

## Board of Management Finance and General Purposes Committee

**Date: 27 February 2018**

**Time: 12 midday**

**Room: 1074b**

### A G E N D A

**Presented  
by**

- |     |   |            |    |
|-----|---|------------|----|
| 1   | Welcome and Apologies for Absence   |            | JH |
| 2   | Declaration of Interest   |            | JH |
| 3   | Minute of Meeting of 28 Nov 2017  | (attached) | JH |
| 4   | Matters Arising   |            |    |
| 4.1 | Feedback from Recommendations to the Board  | (verbal)   | JH |
|     | <ul style="list-style-type: none"> <li>• Winding Down of College Arm's Length Foundation (ALF)</li> <li>• To approve Revised Budget for 2017-18</li> <li>• To approve Financial Statements for 2016-17</li> </ul> |            |    |
| 4.2 | Evaluation of Income v Benefits for the Student Association   | (verbal)   | KH |
| 4.3 | Additional Credits - HNC Childcare:   | (verbal)   | KH |
|     | <ul style="list-style-type: none"> <li>• Impact of potential clawback of credit income</li> </ul>   |            |    |
| 4.4 | F&GP Committee meetings change of time to 12md  | (verbal)   | AW |
| 5   | Carbon Management Plan  | (attached) | BC |
| 6   | Scotland's College Estate Condition Report - 2017   | (attached) | BC |
| 7   | Cole Report on the Edinburgh School's Infrastructure  | (attached) | BC |
| 8   | Scottish Government Draft Budget 2018-19  | (attached) | KH |
| 9   | Financial Update (inc Management Accounts)  | (attached) | KH |
| 10  | Aged Debt Report  | (attached) | KH |
| 11  | Cash Flow Forecasts   | (attached) | KH |
| 12  | Strategic Risk Register   | (attached) | AG |
| 13  | Any Other Business  |            |    |
| 14  | Date and Time of Next Meeting - Tuesday 22 May 2018 at 12 midday  |            |    |

## **Board of Management Finance and General Purposes Committee**

**Minute of the Meeting of the Finance and General Purposes Committee of the Board of Management of Dumfries and Galloway College, held on Tuesday 27 February 2018 at 12 noon in Room 1074b, Dumfries Campus.**

**Present:** John Henderson (Chair) Ros Francis  
Karen McGahan Kenny Henry

**In attendance:** Karen Hunter, Finance Manager  
Andy Glen, Vice Principal Performance and Planning  
Billy Currie, Facilities Manager (Items 5, 6 and 7 only)  
Delia Holland (attending as an Observer)  
Ann Walsh, Secretary to the Board

**Minute Taker:** Heather Tinning, Executive Team Assistant

### **1 Welcome and Apologies for Absence**

The Chair welcomed members to the meeting, including Board Member Delia Holland attending as an Observer and Billy Currie, Facilities Manager attending to report on specific agenda items. Apologies were intimated on behalf of Carol Turnbull.

The Secretary to the Board confirmed the meeting was quorate.

### **2 Declaration of Interest**

Members agreed to indicate declarations of interest as appropriate throughout the meeting.

### **3 Carbon Management Plan**

The Facilities Manager spoke to the report which had been issued, highlighting key points, including:

- A saving of approximately £8,000 in terms of a reduction in gas consumption
- Early indications are positive on savings following the upgrade to the central heating at the Stranraer Campus
- Working on projects for this year, including lighting at the Car Park at Stranraer Campus and Sports Hall at Dumfries Campus
- Although savings on consumption of electricity use by 78,780kWh, increased prices have hidden this improvement and increased the spend on electricity in 2017.
- The contract for the Electricity Provider to go out to tender – it is hoped that this brings a reduction in price
- Signed up to 'Re-fill Dumfries and Galloway initiative – working with Baxter Storey with regard to plastic bottles, ie requesting Jugs of Water for Meetings, instead of Bottles
- It was reported that we are on target to meet our Scottish Government Climate Change target of 20% reduction in greenhouse gas emissions by the end of the Climate Change Action Plan (CCAP) period which is the end of 2019.

**Action:** The Facilities Manager to ascertain any penalties incurred should the target not be met

Members noted the report.

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### **4 Scotland's College Estate Condition Report – 2017**

The Facilities Manager spoke to report, which had been issued highlighting the findings on the Dumfries and Stranraer Campuses following a SFC investigation into the condition of Scottish Colleges Estates. Members discussed budget requirements, identified in the report as a guideline. The Estates Department will monitor progress of actions, in order to keep the Estate up-to-date, with an aim to get the best value through Procurement or local suppliers.

**Decision:** The Facilities Manager to bring back a report on an Annual basis on progress

### **5 Cole Report on the Edinburgh School's Infrastructure**

The Facilities Manager spoke to the report, which had been issued. He informed Members that the Scottish Government report identified failings, which resulted in the incident at the School in Edinburgh, with monitoring of the quality standards being the biggest failing. The Facilities Manager assured members that the Estates Department have management procedures and quality assurances in place at the college. The Vice Principal Planning & Performance reported that he responded to correspondence from the Scottish Government with regard to sharing of the Cole report, this included discussion at Executive Management Team and Finance and General Purposes Committee meetings.

Members noted the update against the report.

### **6 Minute of Meeting of 28 November 2017**

The Minute of the Finance and General Purposes Committee meeting held on 28 November 2017 was approved.

### **7 Matters Arising**

#### **7.1 Feedback from recommendations to the Board:**

##### **7.1.1 Winding Down of College Arm's Length Foundation (ALF)**

Following discussion at the last Board meeting on 12<sup>th</sup> December 2017, the Board's view was to retain the ALF. Members discussed further and concurred with this view. The ALF will be retained.

**Decision:** The ALF will be retained

##### **7.1.2 To approve Revised Budget for 2017-18**

Members noted that the Budget was approved at the Board of Management meeting on 12<sup>th</sup> December 2017.

##### **7.1.3 To approve Financial Statements for 2016-17**

Members noted that the Financial Statements for 2016-17 were approved at the Board of Management meeting on 12<sup>th</sup> December 2017.

#### **7.2 Evaluation of Income v Benefits for the Student Association**

Member discussed the Income v Benefits for the Student Association in terms of value for money. The budget totals approximately £50,000 which includes salaries of the Student Association Executive Team.

**Decision:** As an assessment on good value for money cannot be completed until the end of the Academic Year, members agreed to bring discussion back to the table at a future meeting

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### 7.3 Additional Credits – HNC Childcare

Please refer to item no 12 – Strategic Risk Register.

### 7.4 Finance and General Purposes Committee meetings - change of time to 12 Noon

This has been confirmed since the last F&GP Committee Meeting

### 8 Scottish Government Draft Budget 2018-19

The Finance Manager reported that the Scottish Draft Budget for 2018/19 has been confirmed as £588.2 million across the sector, with a flat cash allocation for colleges. Of this, £31.7 million is to fund extra pay costs. The Finance Manager advised that the SFC issued an indicative grant today, and key figures indicate more money for colleges, again, this includes National Bargaining costs.

