

## Board of Management Finance and General Purposes Committee

**Date: 22 May 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 27 February 2018   | (attached) | JH |
| 4   | Matters Arising   |            |    |
| 4.1 | College ALF – follow up with Trustees   | (verbal)   | CT |
| 4.2 | Scottish Government Climate Change target - The Facilities Manager to ascertain any penalties incurred should the target not be met | (verbal)   | AG |
| 4.3 | GDPR – on-line training   | (verbal)   | AW |
| 5   | 2018-19 Draft Budget  | (attached) | KH |
| 6   | External Development Income and Expenditure   | (attached) | CT |
| 7   | Funding Council Grant Allocation/Capital Grant Appendix   | (attached) | AG |
| 8   | Financial Update (including Management Accounts)  | (attached) | KH |
| 9   | Aged Debt Report  | (attached) | KH |
| 10  | Cash Flow Forecasts   | (attached) | KH |
| 11  | Risk Register   | (attached) | CT |
| 12  | Any Other Business  |            |    |
| 13  | Date and Time of Next Meeting - Tuesday 18 September 2018 at 12md   |            |    |

## 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 22 May 2018 at 12 noon in Room 1074b, Dumfries Campus.**

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

**In attendance:** Karen Hunter, Finance Manager  
Andy Glen, Vice Principal Performance and Planning  
Brian Johnstone, Chair of Board of Management  
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 Chair of the Board Brian Johnstone.

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 Minute of Meeting of 27 February 2018**

The Minute of the Finance and General Purposes Committee meeting held on 27 February 2018 was approved.

### **4 Matters Arising**

#### **4.1 College Arms Length Foundation (ALF) – follow up with Trustees**

The Principal confirmed that a letter had been sent to the Trustees asking if members wanted to remain Trustees of the college ALF, of which two Trustees confirmed that they were willing to continue, including the Principal.

The Principal suggested to re-visit the original decision to wind down the college ALF, but retain use of the Scottish Colleges Foundation ALF.

#### **Actions:**

- The Finance Manager to clarify if the Scottish Colleges Foundation ALF has a ring-fenced section for Dumfries & Galloway
- The Finance Manager to find out if other colleges are using the Scottish Colleges Foundation ALF

**Decision & Action:** The F&GP Committee recommend to the Board to wind down the college ALF if it is determined that the Scottish Colleges Foundation ALF has a ring-fenced section for Dumfries & Galloway

#### **4.2 Scottish Government Climate Change Target**

The Vice Principal Performance and Planning confirmed that no penalties would be applied should we not meet our target.

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

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### **4.3 GDPR online Training**

Some members reported that they had still to complete their GDPR (General Data Protection Regulation) online training, prior to the implementation date of 25<sup>th</sup> May 2018. The Principal advised that additional, more advanced GDPR training is taking place in college today for Front Line staff.

### **5 2018-19 Draft Budget**

The Finance Manager spoke to the draft budget for 2018/19, highlighting key points to note:

- Since the report had been issued, the Scottish Funding Council (SFC) have confirmed the Grant Allocations with a slight increase from the original indication of an additional £159 Capital Maintenance
- The Target Activity includes ring-fenced credits for Childcare
- The Funding offer from the SFC includes cover for costs for pay harmonisation, however the Cost of Living increase will need to be funded from the college
- £200,000 Rural & Remoteness funding is included in the overall grant
- The payroll costs include costs of Job Evaluation on the Support Side of approximately 6%, it is expected this will be met by the SFC, however no income has been allocated at this stage as this has not yet been confirmed
- The bid on the SOSEA for Capital Expenses will have no impact on the core budget
- It was noted that there was no funds available for operational planning or Contingency at this moment, however this would be reviewed going forward

The Finance Manager tabled the Payroll Budget analysis for information. Members noted the £790,000 increase in the Payroll for 2018-19. Due to the large increase in the pay budget, the Committee reviewed the main reasons and received additional information at the meeting breaking down the increase. These arose mainly from agreed and anticipated National Bargaining positions.

