled staff and students above the ground floor, and a huge boost to our fire integrity in the main teaching building.

The Finance Committee noted the report.

**18. Approval of publication of committee papers from this meeting:** The Committee approved the publication of the agenda, the approved minute of the 26th February 2024, the SLC VP Finance Report, the Procurement Strategy and Action Plan.

**19. AOB:** There was no other business.

**20. Date of Next Meeting:** The next scheduled meeting of the committee is the 9th September 2024 at the Coatbridge Campus.