

**South Lanarkshire College**  
**Finance and Resources Committee (Board of Management)**  
**Held on 31<sup>st</sup> August 2020**

**Present** Clare Gibb (Chair)  
Stuart Dillett (on Teams)  
Tricia Donnelly  
Andy Kerr  
Aileen McKechnie

**In Attendance** Keith McAllister  
Tricia Gardner

**1. Declarations of Members' Interest**

Mrs McKechnie and Mr Kerr declared their membership of The Lanarkshire Board. Mr Kerr also declared his membership of the Board of the Scottish Funding Council.

**2. Minute of the Previous Meeting**

The Minutes of the meeting held on 10<sup>th</sup> February 2020 had previously been agreed by the Chair of the Committee - A Kerr approved, T Donnelly seconded.

C Gibb raised the subject of benchmarking and a discussion took place, with Mr McAllister informing members that an initial meeting with three other colleges would be taking place later in the month. He would report back to the Committee. Ms McKechnie stated that there was scope to do more on benchmarking across the sector and Mr McAllister agreed to pursue.

**3. Finance Manager's Report**

Management Forecast – Year to 31<sup>st</sup> July 2020

The Management Forecast was discussed. C Gibb noted that payroll costs had steadied during the lockdown period; Ms McKechnie informed the meeting that the College's temporary lecturing staff were on term-time contracts, as opposed to annual contracts, which aided with flexibility. S Dillett asked about the difference on bad debt from last year and K McAllister indicated it is up by about 50%. Mr McAllister stated that most of the bad debt related to individual students rather than employers. He added that the College was taking steps to increase payment of fees in advance of a student commencing their course.

Mr McAllister stated that he was confident that the College would achieve a break-even position. This was in contrast to the situation forecast in April, when a deficit was forecast. The Government's furlough scheme was the main reason for the turnaround, although the College was pleased to note that the level of industry fee income received had been higher than anticipated. It was also reported that the level of expenditure on COVID-19 expenses had not been as high as expected in 2019-20, but that this was now coming through in the post year-end period and would affect the 2020/21 position. He noted that efforts continued to be made to secure savings (on power, waste, water, staffing, accommodation, etc.).

Draft Budget for the 12 months to July 2021 and the following years to July 2024.

Summary of funding allocations for the financial year 2020/21 was discussed, with Mr McAllister asking the Committee to note that the SFC had allocated a significant amount of ring-fenced capital funding since the original allocation was announced. He added that the College was actively planning the most appropriate projects to support.

He reported that the funding allocations for the two colleges within the region remained outstanding. Ms McKechnie provided a detailed explanation to the committee of the current situation with the funding allocation, noting the frequent engagement of the Quad' grouping (the two Chairs and two Principals and communication with the SFC). Ms Gibb noted the risk to cross-college relations and that management should continue to pursue clarification of the funding allocation.

K McAllister took the meeting through the figures and the commentary for the Draft Budget, including an assumption of £190k as part of the previously allocated Access and Inclusion premium. He noted that he was unable to finalise the Budget until the position with the Access and Inclusion Premium was resolved. Once figures had been agreed, he would finalise the budget and prepare appropriate scenario plans. He added that should the College not have this allocation, the College would have to decide whether it would propose a deficit budget for the year, with this being made up over the following two years, or to amend other lines in the budget to plan for a balance in each of the years in the Forecast.

Ms Gibb stated that it had always been the policy of the Committee and the Board that the College should balance the books on a year-to-year basis, but she was also aware that the maintenance of the outputs of the College in terms of student achievement would need to be protected and that this would be a difficult year to identify an additional £190k of income or of savings. She proposed that the budget situation be revisited once a resolution on the Access and Inclusion Premium was reached.

T Donnelly asked about increased costs during lockdown and on return to campus. A McKechnie updated the committee on the various adaptations to both the building and to teaching, including building modifications to increase teaching spaces and to re-configure existing spaces (cf. the library and the bistro); and utilising new technology, such as web cams to broadcast teaching. She added that the College had invested in staff CDP as part of the recent staff development week, with a focus on digital teaching, utilising the Open University to support this (as well as on wellbeing and resilience), to ensure that teaching staff were appropriately prepared for the changes to the method of delivery.

Ms Gibb asked if these changes would result in additional teaching costs as classes would be smaller. Ms McKechnie advised that the College would have to work within its existing staffing budget (and noted the ongoing negotiations in relation to the annual pay award); and noted the changes to college operation outlined above, which are designed to increase the efficiency of our operations in this blended environment.

The Committee noted the assumptions made in the draft budget on salaries and non-salary spend, and agreed to endorse these.

Mr McAllister referred to the Financial Forecast Return (FFR) document and stated that this had gone to the RSB for noting. He added that the College may have to submit an updated version of the FFR, which was a situation that was fairly commonplace across the sector each year. Ms

McKechnie added that SFC was aware of the position with the split of the Regional grant-in-aid allocation.

Mr McAllister asked the Committee to note the risks and other narrative contained within the document. In terms of process, NCL prepared a Regional FFR and sent this to SFC and NCL staff engaged directly with SFC in relation to this. Ms Gibb asked that a reconciliation be presented between the FFR and the College's management budget; Mr McAllister agreed to supply this.

Estates and Procurement Reports

The Committee considered the two reports on Estates and Procurement and noted the positive results re the operation of contracts and the savings being made. Ms Gibb asked for further information on year-on-year savings. Mr McAllister informed the meeting that the SFC ask for an efficiency report each year, in which they look for colleges to demonstrate that they are making 3% efficiency savings on the previous year's spend. He added that he will look to provide the Committee with more information on this and will liaise with the College's new APUC appointee, Sue Hampshire.

There being no further competent business, the Chair closed the meeting by thanking everyone for their attendance.