**Decision & Action:** The F&GP Committee recommend the draft budget to the Board. The Committee noted the uncertainty and considered the assumptions to be appropriate at this moment

### **6 External Development Income and Expenditure**

The Principal spoke to the report. The Principal highlighted the contribution that the team make in supporting the college and helping to achieve the credit targets. The challenge going forward will include generating more income and surplus. Members noted that the income is all cash received. In terms of areas of growth, true commercial income is generally generated from bespoke courses.

Members noted the update on External Development Income and Expenditure for the period August 2017 to March 2018.

### **7 Funding Council Grant Allocation/Capital Grant Appendix**

The Vice Principal Performance and Planning (VP P&P) spoke to the report, which had been issued. The VP P&P advised that the most costly actions identified were at the Stranraer Campus, owing to the age of the building.

Members noted the report.

### **8 Financial Update (including Management Accounts) 2017-18 Budget**

The Finance Manager spoke to the report, highlighting key points to note:

- On track to achieve an underlying break even position. The Finance Manager will continue to monitor the budget up to the end of July
- Any surplus to be considered for the operational plan spend
- The SFC advised to draw down costs of what will be achieved this year, in terms of FWDF

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

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The Finance Manager reported on recent discussions at a Funding meeting on the SFC and calculation of depreciation spend, and the change of methodology.

Members noted the Financial Update.

### **9 Aged Debt Report**

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

- No concern of client debt at this time
- No proposed write-offs at this time

Members noted the aged debt balances as at April 2018.

### **10 Cash Flow Forecasts**

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

- The cash balance is higher at the end of March than predicted due to the Arm's Length Foundation grant for Engineering Equipment monies not yet being spent
- The last payment of Lennartz is due in October

Members noted the forecast movements and closing bank balances in the period.

### **11 Strategic Risk Register**

The Principal spoke to the report, which had been issued. The Risk Register will be presented at each Board Committee, and members are asked to discuss actions relevant to their individual Committee. An additional column has been added to the Register which identifies the relevant Committee. Members noted the amendments, highlighted in red.

The Principal advised that she would be reviewing the Strategic Risk Register to ensure that it reflects key descriptions and Government Policies and priorities

### **12 Any other business**

#### **12.1 Resignation of F&GP Committee Chair**

The Chair informed of his resignation as Chair of the Finance and General Purposes Committee, this being his last meeting as Chair. He stated that he felt the timing was appropriate, being the last meeting of the session. He expressed his sincere thanks for continuous support from members of the committee, the Executive Management Team and in particular the Finance Manager who has always been meticulous in her reporting on Finance.

The Chair of the Board thanked the Chair for his excellent chairing of the Finance and General Purposes Committee over a number of years, advising that his balance of good governance and attention to detail have been very much appreciated

**Action:** The Chair of the Board will bring a proposal for a replacement Chair, for approval, to the Board of Management meeting on 5<sup>th</sup> June 2018

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

The date and time of the next Finance and General Purposes Committee is Tuesday 18<sup>th</sup> September, 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 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.

## Board of Management Finance and General Purposes Committee

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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

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

### **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:



## Board of Management Finance and General Purposes Committee

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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.



## Finance and General Purposes Committee

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### DRAFT BUDGET FOR 2018/19

#### 1. PURPOSE OF REPORT

The purpose of this report is to review the initial budget proposals for the 2018/19 financial year.

#### 2. REPORT

The Scottish Funding Council provided the indicative allocations of grant funding for 2018/19 on 27<sup>th</sup> February. The indicative funding allocation provided by SFC includes core grant, capital maintenance grant and student support funding, and has been based on a target activity of 30,176 credits. SFC aims to finalise the funding offer in May, pending finalisation of the Outcome Agreements with the college sector for 2018/19.

The target activity for 2018/19 includes an allocation of 676 credits (equivalent to 56 full time students) which have been ring-fenced for delivery of childcare activity. If the target childcare activity is not achieved during the year then SFC will claw back this portion of funding. Discussions are still ongoing regarding the childcare activity plans for 2018/19 and this will determine how likely the College is to achieve the target of 676 credits.