### 9 Financial Update (including Management Accounts)

The Finance Manager spoke to the report, which had been issued highlight key points to note:

- On course to achieve an underlying break even position
- Projects a lower bank balance at end of March – SFC funding may be required to bring forward the April payment to ensure this is covered
- College share of 2015-16 net depreciation costs amounts to £390,000

Members noted the Financial Update at January 2018

### 10 Aged Debt Report

The Finance Manager spoke to the report, which had been issued, highlighting:

- The debt has decreased by £52,132 since October 2017
- Debt relates to some students still paying by Instalment Plan, with approximately 10 - 15 HE students using the Instalment Payment method

The Finance Manager sought member's approval to write-off four irrecoverable balances

**Decision:** The Committee agreed to write off the four balances identified in the report

Members noted the aged debt balances at January 2018

### 11 Cash Flow Forecasts

The Finance Manager spoke to the report, which had been issued reporting on key points including:

- The forecast balance at the end of March is expected to be lower, owing to student support to be claimed in order to meet the forecast spend
- The final payment for the Lennartz agreement is due in September 2018

Members noted the forecast movements and closing bank balances

### 12 Strategic Risk Register

The Vice Principal Performance and Planning (VP (P&P)) spoke to the report, which had been issued. Members noted that the Strategic Risk Register will now be presented at each Board Committee. The VP (P&P) advised key points, including:

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- Indicative grant information received earlier today, indicates funding for Academic Staff pay harmonisation
- New risk added in terms of Non-compliance General Data Protection Regulation (GDPR), in concerning a potential difficulty in recruiting Data Protection Officer (DPO). The college will procure the service with Ayrshire College and the Royal Conservatoire of Glasgow, to employ a shared DPO, one day a week will be for this college. The position is out to advert, with potential interviews to take place in March 2018. E-learning training for college staff will take place in April, and will also be rolled out to all Board Members

**Action:** The Board Secretary to liaise with all Board Members in terms of completing the e-training

- In terms of credit activity, the The VP (P&P) reported of a shortfall today of 413, with a target of 30, 336. Additional unused funding received for HN Childcare places will be clawed back.
- The Cyber Audit has been completed. A positive report has been received, with minor issues identified
- The Audit Committee will oversee GPDR and Cyber Resilience

### **13 Any other business**

None.

### **14 Date and time of Next Meeting**

The date and time of the next Finance and General Purposes Committee is Tuesday 22<sup>nd</sup> May, 12 Noon.

## Board of Management Finance and General Purposes Committee

**Minute of the Meeting of the Finance and General Purposes Committee of the Board of Management of Dumfries and Galloway College, held on Tuesday 28 November 2017 at 2 pm in Room 1074b, Dumfries Campus.**

**Present:** John Henderson (Chair) Carol Turnbull  
Karen McGahan

**In attendance:** Karen Hunter, Finance Manager  
Helen Pedley, Vice Principal Corporate Services  
Brian Johnstone, Chair of the Board  
Ann Walsh, Secretary to the Board

**Minute Taker:** Heather Tinning, Executive Team Assistant

### **1 Welcome and Apologies for Absence**

The Chair welcomed members to the meeting. Apologies were intimated on behalf of Ros Francis and Kenny Henry.

The Secretary to the Board confirmed the meeting was quorate with enough members present to allow decisions to be made.

### **2 Declaration of Interest**

Members agreed to indicate declarations of interest as appropriate throughout the meeting.

### **3 Minute of Previous Meeting**

The Minute of the Finance and General Purposes Committee held on 20 September 2017 was approved.

### **4 Matters Arising**

#### **4.1 Feedback from recommendations to the Board:**

#### **Draft Annual Report 2016-17**

Please see agenda item no. 7.

#### **Winding down of College Arm's Length Foundation**

The decision to wind down the College Arm's Length Foundation (ALF) was approved at the Board meeting on 10<sup>th</sup> October 2017. The Chair of the Board, welcomed further discussion on the winding down of the Foundation, and advised that he was keen to pursue this further.

**Decision:** The Chair of the Board was asked to seek clarification from Scottish Government re status of ALF

#### **Revised Budget for 2017-18**

Please see agenda item no. 5.

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### Draft Financial Statements for 2016-17

Please see agenda item no. 7.

#### Revised wording on the Financial Forecast Return (FFR)

The Principal confirmed that the revised wording had been circulated to Finance & General Purposes Committee Members on the 9<sup>th</sup> October. The Finance Manager advised that no comments had been received from the Scottish Funding Council following submission of the FFR.

#### 4.2 Share draft Financial Statements for 2016-17 with the Chair of the Board

The Chair of the Board, Brian Johnstone, had received the Financial Statements.

#### 5 Revised Budget for 2017-18

The Finance Manager spoke to the report which had been issued, highlighting the proposed changes to the Budget for the current year. This included additional income and expenditure for the Flexible Workforce Development Fund (FWDF).

In terms of the staffing budget, the revised budget includes a 1% provision for pay increases, however there is no provision for a Cost of Living increase for Teaching Staff.

**Decision:** The F&GP Committee approved the revisions to the Revised Budget for 2017-18 and recommend the revised Budget to the Board

The Chair thanked the Finance Manager for the report.

#### 6 Income and Expenditure for Student Association to July 2017

The Finance Manager spoke to the report which had been issued, providing a summary for 2016-17 and the Budget for 2017-18. The Principal advised that support had been put in place to assist the Student Association Executive Team, in terms of a Support Officer who had contributed significantly to the completion of the Constitution, Partnership Agreement and Strategic and Operational Plan 2017-18. The Student Association budget will be audited as part of the Annual Audit.

Members noted the Student Association Income and Expenditure for 2016-17 and Budget for 2017-18.

**Decision:** Members suggested a future evaluation of the Income v Benefits for the Student Association would be helpful. For further discussion

#### 7 Financial Statements 2016-17

The Finance Manager spoke to the report which had been issued, providing the Committee with the Annual Report and Financial Statements, from 1 August 2016 – 31 July 2017, highlighting the main change since the first draft which includes the Pension Valuation. In terms of impact on the Accounts, there is an increase in the overall liability. Members noted the Performance Report, which highlights challenges and successes of the College.

**Decision:** Members recommend the Financial Statements for year ended 31 July 2017 for Board approval

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### **8 Financial Update (including Management Accounts)**

The Finance Manager spoke to the report which had been issued, providing a Financial Update at September 2017 with no significant changes.

Members noted the report.

### **9 Aged Debt Report**

The Finance Manager spoke to the report which had been issued, providing an update on the college debtor balances and any bad debts arising since 31 July 2017. Overall, the Finance Manager reported that there is no concern in terms of student or client debt at this time.

Members noted the aged debt balances at October 2017.

### **10 Cash Flow Forecasts**

The Finance Manager spoke to the report which had been issued, advising of the Cash Flow Forecasts for 2017-18, advising that the projected balance as at March 2018 is expected to be low.

Members noted the forecast movements and closing bank balances for 2017-18.

### **11 Any other business**

#### **11.1 National Bargaining**

The Vice Principal Corporate Services updated Members on current activity, including:

##### **Lecturers**

- Progressed Job Matching for Promoted Lecturer Post, 50% of jobs have been agreed with the Union. Three posts agreed have been actioned. The other posts will be referred to NJNC panel for decision
- Discussion ongoing around outstanding terms and conditions which were not agreed in the Summer

##### **Support Staff**

- The Tender has closed for the national Job Evaluation Scheme
- Annual Leave has been changed for all colleges from 1<sup>st</sup> September – 31<sup>st</sup> August. The VP advised that this will not affect this college as staff already receive this level of annual leave.

#### **11.2 Additional Credits – HNC Childcare**

The Principal advised that the College had been allocated additional credits this year to increase the number of HNC Childcare Places, however they have been unable to recruit the additional places. Following discussion with the Outcome Agreement Manager today, there could be a clawback of around £50,000, as the additional credits cannot be used for general activity. The Principal advised that an amended budget may need to be brought back to the Committee.