The indicative grant offer letter has set out funding to meet pay harmonisation costs for 2018/19, and the overall increase in core funding includes some additional funds for rural and remoteness. However, the funding offer for student support is lower than the current year projected costs.

The draft budget has been prepared with the aim of achieving an underlying break-even position. Prudent assumptions have been used in preparing the draft report, and includes an assessment of non-SFC income, costs for staff required to deliver the planned curriculum, and materials required for the curriculum and overheads.

In preparing the draft figures, the forecast out-turn for the current academic year has been assessed and adjustments made for planned developments and other changes. A summary Income and Expenditure report is attached which shows the forecasts for the current year and the draft budget for 2018/19. The budget has been based on the assumption that the activity and childcare activity targets set by SFC will be achieved, and this will be closely monitored.

Student support income and expenditure is shown separately, as those funds are ring-fenced, and can only be used in accordance with rules set by SFC and the Student Awards Agency for Scotland. Any changes in demand for student support funds will be highlighted and reported to the Executive Management Team and this Committee.

## Finance and General Purposes Committee

The budget will require to be updated when the final grant allocation and activity targets are agreed with SFC.

### Key Assumptions

The key assumptions made for the draft budget are set out below.

### Income

#### SFC Grant Allocation

The table below shows a comparison of the indicative allocation of core grant and credit target for 2018/19 compared to the current year:

	2017-18	2018-19	Difference
Credit Target	30,067	29,500	
Additional Childcare	268	676	
	<b>30,335</b>	<b>30,176</b>	(159)
Core Funding	8,745,960	8,760,259	14,299
Additional Childcare funding	37,947		(37,947)
National Bargaining Funding	68,349	660,475	592,126
Other:			
- additional financial pressures	-	88,067	88,067
- Rural & Remoteness	-	200,000	200,000
- ESOL	37,631	25,191	(12,440)
	<b>8,889,887</b>	<b>9,733,992</b>	844,105

**Core funding** – the allocation of core funding includes a fixed element which relates specifically to the increased childcare targets.

## Finance and General Purposes Committee

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**National Bargaining** - the allocation of funding for National Bargaining has been based on the pay modelling work carried out by Colleges Scotland, and uses data on staffing levels at September 2017. The indicative budget allocation includes a contribution to fund costs for changes to annual leave and contact hours as well as the changes to pay scales. In addition, the figures above also include an allocation of grant to cover a 6% increase in the costs of the support staff job evaluation exercise. SFC have indicated that the final grant award may not include the element of grant for support staff job evaluation, and instead they may allocate those funds when actual costs of support staff job evaluation are known. This will be highlighted when the grant award letter is received from SFC.

Based on our current understanding of the impact of National Bargaining, the indicative funding appears to be sufficient to cover the incremental costs for 2018/19 for transition to the new pay scales for lecturers' salaries. However SFC have indicated that any increased costs resulting from cost of living pay awards will not be funded, and this could have a significant impact on the out-turn for the year.

**Capital maintenance** - the grant for capital maintenance has increased by £7,110 from 2017/18 levels. The total funding of £381,028 includes funds of £155,301 which have been ring-fenced for very high priority backlog maintenance highlighted in the review of College estates. A separate report has been prepared for this Committee which sets out the action plan to address the areas highlighted.

**Flexible Workforce Development Fund** – the budget does not include any grant income from the Flexible Workforce Development Fund (FWDF). SFC have indicated that the FWDF will continue in 2018/19, but the allocations to individual colleges is not yet known.

### **Other Income**

Other income includes SAAS fee income been based on planned activity for 2018/19, and also includes a modest increase in CTS income, SVQ fees, SVQ numbers, an increase in part-time fees, and assumes that some external project income will also be received.

### **Expenditure**

#### **Salaries**

Salary costs are expected to remain a significant portion of total expenditure during 2018/19.

The staffing budget forecasts reflect our current understanding of the impact of national bargaining. The impact of the support staff job evaluation exercise in September 2018 may be subject to change, but costs have been estimated at this time.