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### 11.3 Construction Industry Training Board (CITB)

Karen McGahan spoke of the CITB re-structure and whether there were any opportunities for the college in terms of further training. The Principal advised that Energy Skills Partnership were in discussion with CITB, following the news that the training facility in Glasgow was to be closed. The training facility in Glasgow offered opportunities for apprentices, including Scaffolding training, which the college is unable to offer.

### 11.4 Finance Team

The Chair asked that thanks to the Finance Team be formally noted, to recognise all their hard work throughout the year and also their work with the Auditors.

### 11.5 Vice Principal, Corporate Services

To conclude, the Chair acknowledged that the Vice Principal, Corporate Services had now attended her last Finance & General Purposes Committee meeting, before leaving the college in December. The Chair thanked the VP for all her hard work and wished her well in her new post.

## 12 Date and Time of Next Meeting

The next meeting of the Finance and General Purposes Committee will take place on Tuesday 27<sup>th</sup> February 2018. Time tbc, see below.

The Finance and General Purposes Committee meetings normally commence at 2 pm, however Members were asked if there were any objections to moving the time to 12 Noon. The Secretary to the Board explained the reasoning behind the request, to allow the Learning and Teaching Committee to be brought forward by one week. Following agreement both Committee meetings would be held on the same day.

**Decision:** It was agreed that in future all Finance and General Purposes Committee meetings to commence from 12 Noon if the Learning and Teaching Committee confirm the change to their meetings

**Action:** The Secretary to the Board to confirm the new time with Members, following discussion at the Learning and Teaching Committee meeting on 5<sup>th</sup> December

# Finance & General Purposes Committee

## Climate Change Plan Update – Year 2

### 1. Introduction

The purpose of this report is to update the Finance and General Purposes Committee of developments to reduce carbon emissions in order to achieve Scottish Government climate change targets and to meet the requirements of the college's Climate Change Action Plan in year 2.

### 2. Gas Boilers, Dumfries Campus

The college installed 3 new gas burners at the Dumfries campus in October 2016 to optimise efficiency by controlling fuel and air delivered to the boiler resulting in reduced fuel use and carbon emissions and lower running costs. This has resulted in a reduction of gas consumption at the Dumfries campus for 2017, compared against 2016, of 127,674 kilowatt hours (kWh) and a saving of approximately £8000.00. This reduction will be reflected in our 2018 mandatory reporting which covers the 2017 academic year.

### 3. Electricity Update

Overall electricity consumption has decreased at both campuses by 78,780kWh during 2017, compared against 2016. However, the unit price of electricity increased in this period which has resulted in an increased cost of £28462 to the college.

### 4. Scottish Government Mandatory Reporting

Our emissions increased slightly from 2015 to 2016, however 2016 was the first full year of the training kitchen and restaurant being operational, so we expected to see an increase. However, the increase is minimal and we are still on target to meet our 20% reduction in greenhouse gas emissions by the end of the Climate Change Action Plan (CCAP) period which is the end of 2019. See the table below for full details, all emission figures are advised in tonnes of carbon dioxide equivalent:

Year	Scope 1	Scope 2	Scope 3	Total	+/- Change
2014	315	870	136	1321	N/A
2015	324	762	115	1201	- 120
2016	365	726	114	1205	+ 4

The reduction in greenhouse gas emissions from 2014 to 2016 is equivalent to a 9% reduction in overall emissions against the 2014 baseline, compared to a business as usual scenario.

### 5. Stranraer Central Heating

The cost of the central heating upgrade at Stranraer was approximately £287,000 plus VAT. It is unlikely we will recoup the cost of this in the short term, however, this initiative should

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significantly reduce our greenhouse gas emissions and will be instrumental in meeting our 20% reduction in carbon emissions over the 5 year CCAP period. Furthermore, gas central heating is more cost effective than electric heating, so the overall increase in gas costs at Stranraer will be less than the reduced electricity costs.

### 8. Summary

We are confident we will see a further reduction in emissions by the end of the calendar year 2018. This will predominantly be achieved by the central heating upgrade at the Stranraer campus. Members are asked to note the report.

Elaine Crawford  
Climate Change Officer

23<sup>rd</sup> February 2018

# Finance & General Purposes Committee

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## SCOTLAND'S COLLEGE ESTATE CONDITION REPORT

### 1 Purpose of the Report

The Purpose of the Report is to identify a 5-year maintenance plan for the College.

### 2 Report

#### BACKGROUND

In November 2016 the Scottish Funding Council instigated an investigation into the condition of the Scottish Colleges Estates. This purpose of the exercise was to build a case for critical capital investment with the Estates over a 5 year period.

The initial survey was a desktop exercise in the form a questionnaire. (See attached response) The request to Dumfries and Galloway College was for information regarding the Stranraer campus only in the first instance. This was completed in March 2017.

Following the desktop exercise we were contacted by Gardiner Theobald who advised us that our campuses would be visited by 2 lots of surveyors, 1 to concentrate on building fabric and the other to concentrate on Mechanical and Electrical.

The visits took place with College staff assisting the surveyors, giving them background information as they walked around the buildings. The information was around historical issues that were faced such as heating, ventilation etc.

In October 2017 the initial findings were delivered to individual institutions for scrutiny and acceptance. We issued a challenge for clarity based on the findings for Stranraer. Upon receipt of the clarification we accepted the findings.

The full report was published by the funding council on the 22<sup>nd</sup> December 2017.

#### THE REPORTS FINDINGS

##### Dumfries Campus:

The report estimates a budget requirement of £774,258 over a 5 year period for the upkeep and improvements at Dumfries campus. This was broken down as follows:

- Structural = £10k. This was around some cracking in concrete at fire exit stairs.
- Fabric and Redecoration = £572k. This is ongoing and includes painting works and replacement of floor coverings throughout the building.
- Ventilation repairs and upgrades = £133k. This was based around the fire dampers in the main. Access is required to test and inspect these dampers and carry out repairs as required.
- Alarms = £48k. This was to improve the alarm provision across the building

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The report also prioritised the spend as follows:

- Very High-Year 1 = £30,000.
- High-Year 2 = £46800.
- Medium-Years 3-4 = £223400.
- Low-Years 5+ = £474058.

### **Stranraer Campus:**

The report estimates a budget of £669,366 over a 5 year period for the upkeep and improvements at Stranraer campus. This was broken down as follows:

- External Grounds = £10k. The report did not specify the improvements required.
- External Fabric = £212k. The report specified replacement of doors and windows across the campus. Also required the rust treatment of exposed lintels.
- Roofs = £65k. Repairs and upgrades of the roofs.
- Floor coverings and décor = £147k. Replacement of floor coverings and internal decoration
- Sanitary ware = £36k replacement or upgrade of toilets and sinks
- Mechanical and electrical = £84k This would be to upgrade electrical systems such as emergency lighting systems
- Heating and ventilation = £65k. This would be to upgrade our current systems to meet building and energy efficiency needs
- Lifts = £42k. This would be an upgrade of the existing lift controls as the current controls are nearing end of life.

The report prioritised the spend as follows:

- Very High-Year 1 = £46800
- High-Year 2 = £17094
- Medium-Years 3-4 = £169946
- Low-Years 5+ = £435526

### **CONCLUSION**

Although the report outlines the estimated costs it may be that the College will not incur the full costs. Some of the works may be picked up through future projects should funding become available, others may come in at significantly reduced costs. Items such as the heating and ventilation at Stranraer have already been addressed thanks to significant funding.

It is clear, however, that if we are to address the issues raised then a significant budget increase will be required to cope with this.

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The total budget required is £1,443,624 over 5 years which works out at £288,724.8 if divided evenly over 5 years. That in itself is already significantly more than the Colleges entire capital budget as it stands.