## Finance and General Purposes Committee

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The salary budget has been drafted based on the curriculum plans for 2018/19, and includes the costs for staff required to deliver the curriculum. Prudent assumptions have been made regarding the current support management re-structure as well as some positions which are currently vacant.

The pay model reflects the transition to the agreed pay scales for lecturing staff, and the increased staffing required as a result of the decrease in contact time.

Assumptions for cost of living pay awards for support staff at 3% and 2% have been included in the projections, in line with Public Sector Pay Policy.

Overall staffing costs show an increase of 10% on the current year forecasts due to the impact of National Bargaining.

### **Property costs**

The budget is expected to cover core costs for ongoing estates maintenance and repairs, and well as the very high priority areas identified in SFC's report. In addition, funds of £60,000 have been set aside to cover other estates developments.

Any future developments will require to be costed and assessed against budget available.

### **Operational Plan**

No funds have been included in the budget at this time to fund operational plan developments. Total requests for resources and staffing developments in 2018/19 amount to £457,000 and this will be reviewed again if any further budget funding is identified, and expenditure will be prioritised based on current plans.

### **Other expenditure**

Supplies and services forecasts are based on 2017/18 budget levels, with minimal changes to overall budget allocations made following budget holder meetings.

Some funds have been set aside to cover requests including continuing to provide a Breakfast Club to students, and some additional budget for staff development.

### **Cash Budget for Priorities (Depreciation Cash Grant)**

Expenditure from the Cash Budget for Priorities is based on the priority areas proposed by SFC, and the amount of budget has been fixed as £390,000.

Costs have been allocated to these funds as follows:

## **Finance and General Purposes Committee**

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Consolidated pay award for 2015/16 -	£85,000
Estates developments -	£305,000

Those costs have been shown separately in the budget summary as 'depreciation cash expenditure'.

### **Arm's Length Foundation**

The budget for 2018/19 includes the second instalment of grant for engineering equipment which has previously been approved by the Scottish Colleges Foundation, and related expenditure, which amounts to £55,000.

Estimated funds of £25,000 are still available to draw down from the Scottish Colleges Foundation for Dumfries and Galloway College.

### **Student Support Funding**

Student support grant funding reflects the SFC allocation which was £1,787,000. EMA expenditure and related income has been estimated as £250,000 and SAAS funding for HE Discretionary funds is estimated to be £76,000 in line with the current year. The projections are based on nil overspend for the year.

The proposed allocation of student support funds from SFC represents a decrease of £326,000 from the current year forecast expenditure, and will require to be closely monitored throughout the year. SFC have indicated that they have retained some budget to meet requests for additional student support funding during the year.

### **Assets and depreciation**

Depreciation and the corresponding release of deferred capital grants have been calculated based on the fixed assets at 31 March 2018, and includes an adjustment for planned changes up to August 2018. The College buildings are subject to revaluation at 31 July 2018 for the financial statements disclosures, which may have an impact on depreciation charges.

### **Contingency**

No general contingency has been included in the budget at this time.

## Finance and General Purposes Committee

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### **Out-turn for the period**

The draft budget shows an underlying break-even out-turn, which is subject to achieving the childcare target set out in the indicative grant letter. The budget will require to be updated when the final allocation of funds from SFC is available and subject to any changes following discussions with SFC regarding the childcare targets.

The staffing budget will also require to be reviewed and updated for changes arising, including the support staff job evaluation exercise.

Due to the number of unknown factors which will impact on the budget, the forecasts for income and expenditure will be monitored and reported back to the Executive Management Team and this Committee in order to make adjustments to meet targets and re-align plans where necessary.

### **3. RECOMMENDATION**

The Committee are requested to review the draft budget for 2018/19 and recommend it for approval by the Board subject to finalisation of the grant award from SFC and changes to the childcare activity targets.

## Finance and General Purposes Committee

### APPENDIX

	AY 2017/18	AY 2018/19	
<b>Budget Summary:</b>	<b>Forecast August 2017 to July 2018</b>	<b>August 2018 to July 2019</b>	<b>Change from 2016/17 forecast</b>
<b>Income</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Grant Income	(9,046)	(9,808)	(762)
ALF grants	(255)	(55)	200
Capital maintenance grant	(334)	(381)	(47)
Release of deferred capital grant	(760)	(762)	(2)
Fee Income	(1,620)	(1,577)	43
Other Income	(52)	(57)	(5)
<b>Total Income</b>	<b>(12,067)</b>	<b>(12,640)</b>	<b>(573)</b>
<b>Expenditure</b>			
<b>Total Pay Costs</b>	<b>8,249</b>	<b>9,044</b>	<b>795</b>
Property Costs	496	549	53
Supplies and Services	741	708	(33)
Other Employee Costs	176	182	6
Telephones and Computing	437	419	(18)
Transport	58	62	4
Refectory	17	4	(13)
Other	219	213	(6)
Registration costs	202	210	8
Marketing	70	76	6
Depreciation	1,204	1,173	(31)
Contingency	198	-	(198)
<b>Total Other Costs</b>	<b>3,818</b>	<b>3,596</b>	<b>(222)</b>
<b>Total Expenditure</b>	<b>12,067</b>	<b>12,640</b>	<b>573</b>
<b>Underlying Operating Surplus/ (Deficit)</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>



## Finance and General Purposes Committee

		AY 2017/18	AY 2018/19	
Budget Summary:		Forecast August 2017 to July 2018	August 2018 to July 2019	Change from 2016/17 forecast
Depreciation cash expenditure		390	390	0
Overall Operating Surplus/ (Deficit)		(390)	(390)	0

		AY 2017/18	AY 2018/19	
Student Support:		Forecast August 2017 to July 2018	August 2018 to July 2019	Change from 2016/17 forecast
Income		(2,438)	(2,112)	326
Expenditure		2,438	2,112	(326)
Net costs		0	0	0

## Finance and General Purposes Committee

### External Development Income and Expenditure for the period August 2017 to March 2018

#### 1. PURPOSE OF REPORT

This report has been prepared to provide an overview of the total income for the period to date from External Development activities, in order for the Finance and General Purposes Committee members to gain an understanding of the financial position as well as information and explanations on the other factors which are relevant for this area.

The attached sheet provides a further breakdown of income, which has been categorised into the main areas of operations for the various activities undertaken.

#### 2. SUMMARY REPORT

	2017/18 8 Months Aug 17 to March 2018	2016/17 12 Months August 16 to July 2017
<b>Income</b>		
<b>Income Received</b>	<b><u>£446,864</u></b>	<b><u>£748,164</u></b>
<b><u>Expenditure</u></b>		
Salaries	£532,085	£727,828
Other Costs	<u>£89,579</u>	<u>£206,537</u>
	<b><u>£621,665</u></b>	<b><u>£934,365</u></b>
Net Costs	(£174,801)	(£186,202)
Total Credits per CMIS	4,367	3,888
Notional income from credits	<u>£931,918</u>	<u>£829,699</u>
Contribution to the College	<b><u>£757,117</u></b>	<b><u>£643,498</u></b>

#### 3. RECOMMENDATION

Members are invited to note the update on External Development Income and Expenditure for the period August 17 to March 2018.

Carol Turnbull  
Principal  
May 2018



**External Development Income and Expenditure  
for the period August 2017 to March 2018**

Per Finance system/ actual for the period Aug 17 - March 18	Short Courses	VQs / MA	Open Learning	Employability Fund	Totals
Actual Income received in period	140,815	191,873	27,717	86,458	446,864
Actual income received in period					
<b>Expenditure</b>					
Salaries	110,438	372,092	33,078	16,477	532,085
Other costs	53,345	20,719	9,531	5,984	89,579
<b>Total Expenditure</b>	<b>163,784</b>	<b>392,812</b>	<b>42,608</b>	<b>22,461</b>	<b>621,665</b>
<b>Net costs</b>	<b>(22,968)</b>	<b>(200,939)</b>	<b>(14,891)</b>	<b>63,997</b>	<b>(174,801)</b>
					-
<i>Credits per CMIS</i>	100	2,274	1,993		4,367
<i>Notional allocation of SFC grant funding @ £213.40 per credit</i>	21,340	485,272	425,306		931,918
<b>Contribution to the College</b>	<b>(1,628)</b>	<b>284,333</b>	<b>410,415</b>	<b>63,997</b>	<b>757,117</b>