### **3 Recommendation**

Members are asked to monitor the progress against the issues highlighted.

**William Currie**  
Facilities Manager  
February 2018

## Learning and Teaching Committee

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### Cole Report on the Edinburgh School's Infrastructure

#### 1 Purpose of the Report

The Purpose of the Report is to investigate the cause and issues surrounding the building of the PPI schools in Edinburgh. My report highlights the College's stance against each area of recommendation

#### 2 The Report

Following the collapse of a wall at Oxfords school in Edinburgh a report was commissioned by the Scottish Government into the issue.

There were a number of findings. Below are the main headings with the college's position being given under each.

##### **Procurement:**

We do not fully rely on cost when procuring any works or services. We look at quality such as previous experience on similar contracts, references, company Health and Safety performance and also carbon management commitments.

We also use specialists where required to provide a "Quality Management" overview of the tenders against the specification. This is to ensure the quality of the works will be up to standard. Case in points being the Hairdressing works in 2016 and Stranraer heating in 2017.

Through our tenders we also insist that any sub-contractor is named in advance. This helps us do our homework on them to ensure they are suitable.

Also, we ask for relevant qualifications of personnel involved in the works and of those managing the works. Again this is to ensure they are suitably qualified to carry out the works required.

##### **Quality Assurance:**

We utilise independent consultants, usually with a speciality towards the type of works required, to design works and also to manage projects to ensure specifications are followed.

Should we have any major building works this approach would be followed with an insistence that suitably qualified personnel are on site, as is suitable to the size of the works, to ensure quality standards and specification are followed.

We hold regular meetings with our contractors and project managers to ensure any issues are identified and remedied immediately.

This is the most important subject in relation to the reports as the monitoring of the quality standards has been the biggest failing.

##### **Information Sharing:**

Either by our own doing or through our project managers we insist on full O&M manuals being made available on completion of any works. The O&M manuals are

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scrutinised to ensure all information including drawings, user guides, materials information, contact information and any other relevant information is available. This information is held locally and available for anyone who comes to work in our buildings.

### **Ownership/Involvement:**

The college, as a client, keeps ourselves actively involved in any works taking place on our behalf. We meet with all parties and regularly visit work areas to check on progress. We build relationships with any contractor appointed to work on our sites thusly ensuring we gain access to information regarding the works being carried out by any party.

This is important as it appears to have been one of the major failings in the Edinburgh issues.

One of the knock on effects of the reports would be that the training provided to Bricklayers may need to be stepped up. Obviously as the College provides brickwork courses these may change once they have fully decide the new models.

All in all we do things well and shouldn't find ourselves in a position where quality should be compromised.

### **3 Recommendation**

It is recommended that the Learning and Teaching Committee note the update against the report.

**William Currie**  
Facilities Manager  
February 2018



## Scottish Draft Budget 2018/19 Analysis

The Scottish Government published its [Draft Budget 2018/19](#) and [media statement](#) on Thursday 14 December 2017. The budget will not become final until it has gone through the Scottish Parliament's legislative process, which is likely to be concluded by February 2018. The Draft Budget only covers one year, so there will be another spending review in 2018.

### Government Spending on Colleges

The key headlines in the 2018/19 Draft Budget in relation to the college sector are:

- The Scottish Government has **increased** current levels of **revenue funding** for the college sector, with the Draft Budget for 2018/19 confirmed as **£588.2m**. This represents an **additional £36.9m** against the Draft Budget for 2016/17. However, £31.7m of this is for funding National Bargaining, with the remaining £5.2m set aside for the implementation of the Student Support Review recommendations. Therefore, the baseline revenue resource remains at £551.3m and this has not been adjusted for inflation. This equates to a real terms reduction in revenue funding.
- The Scottish Government has **increased** current levels of **capital funding** for the college sector with the Draft Budget for 2018/19 confirmed as **£76.7m**. This represents an **additional £29.3m** against the draft budget for 2017/18. The bulk of this additional money is to fund the existing commitment of a new campus at a college with the remainder to be used on the high priorities identified by the recent estate conditions survey.

Below is the high level breakdown of spending for the college sector in relation to the Scottish Funding Council:

	2017/18 £m	Draft Budget 2018/19 £m
College Operational Expenditure	741.3	778.2
College Operational Income	(190.0)	(190.0)
Net College Resource	551.3	588.2
College NPD Expenditure	29.1	29.3
College Capital Expenditure	70.4	78.7
College Capital Receipts	(23.0)	(2.0)
Net College Capital	47.4	76.7

In the Draft Budget document, the Scottish Government outlines its approach to colleges which includes:

- deliver a real-terms increase in SFC funding, including a real-terms increase in both college and higher education budgets
- work in partnership with our colleges and universities to provide high quality learning and teaching; improve Scotland's skills base; enhance knowledge exchange; and maximise the impact of research, innovation and internationalisation in line with the recommendations of the Enterprise and Skills Review
- contribute to the ambitions of the Strategic Board for Enterprise and Skills, and drive improved skills alignment and investment, alongside Skills Development Scotland
- work with the college and university sectors to address gender equality at all levels from course choices to senior staff and boards
- contribute to the implementation of the STEM strategy, in particular increasing participation in STEM study and research at colleges and universities
- support the expansion of the Early Learning and Childcare (ELC) workforce

- provide additional investment of over £5 million for initial implementation of the findings of the Independent Review of Student Support
- work with colleges and universities to deliver our ambition for equal access to higher education by 2030, including ensuring that every care-experienced young person who meets the entry requirements is offered a place at a Scottish university; developing our evidence base on access-related issues; and supporting the work of the Commissioner for Fair Access
- maintain at least 116,000 full-time equivalent college places, meeting the needs of learners and the economy, raise attainment levels and increase the numbers of students successfully completing courses and achieving qualifications
- continue to develop the Flexible Workforce Development Fund to promote partnership working between colleges and employers to deliver high quality training opportunities to up-skill and re-skill the workforce

Colleges Scotland will continue to work to influence the final Budget for 2018/19 between now and when the Budget Bill is finalised February 2018.

## Lines to Take

A copy of Colleges Scotland's media statement is outlined below. We ask that members take a similar stance when communicating externally.



**Thursday 14 December 2017**

### **Comment on the Draft Scottish Budget 2018/19**

Commenting on the Draft Scottish Budget announced today, Shona Struthers, Chief Executive, Colleges Scotland said:

"We welcome that funding is being made available to cover the cost of National Bargaining for 2018/19. This is a significant financial commitment by the Scottish Government. We are also pleased that there will be additional capital funding which will be used to fund the existing commitment to upgrade one specific campus and allow colleges to carry out essential maintenance.

"However, other than National Bargaining costs, the budget presents a flat cash settlement for the sector in cash terms. Finances will continue to be tight, and colleges will have to carefully consider how to make the best use of the resources available for the coming year to ensure that they can continue to deliver the professional, technical and vocational skills and training required for a strong and sustainable economy, without impacting on the quality of the learner experience."

**ENDS**

Colleges Scotland  
14 December 2017

## Finance and General Purposes Committee

### Financial Update at January 2018

#### 1. Net out-turn for Academic year 2017/18

- 1.1 The budget and forecasts for the academic year August 2017 to July 2018 are based on achieving an underlying operating break-even operating position. The overall forecast deficit includes the 'depreciation cash' expenditure of £330,000 to meet costs for the 2015/16 consolidated pay award and costs relating to Operational Plan developments.
- 1.2 The assumptions made for previous forecasts, including numbers of HE students and related fee income from SAAS and re-charges to UWS have been updated, and income for the whole year is likely to be lower than expected.
- 1.3 The forecasts will be reviewed as the year progresses to achieve an underlying break-even at July 2018, with some further funds expected to be released back into the budget before the end of the financial year.