## Finance and General Purposes Committee

### Capital Grant Allocation 2018-2019

#### **BACKGROUND**

The Scottish Funding Council provided condition reports for both Dumfries and Stranraer, the content of which was discussed at EMT on the 24<sup>th</sup> January 2018.

The report categorised issues as; Very High to be completed within 1 year, High to be complete within 2 years, Medium to be completed within 3-4 years and Low to be completed 5 years.

The Funding Council have now intimated that the capital grant the College receives will have a sum of around £155,000 which is to be ring-fenced to address the issues highlighted as Very High-complete within 1 year.

The Funding Council have also stipulated that all works must be completed by 31<sup>st</sup> March 2019.

#### **ACTIONS IDENTIFIED**

##### **Dumfries Campus:**

The report overview has highlighted immediate actions for Dumfries Campus as follows:

- Investigate cracking on slabs at the escape stairs in Dumfries
- Address lack of access to fire dampers at Dumfries
- Address Heating Ventilation Air Conditioning(HVAC)issues affecting the building
- Address areas of floor finishing
- General Decoration

##### **Stranraer Campus:**

The report overview has highlighted immediate actions for Stranraer Campus as follows:

- Repair defective roof flashings
- Treatment of rusting externally exposed lintels
- Address issues of Thermostatic Mixing Valves(TMV) as a legionella risk
- Address areas of floor finishing
- Local door overhauls
- Works to ducting and fans in kitchen area
- General decoration

## Finance and General Purposes Committee

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### ACTION PLAN

The Estates team have begun discussions with contractors to gain budget costs for works identified within the condition survey.

It is anticipated that costs will be in place for all items highlighted above by 31<sup>st</sup> May 2018.

As the new Financial Year starts in September we would look to addressing works immediately. We would utilise the October holidays to carry out works which would affect the internals of the building. Any other work can be programmed to minimise the impact to staff, students and visitors to the College.

See Appendix 1 for further detail and proposed costs.

Andy Glen  
Vice Principal Planning and Performance  
May 2018

## Finance and General Purposes Committee

### Appendix 1

#### Capital Grant Allocation 2018-2019

##### Table of proposed spend

Dumfries Actions			
Action	Proposed time		Cost
Repair cracking on exit stair slabs	Early August		£8,000
Fire Dampers-Access and full service	October		£12,000
Address heating on ground floor	October		£30,000
Address areas of floor finishing	Early August		£10,000
Decoration	Ongoing		£8,000
Total			£68,000

Stranraer Actions			
Action	Proposed time		Cost
Roofing repairs	Early August		£10,000
Treatment of exposed lintels	October		£10,000
Local door overhauls	Start in November		£20,000
Works to ducting in kitchen	February		£10,000
Replacement of windows	October		£20,000
Upgrade of flooring	October		£10,000
Decoration	Ongoing		£5,000
Total			£85,000



## Finance and General Purposes Committee

### Financial Update at March 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 planned expenditure from 'depreciation cash' of £390,000 to meet costs of the 2015/16 consolidated pay award, and costs relating to Operational Plan and estates developments.

1.2 The forecasts will continue to be reviewed as the year progresses to achieve an underlying break-even at July 2018.

#### 2 Budget Changes

2.1 The only changes made to the March budgets were some timing changes. No additional changes to the budget are proposed for this month.

#### 3 Results to 31<sup>st</sup> March 2018

##### 3.1 Key Performance Indicators

The key areas which require to be monitored for budget reporting include cash balances and working capital, as well as income and expenditure targets.

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

##### **Income and Expenditure:**

Operating Surplus/ deficit as % of income	0.00%	
Non-SFC income as % of total income (including ALF grant income)	16.99%	(31.07.17 – 17.7%)

## Finance and General Purposes Committee

### Balance Sheet:

Current Assets: Current liabilities	0.73	(31.07.17 – 0.73)
Days cash to annual expenditure (excluding depreciation)	24 days	(31.07.17 – 49 days)

The current ratio of less than 1 is due to the accounting treatment of deferred grants as creditors. The College continues to have sufficient cash balances to pay creditors as they fall due.

Bank balances at 31<sup>st</sup> March were higher than originally forecast, and includes some additional SAAS per-time fee grant income and other fees received earlier than forecast.

### 3.2 Income and Expenditure

Income and expenditure for the eight-month period to March 2018 and forecasts to July 2018 are summarised in paragraph 5.

59% of the core grant funding from SFC has been received to date, which amounts to £5,254,538.

The full amount of Capital maintenance grant of £334,000 has also been received from SFC.

A provision of £35,000 has been set aside for a potential shortfall in credits for Childcare.

The variance in fee income for the period to date relates to the decrease in expected re-charges to UWS for teaching hours, and some additional fee income was received during March from SAAS for part-time courses.

Some income had been set-aside to cover a potential decrease in fees from self-funded students, but as we are now well through the academic year, some of the provision has been released. The remaining balance will be reviewed again before the end of July.

Pay costs for March remained higher than the budget allocation, and include some additional costs for sickness cover.

The uplift in pay costs for National Bargaining and a potential pay award in line with Scottish Public Sector Pay Policy from April 2018 has been estimated, and the budget available should be sufficient to cover those costs.

Property costs and other overheads include Operational Plan expenditure as well as costs which have been ear-marked against the depreciation cash budget.

## Finance and General Purposes Committee

Costs in March include some additional expenditure in order to meet the 31 March budget cut-off for SFC reporting, and some additional staff development costs relating to GDPR training.

The balance of budget available for the remainder of the year on supplies, services and materials is approximately £1.1m.

### 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	£ 85,000
Operational Plan developments	<u>305,000</u>
<b>Total</b>	<b><u>£390,000</u></b>

Costs to date of £358,000 have been allocated against depreciation cash in respect of consolidated pay award and estates developments.

The expenditure on estates and other operational plan developments is in line with the priorities identified by SFC for the depreciation cash.

### 3.4 Balance Sheet

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

	<b>March 2018</b>	<b>January 2018</b>	<b>Movement</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fixed Assets	34,798	34,961	-163
Current Assets	1,800	2,477	-677
Current Liabilities	(2,456)	(3,085)	629
Long Term Liabilities	(22,051)	(22,254)	203
Pension Liability	(9,039)	(9,039)	-
<b>Net Assets</b>	<b>3,052</b>	<b>3,060</b>	<b>-8</b>
Revaluation Reserve	(4,047)	(4,071)	24
I&E Account	995	1,011	-16
	<b>(3,052)</b>	<b>(3,060)</b>	<b>8</b>
 Cash at Bank	 <b>729</b>	 <b>843</b>	 <b>-114</b>

## Finance and General Purposes Committee

Net current  
assets/(liabilities)

<b>(656)</b>	<b>(608)</b>	<b>-48</b>
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### 3.5 Fixed Assets

Operational plan expenditure for the period includes the purchase of a new server enclosure, which will require to be treated as a fixed asset as the equipment is above the £10,000 capitalisation threshold. However, as it will not be installed until the summer, no depreciation has been applied yet.

The budget allocation from SFC for capital items amounted to £160,000 for the period to March 2018, which has been utilised for the capital element of the Stranraer heating and the equipment as noted above. The small overspend to date will be offset against the sales proceeds of the old College minibuses, which are due to be sold in May.

### 3.6 Current Assets and Liabilities

The decrease in bank balances reflects the draw-down of the grant allocated for the period from SFC. As noted above, the bank balance was expected to be lower at 31 March but the balance reflects fee income which was received earlier than expected.

Current liabilities increased during March which includes an accrual for the cost of purchase orders outstanding, for budget reporting.