#### 2. Budget Changes

- 2.1 The budget and forecasts have been amended to reflect some planned expenditure relating to delivery of the Flexible Workforce Development Fund, which has been offset against the 'Contingency' balance.
- 2.2 The forecasts for student support have also been updated to reflect the additional funds which will be provided through SFC.

#### 3. Results to 31<sup>st</sup> January 2018

##### 3.1 Key Performance Indicators

The Key Performance Indicators monitoring the forecast out-turn for the year, and working capital position at 31<sup>st</sup> January 2018 are summarised as follows:

##### Income and Expenditure:

Operating Surplus/ deficit as % of income	0.00%
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## Finance and General Purposes Committee

Non-SFC income as % of total income (including ALF grant income)	16.87%
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### Balance Sheet:

Current Assets: Current liabilities	0.80	(31.07.17 – 0.73)
Days cash to annual expenditure (excluding depreciation)	28 days	(31.07.17 – 49 days)

The College is operating with low net assets, in line with the requirements of Central Government budgeting and reporting, with a current ratio of less than 1 due to the accounting treatment of deferred grants. The College continues to have sufficient cash balances to pay creditors as they fall due.

As bank balances are projected to be lower at 31<sup>st</sup> March, an early receipt of SFC funding for April may be required in order to meet commitments for bursary support and other costs during the first two weeks of April, which fall before the SFC grant is normally received.

### 3.2 Income and Expenditure

Income and expenditure for the six months to January 2018 and forecasts to July 2018 are summarised in paragraph 7.

Grant income receivable during the period to date includes SFC core grant of £4,386,000 (50% of the total for the year), in accordance with the budget profile.

The forecasts will also continue to be monitored and assessed against progress in achieving activity targets for the year.

HN students than budgeted. The shortfall of £46,000 has been partially offset by increased part-time HE fee grant received from SAAS.

The re-charges for teaching hours delivered to the University of the West of Scotland during 2016-17 is likely to be lower than previously estimated due to a decrease in teaching weeks as well as fewer modules. The forecasts have been revised to reflect a decrease in fee income of £67,000.

Pay costs for January were in line with the budget allocation for the month. Budget has been set aside to meet potential costs for pay awards which will be effective from April '18.

Other overheads include some early expenditure from the Operational Plan requests.

## Finance and General Purposes Committee

### 3.3 Depreciation Cash Budget Expenditure (Fixed cash budget for priorities)

In line with SFC guidance for depreciation cash expenditure, the following costs are included in projections for the year:

Consolidated 2015/16 pay award costs	£ 80,000
Operational Plan developments	<u>250,000</u>
Total	<u>£330,000</u>

Costs to date of £144,000 have been allocated against depreciation cash in respect of consolidated pay award and some estates developments.

SFC have now advised that the amount available to spend for the sector has been based on the 2015-16 'net depreciation costs', and the College share of this budget is £390,000. This would allow further expenditure of £60,000 to be allocated to this budget.

SFC have advised that the Scottish Government have agreed for this 'Fixed Cash Budget' (CBP) to be prioritised for spending against the following areas:

#### Primary Priorities:

Student Support funds

Loan repayments

Costs for the 2016-16 pay award

#### Secondary Priorities:

Voluntary Severance costs

Estates-related revenue costs

Operating deficits, for colleges where a recovery plan is under development or has been agreed

## Finance and General Purposes Committee

### 3.4 Balance Sheet

The balance sheet movement for the period between September and January was:

	<b>January 2018</b>	<b>September 2017</b>	<b>Movement</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fixed Assets	34,961	35,364	-403
Current Assets	2,477	2,005	472
Current Liabilities	(3,085)	(2,818)	-267
Long Term Liabilities	(22,254)	(22,492)	238
Pension Liability	(9,039)	(9,038)	1
<b>Net Assets</b>	<b>3,060</b>	<b>3,021</b>	<b>39</b>
Revaluation Reserve	(4,071)	(4,118)	47
I&E Account	1,011	1,097	-86
	<b>(3,060)</b>	<b>(3,021)</b>	<b>-39</b>
Cash at Bank	<b>843</b>	<b>1,095</b>	<b>-252</b>
Net current assets/(liabilities)	<b>(608)</b>	<b>(813)</b>	<b>205</b>

### 3.5 Fixed Assets

The movement during the period relates to depreciation charges.

### 3.6 Current Assets and Liabilities

Bank balances have increased over the period, and includes cash held for invoices which are awaited for student transport, and the receipt of SAASS fees during January.

Cash funds of £245,000 are included in creditors for Lennartz liabilities for the remainder of the year.

### 3.7 Long Term Liabilities

The reduction in long-term liabilities is due to release of capital grants during the period.

## Finance and General Purposes Committee

### 4. Student Support

4.1 The forecasts assume that all of the student support grants will be utilised during the year. Projections include the additional funds approved by SFC from the in-year re-distribution.

4.2 Income and expenditure forecasts for student support funds are as follows:

	PERIODS 1 TO 6		FORECAST - 12 MONTHS TO JULY 2018					
	August to January 2018		August 2016 to July 2018					
	Actual	Budget	Forecast		Changes for approval		Revised Budget	Variance
					Budget approved			
£000	£000	£000		£000			£000	
Income	1,180	1,180	2,333		2,333	0	2,333	0
Expenditure	1,180	1,180	2,333		2,333	0	2,333	0
Net costs to be met by College	0	0	0		0	0	0	0

4.3 Student support expenditure to date represents 50% of the budget for the year, and was 11% higher than the same period last year.

### 5. Student Association

5.1 Student association expenditure to 31 January 2018 amounted to £47,960. Expenditure to date includes salary costs as well as various events including Fresher's Week, a football match at Palmerston and Blindfolded football. Lunches have been provided for a number of other events during the current year.

### 6. Complete Training Solutions

6.1 Actual income from 'Full Cost Recovery' courses up to 31<sup>st</sup> January was £129,000 against a budget of £108,000 for the period. The target income for the year is £250,000.

6.2 95 credits have been achieved to date for the department to date.

## Finance and General Purposes Committee

### 7. Income and Expenditure Summary

	PERIODS 1TO 6		12 MONTHS TO JULY 2018				
	August to January 2018		August 2017 to July 2018				
	Actual	Budget	Forecast *	Budget approved 09.17	Changes for approval	Revised Budget	Variance
	£000	£000	£000	£000	£000	£000	£000
<b>INCOME</b>							
Grant Income	4,839	4,844	9,640	9,681	(34)	9,647	7
Release of deferred capital grant	380	380	760	758	0	758	(2)
Fee Income	698	792	1,597	1,691	0	1,691	94
Other Income	59	27	57	59	0	59	2
<b>Total Income</b>	<b>5,976</b>	<b>6,043</b>	<b>12,054</b>	<b>12,189</b>	<b>(34)</b>	<b>12,155</b>	<b>101</b>
<b>EXPENDITURE</b>							
Gross pay costs	3,176	3,137	6,449	6,421	0	6,421	(28)
Pensions	568	572	1,144	1,146	0	1,146	2
National Insurance	288	308	620	644	0	644	24
<b>Total Pay Costs</b>	<b>4,032</b>	<b>4,017</b>	<b>8,213</b>	<b>8,211</b>	<b>0</b>	<b>8,211</b>	<b>(2)</b>
Property Costs	360	350	842	860	0	860	18
Other overheads	900	875	1,735	1,655	0	1,655	(80)
Depreciation	600	600	1,203	1,193	10	1,203	0
Contingency *	0	0	61	270	(44)	226	165
<b>Total Other Costs</b>	<b>1,860</b>	<b>1,825</b>	<b>3,841</b>	<b>3,978</b>	<b>(34)</b>	<b>3,944</b>	<b>103</b>
<b>Total Expenditure</b>	<b>5,892</b>	<b>5,842</b>	<b>12,054</b>	<b>12,189</b>	<b>(34)</b>	<b>12,155</b>	<b>101</b>
<b>UNDERLYING OPERATING SURPLUS/ (DEFICIT)</b>	<b>84</b>	<b>201</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Finance and General Purposes Committee

DEPRECIATION CASH EXPENDITURE		144	144		330	330	0	330		0
OVERALL OPERATING SURPLUS/ (DEFICIT)		(60)	57		(330)	(330)	0	(330)		0

*\* NOTE - The forecast expenditure will be reviewed with the aim of achieving an underlying break-even out-turn, before allowing for expenditure on depreciation cash funds*

## **Finance and General Purposes Committee**

### **Aged Debt Report as at January 2018**

#### **1. Introduction**

- 1.1 The purpose of this report is to provide an update to members on the College debtor balances and any bad debts arising since 31 October 2017.
- 1.2 The value of sales invoices issued by the College on an annual basis is relatively small in comparison to total income. The majority of College income relates to grant funding from the Scottish Funding Council, and other grants which are received at agreed stages during the year. Approximately 1,000 invoices are issued each year, which represents less than 10% of college income.
- 1.3 The number of reminder letters issued for late payments each year is relatively low in comparison to total College income. In addition, the debts which are eventually forwarded to debt collection agents to pursue is very small in comparison to the total invoices raised each year and generally relate to invoices for student support which have been unpaid.

#### **2. Summary of Aged Balances at January 2018**

	<u>October 2017 Total</u>	<u>January 2018 Total</u>	<u>Current</u>	<u>1 Month</u>	<u>2 Months</u>	<u>3 Months</u>	<u>3 Plus</u>	<u>No of Debts</u>
<b>Client</b>	43,902	11,881	7,554	4,226	-	-	101	18
<b>Student</b>	25,600	5,489	1,563	25	-	-	3,901	25
<b>Bursary 2015/16</b>	-	-	-	-	-	-	-	-
<b>Bursary 2016/17</b>	2,843	2,843	-	-	-	-	2,843	2
<b>Total</b>	<b>72,345</b>	<b>20,213</b>	<b>9,117</b>	<b>4,251</b>	<b>-</b>	<b>-</b>	<b>6,846</b>	<b>45</b>

- 2.1. The total debt has decreased by £52,132 since October 2017. The overall level of outstanding balances at this time is consistent with the same period last year, and includes a number of invoices for student fees as well as invoices to clients for work-based learning.
- 2.2 The College continues to ensure that debtor balances are current and recoverable by following the agreed procedure for reminder letters, with difficult cases being referred to the debt collection agents to pursue.

## Finance and General Purposes Committee

### 3. Breakdown of debtor balances

- 3.1 Client debt has decreased by £32,021 from balances at October 2017. Total client debt at 31 January 2018 was £11,881 and is made up of several smaller balances, of which some have since been paid.
- 3.2 The total level of student debt has decreased by £20,111 since October 2017. A number of students who are not eligible for SAAS funding for fees in 2017-18 are paying in agreed instalments. Reminder letters have been issued in accordance with College procedures for the remaining outstanding debt.
- 3.3 Bursary debt has remained the same at £2,843 since October 2017. The balance is made up of two older debts, which have been followed up in accordance with College procedures. The majority of these have been forwarded to the debt collection agency and there are no balances at this time which are considered irrecoverable by the agency.

### 4. Bad debt provision

- 4.1 There has been no change at 31 January 2018 from the provision in the accounts at 31 July 2017, which reflects the low balance of debts over 3 months old. The provision will be reviewed on an ongoing basis.

### 5. Debt collection agents

- 5.1 The total balance currently at the final stage of debt collection amounts to £2,972 and is being handled by TNC. Of this balance, £129 relates to course fees, with the bursary debt making up the remaining amount of £2,843.

### 6. Balances to write-off

- 6.1 Four balances have been pursued through the debt collection agents and have now been classed as irrecoverable by them as noted below. The committee is asked to approve the following balances for write-off:

<u>Reference</u>	<u>Amount £</u>	<u>Debt Type</u>	<u>Date</u>
1601448	273.75	Fees	29/09/2016
0908744	111.00	Fees	04/04/2017
11603135	185.00	Fees	04/04/2017
AST01	101.00	Salary Overpayment	05/04/2017

## **Finance and General Purposes Committee**

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6.2 A table is attached in the Appendix, which shows the debts written-off in each of the previous six years.

### **7. Recommendation**

7.1 Members are requested to note the aged debt balances at January 2018.

## Finance and General Purposes Committee

### Appendix

#### Summary of amounts previously written-off:

Year debt was written- off	Year of original debt:						
	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11
2017/18	885.00	283.56					
2016/17		3,534.67					
2015/16			1,636.62	691.00			
2014/15				7,025.33			
2013/14					8,107.20	634.42	
2012/13						200.00	
2011/12							2,033.17
2010/11							220.00
	<b>885.00</b>	<b>3,818.23</b>	<b>1,636.62</b>	<b>7,716.33</b>	<b>8,107.20</b>	<b>834.42</b>	<b>2,253.17</b>

## Finance and General Purposes Committee

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### Cash Flow Forecasts for 2017-18

#### 1. Purpose of the Report

- 1.1 The purpose of this report is to present the Cash Flow forecasts for 2017-18 to the Committee and highlight the key aspects for review.

#### 2. Report

- 2.1 The Scottish Funding Council (SFC) have established a process to manage the payment of grants to Colleges, in line with Government Financial Reporting and Budgeting requirements. The College is expected to maintain a minimum level of cash reserves required in order to operate effectively and meet costs as they fall due. The College submits a monthly claim to SFC which highlights actual and forecast bank balances, and expected expenditure each month as well as any variances from budget allocations set by SFC.
- 2.2 The format of the College's internal cash flow projections was previously updated in order to predict cash movements as accurately as possible and forecast cash requirements each month. The working papers for the College projections cover the sixteen-month period from April 2017 to July 2018, in order to comply with SFC reporting requirements. The attached paper covers the academic year from August 2017 to July 2018.
- 2.3 The cash flow report includes separate areas to highlight core College cash movements and Lennartz balances. The Lennartz agreement which is due to be completed in July 2018, with current balances of £354,000 set aside to cover remaining instalments. A final payment due in September 18 will be calculated on the year-end 31 July 2018.
- 2.4 The monthly grant claim is calculated in order to provide sufficient bank balances to meet operating expenditure.
- 2.5 The forecast balance at 31 March 2018 is expected to be low due to a higher portion of student support due to be claimed in order to meet the forecast spend for that period. SFC have advised that they will be able to pay the April grant claim earlier than normal in order for the College to pay instalments of student funding and direct debits for the first two weeks in April.
- 2.5 The main area to highlight to the Committee is the movement at the SFC budget cut-off periods March and July, and the forecast reduction in the overall bank balances over the period to July 2018 which reflects the payment of Lennartz.

## **Finance and General Purposes Committee**

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### **3. Recommendation**

3.1 Members are asked to note the forecast movements and closing bank balances in the period.

Dumfries and Galloway College  
Cash Flow Projections for 2017-18

	Actual Jan-18	Forecast Feb-18	Forecast Mar-18	Actual FY £000	Forecast Apr-18	Forecast May-18	Forecast Jun-18	Forecast Jul-18	Projected AY 2016-17 £000
<b>Forecast 17-18</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	
<b>Income</b>									
<b>SFC Grants</b>									
SFC Core Grant	693,928	343,928	132,668	8,797,403	1,208,120	708,120	908,120	719,383	8,783,907
SFC additional Lecturer pay	-	-	14,374	59,980	8,369	-	-	-	22,743
Flexible Workforce Development Func	50,743	-	-	101,486	50,743	-	-	50,742	202,971
<b>Student Support</b>									
Bursary	213,012	213,012	236,940	2,167,810	194,853	144,853	99,431	-	2,111,137
<b>SFC - Student Support clawback AY 2016/17</b>				<b>(337,628)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>337,628</b>
Capital Maintenance	333,918			333,918	-	-	-	-	333,918
Capital Grant	23,371			40,000					40,000
EMA Admin	-	8,000	-	20,710	4,000	-	-	-	12,000
EMA Student Maintenance	9,540	40,950	40,950	212,710	25,000	25,000	25,000	-	250,000
ESOL (16-17)	-	-	-	17,034	-	-	-	-	3,785
ESOL (17-18)	2,587	2,587	2,588	20,697	4,233	4,233	4,233	4,235	37,631
<b>Other Income</b>									
Scottish Colleges Foundation	-	-	-	255,000	-	-	-	-	-
ERDF Grants received	-	-	-	170	-	-	-	-	-
Other grant income	-	8,708	8,708	31,066	3,011	3,011	3,011	3,012	40,111
HE Hardship	-	-	-	77,350	23,084	-	-	-	76,947
SAAS Fees	558,027	11,425	-	592,280	-	-	-	-	571,648
Re-charges - UWS/ Gl. Uni/ DGC	44,316	52,482	35,340	353,629	13,300	45,126	13,300	13,300	241,204
Other cash received in SDS 2017-18	51,459	125,359	125,359	882,797	78,238	78,238	78,238	78,239	938,867
<b>Total cash in</b>	<b>1,980,901</b>	<b>806,451</b>	<b>596,927</b>	<b>13,626,412</b>	<b>1,612,951</b>	<b>1,008,581</b>	<b>1,131,333</b>	<b>868,911</b>	<b>13,329,241</b>
<b>Expenditure</b>									
Payroll	847,819	775,196	774,572	8,350,990	698,980	697,980	698,980	732,800	8,518,230
ESOL Salaries				5,875	-	-	-	-	482
ESOL (2016-17)				47,195	-	-	-	-	-
ESOL (2017-18)	-	-	-	767	-	-	-	-	767
EMA payments	21,210	48,745	48,740	238,060	25,000	25,000	25,000	-	250,000
SFC Bursary and other student support payments (inc. student transport)	240,715	466,869	291,928	2,123,629	144,853	144,853	144,852	4,579	2,126,632
HE Hardship	10,156	8,620	7,168	73,603	8,000	8,000	8,000	-	76,947
Other Student Support (CF and HT)	-	-	-	92	-	-	-	-	-
<b>Depreciation spend - VSS/ other</b>	<b>-</b>	<b>56,219</b>	<b>-</b>	<b>278,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>278,000</b>
PL payments (excl student transport)	181,894	334,378	128,662	2,420,008	156,424	150,000	165,000	153,212	2,189,636
Maintenance costs - from SFC Capita	6,686	236,431		485,174	-	-	-	-	373,918
Catherinefield capital	-	14,380	-	120,000	-	-	-	-	58,030
Other payments	18,569	10,000	10,000	205,940	10,000	10,000	10,000	10,000	173,872
<b>Total cash out</b>	<b>1,327,049</b>	<b>1,950,838</b>	<b>1,261,070</b>	<b>14,349,333</b>	<b>1,043,257</b>	<b>1,035,833</b>	<b>1,051,832</b>	<b>900,591</b>	<b>14,046,514</b>
<b>Net cash inflow/(outflow)</b>	<b>653,852</b>	<b>(1,144,387)</b>	<b>(664,143)</b>	<b>(722,921)</b>	<b>569,694</b>	<b>(27,252)</b>	<b>79,501</b>	<b>(31,680)</b>	<b>(717,273)</b>
Balance b/f	979,719	1,633,571	489,184	547,962	174,959	394,735	367,483	446,984	1,132,577
<b>Balance c/f</b>	<b>1,633,571</b>	<b>489,184</b>	<b>(174,959)</b>	<b>(174,959)</b>	<b>394,735</b>	<b>367,483</b>	<b>446,984</b>	<b>415,304</b>	<b>415,304</b>

<b>Lennartz:</b>									
Quarterly payments	-	-	76,698	301,078	-	-	76,699	-	296,562
<b>Cash outflow</b>	<b>-</b>	<b>-</b>	<b>76,698</b>	<b>301,078</b>	<b>-</b>	<b>-</b>	<b>76,699</b>	<b>-</b>	<b>296,562</b>
Balance b/f	353,843	353,843	353,843	578,223	277,145	277,145	277,145	200,446	497,008
<b>Balance c/f</b>	<b>353,843</b>	<b>353,843</b>	<b>277,145</b>	<b>277,145</b>	<b>277,145</b>	<b>277,145</b>	<b>200,446</b>	<b>200,446</b>	<b>200,446</b>

<b>Total closing bank balances</b>	<b>1,987,414</b>	<b>843,027</b>	<b>102,186</b>	<b>102,186</b>	<b>671,880</b>	<b>644,628</b>	<b>647,430</b>	<b>615,750</b>	<b>615,750</b>
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## Finance & General Purposes Committee

### Strategic Risk Register

#### 1 Introduction

- 1.1 The purpose of this paper is to provide the Finance & General Purposes Committee with the opportunity to review the College's Strategic Risk Register.

#### 2 The Report

- 2.1 In accordance with the College's Risk Management Policy any risk with an inherent rating of 12 or above must have mitigating controls in place and where the residual rating remains above 12 should be reviewed at least quarterly in order to identify if any further actions could be taken to reduce the residual rating to below 12. For completeness all risks are included in the attached register, in order of high to low ratings.

- 2.2 The Principal and Executive Management Team routinely review the Strategic Risk Register to reflect the risks the College is facing and the mitigation that will be applied to each risk. There are currently 10 strategic risks, four of which are rated 12 or above.

2.3 One new risk has been added:

- Risk No 14 – 'Non-compliance with GDPR', with an inherent risk rating of 12

Changes have been made to the following:

- Risk No 1 – 'National Pay Bargaining'. No change to the risk factor but updated to reflect that the college still awaits its funding allocation for 2018-19
- Risk No 5 – 'University of the West of Scotland – Review of property and provision in Dumfries'. There has not been any further discussion/information regarding this for some considerable time. It is recommended to remove this from the risk register
- Risk No 2 – 'Public Sector funding cuts – forecast for session 2017-18'. It is recommended that this should be changed to 'Financial Sustainability' to better describe the risk faced by the college. An update has been provided
- Risk No 13 – 'Cyber Attack'. No change to the risk factor, however updated to reflect current position
- Risk No 4 – 'Unable to achieve credit (activity) target'. It is recommended to reduce the Risk factor from 12 to 8 to reflect current position

#### 3 Recommendation

- 3.1 It is recommended that the Finance & General Purposes Committee consider and comment regarding risks within their area of responsibility and, if so minded, support the content of the Strategic Risk Register.

## Strategic Plan 2017-2018 Risk Register

Risk No.	Risk Description	Inherent Risk			Controls in Place	Assurances	Internal/ External	Residual risk			Further Action	Risk Owner
		Likelihood	Impact	Total				Likelihood	Impact	Total		
1	National Pay Bargaining	4	4	16	1. Detailed financial planning undertaken and approved by Finance and General Purposes Committee to ensure "affordability" of any offer. 2. National negotiation processes in place with recognised unions. 3. Government public sector pay guidance for 2017-18 is for maximum 1%, College budget will reflect this.	1. Feedback to EMT and the Board 2. Included in budget which is monitored and reported through F&GP and Board 3. Sound internal planning and monitoring to ensure service continuity in event of industrial action 4. College adopts a pragmatic approach to budget and scenario planning.	Internal/ External	3	4	12	December 2017 - EIS have declared a formal dispute in respect of 2017/18 Cost-of-Living Pay Award. February '18 - Discussions re 2017-18 pay award are ongoing. SFC have indicated that there will be funding to cover costs of harmonisation of lecturer's pay for 2018-19 in Funding allocation but no confirmation received as yet.	EMT
6	Failure to achieve attainment targets	4	4	16	1. Real time monitoring systems in place 2. Strategies in place to improve retention. 2. Strategies in place to improve student success 3. Poorly performing programmes removed from the curriculum.	1. Monitored at course level and review by Vice Principal (Learning and Skills) 2. Monitored through self evaluation process and reported to ET and L&T committee	Internal/ External	3	4	12	Moving forward achieving attainment targets agreed with the SFC in the Regional Outcome may be a condition of grant. Low attainment can also be detrimental to college reputation. For 2017-18 changes been made to Induction, ongoing monitoring of KPIs and data analysis. New Academic structure allows for closer monitoring. Moving towards proactive flagging of vulnerable students for close monitoring.	EMT
3	Governance issues: Reclassification and other changes to governance reduce the flexibility of the College to manage financial and estates issues and meet targets in the Outcome Agreement.	4	4	16	1. Executive Management Team and Finance Manager representation at relevant briefings and ongoing monitoring of changes 2. External audit advice	1. Appropriate and robust internal planning and monitoring arrangements 2. Regular liaison with Scottish Funding Council	Internal/ External	3	4	12	The Board of Management and EMT continue to monitor the situation. December 17 - Capital Funding remains a concern.	EMT
14	Non-compliance with GDPR	3	4	12	1. Recruitment of specialist, 1 day per week in partnership with Ayrshire College and Conservatoire in Glasgow. 2. JISC undertaking audit of college current processes. 3. Internal check on systems and Processes. 4. Online training of staff.	1. Standing agenda item on Audit Committee agenda. 2. Senior College Manager leading on development.	External/ Internal	3	4	12	College is well placed in terms of data protection but work is ongoing to measure gap and take appropriate actions.	EMT
4	Unable to achieve credit (activity) target	3	4	12	1. Real time monitoring system. 2. Contingency plans in place to offer additional provision as required. 3. Annual review of staffing and provision to rebalance areas of growth with areas of decline. 4. Annual review carried out by internal audit	1. Reviewed by EMT on a weekly basis 2. Curriculum areas looking to run additional courses to address shortfall. 3. KPI reported and discussed at each board meeting 4. Provision made in accounts for clawback 5. Marketing strategies for 18/19 recruitment	Internal / External	2	4	8	Early warning strategies to be implemented to improve early retention. . November 2017 - work is ongoing to monitor and progress against targets. February 2018 - College is maximising all credits for FE and HE courses, resulting in a reduction in the predicted gap between actual v target credits.	EMT

## Strategic Plan 2017-2018 Risk Register

Risk No.	Risk Description	Inherent Risk			Controls in Place	Assurances	Internal/ External	Residual risk			Further Action	Risk Owner
		Likelihood	Impact	Total				Likelihood	Impact	Total		
5	University of West Of Scotland - Review of property and provision in Dumfries.	4	3	12	1. Principal continue to discuss with Senior Management of UWS. 2. Principal and Vice Principal on the Joint Academic Strategy Group. 3. Regular reporting and discussion at EMT as information becomes available.		Internal/ External	2	3	6	Continue dialogue with UWS. Keep SFC informed of potential loss of contribution to college overheads from UWS for shared accommodation. Also potential loss of articulation opportunities for College students if UWS provision if reduced. Recent discussion indicate UWS not near making a decision at this point in time.	EMT
2	Public sector funding cuts - forecast for session 2017-18	4	4	16	1. Scenario planning undertaken and measures to offset reduction identified which is then used to inform curriculum planning. 2. Annual review of provision undertaken through planning and budgetary process to ensure match of income and expenditure.	1. Curriculum plans approved by EMT and L&T 2. Budget approved by the Board	Internal	1	4	4	November 2017 - Current Budget for 2017-18 forecast break-even position. December 2017 - Recent budget announcement forecast flat cash settlement for colleges, however details unknown at this stage. <b>February 2018 - Break-even position forecast for 2017-18. No further details re settlement for 2018-19 available as yet.</b>	EMT
13	Cyber attack	3	4	12	1. Janet network (via JISC) provides secure connectivity. 2. Regular reporting at ET. 3. Constant scanning to identify potential attacks/network vulnerabilities. 4. VP CS&G and IT Manager meets regularly with JISC account Manager	1. Janet secure network provides a high speed, highly reliable and secure, world-class network, enabling national and international communication and collaboration to the UK research and education community. 2. Regular updates from JISC on potential attacks/network vulnerabilities 3. EMT meetings/minutes 4. Internal Audit 2016/17	External/ Internal	1	4	4	Jisc's Security Operations centre is responsible for monitoring and resolving any security incidents (detect, report, investigate) that occur on the network. They also provide an enhanced service for the detection and mitigation of Denial of Service (DoS) attacks that occur across the network. <b>February 2018 - The recent requirement placed on the college by the Scottish Government to adhere to the cyber resilience measures have resulted in the college undertaking an audit of where we are compared to the new standards. If necessary an action plan to achieve the cyber resilience standards will be developed and monitored through our audit committee.</b>	EMT

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Risk No.	Risk Description	Inherent Risk			Controls in Place	Assurances	Internal/ External	Residual risk			Further Action	Risk Owner
		Likelihood	Impact	Total				Likelihood	Impact	Total		
10	Imbalance between demand for student support funds/bursaries and funds available	3	3	9	1. Detailed analysis and monitoring of spend undertaken on an ongoing basis by Finance Manager, discussed monthly with VP (CS&G) who updates ET. 2. Allocation and amounts reviewed on an annual basis to ensure funding constrained within amount available. 3. Annual review carried out by internal audit	1. EMT Meetings/Minutes 2. Internal Audit Report presented to Audit Committee	Internal	1	3	3	December 2017 - Requested additional funding for 2017/18 that has been provided. <b>February 2018 - College received additional student support grant that will meet demand.</b>	EMT
9	Prevent Duty – disruption due to threat of extremism / risk of external influences	3	4	12	1. Vice Principal attendance at local multi-agency CONTEST group 2. Regular reporting of Prevent issues at EMT. 3. Constant scanning to identify new potential threats.	1. College Prevent Action Plan 2. CONTEST meetings/minutes 3. EMT meetings/minutes 4. 80% staff trained by Sept '17	External/ Internal	1	2	2	Vice Principal leading on Prevent Action Plan, any issues would be identified through regular reporting at EMT. Immediate concerns to be raised with contact within Police Scotland. Review of evacuation procedures in relation to 'stay safe' has taken place. The College is kept updated through SOCCT Group and appropriate action taken	EMT