## **4 Student Support**

- 4.1 The forecasts assume that all of the student support grants will be utilised during the year. Current projections indicate that the funds are on target to be fully spent by 31<sup>st</sup> July.

## Finance and General Purposes Committee

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

	PERIODS 1 TO 8		FORECAST - 12 MONTHS TO JULY 2018				
	August 2017 to March 2018		August 2016 to July 2018				
	Actual	Budget	Forecast	Budget approved	<i>Changes for approval</i>	Revised Budget	Variance
	£000	£000	£000	£000			£000
Income	1,662	1,662	2,438	2,438	0	2,438	0
Expenditure	1,662	1,662	2,438	2,438	0	2,438	0
Net costs to be met by College	0	0	0	0	0	0	0

## 5 Scottish Colleges Foundation/ Arms Length Foundation

5.1 The balance retained by the Scottish Colleges Foundation for Dumfries and Galloway College amounts to approximately £80,000. Funding of £35,000 has already been approved for the College to draw in April 2018.

## Finance and General Purposes Committee

### 6 Income and Expenditure Summary

	PERIODS 1 TO 8		12 MONTHS TO JULY 2018				
	August 2017 to March 2018		August 2017 to July 2018				
	Actual	Budget	Forecast *	Budget approved 01.18	Changes for approval	Revised Budget	Variance
	£000	£000	£000	£000	£000	£000	£000
<b>INCOME</b>							
Grant Income	6,317	6,335	9,635	9,647	0	9,647	12
Release of deferred capital grant	506	506	760	758	0	758	(2)
Fee Income	1,029	1,100	1,620	1,691	0	1,691	71
Other Income	32	39	52	59	0	59	7
<b>Total Income</b>	<b>7,884</b>	<b>7,980</b>	<b>12,067</b>	<b>12,155</b>	<b>0</b>	<b>12,155</b>	<b>88</b>
<b>EXPENDITURE</b>							
Gross pay costs	4,254	4,186	6,474	6,421	0	6,421	(53)
Pensions	786	764	1,171	1,146	0	1,146	(25)
National Insurance	384	416	604	644	0	644	40
<b>Total Pay Costs</b>	<b>5,424</b>	<b>5,366</b>	<b>8,249</b>	<b>8,211</b>	<b>0</b>	<b>8,211</b>	<b>(38)</b>
Property Costs	215	226	496	860	0	860	364
Other overheads	1,180	1,225	1,921	1,655	0	1,655	(266)
Depreciation	801	801	1,204	1,203	0	1,203	(1)
Contingency *	0	0	197	226	0	226	29
<b>Total Other Costs</b>	<b>2,196</b>	<b>2,252</b>	<b>3,818</b>	<b>3,944</b>	<b>0</b>	<b>3,944</b>	<b>126</b>
<b>Total Expenditure</b>	<b>7,620</b>	<b>7,618</b>	<b>12,067</b>	<b>12,155</b>	<b>0</b>	<b>12,155</b>	<b>88</b>
<b>UNDERLYING OPERATING SURPLUS/ (DEFICIT)</b>	<b>264</b>	<b>362</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Finance and General Purposes Committee

DEPRECIATION CASH EXPENDITURE		358	358		390		330	0	330		0
OVERALL OPERATING SURPLUS/ (DEFICIT)		(94)	4		(390)		(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 April 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 January 2018.
- 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. In addition, the majority of fees for short courses are paid in advance, which minimizes the number of invoices required to be issued.
- 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 April 2018**

	<u>January 2018 Total</u>	<u>April 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>	11,881	12,505	1,401	9,616	1,488	-	-	9
<b>Student</b>	5,489	1,251	86	-145	-86	-	1,396	15
<b>Bursary 2016/17</b>	2,843	2,686	-	-	-	-	2,686	1
<b>Bursary 2017/18</b>		379	-	-	379	-	-	1
<b>Total</b>	<b>20,213</b>	<b>16,821</b>	<b>1,487</b>	<b>9,471</b>	<b>1,781</b>	<b>-</b>	<b>4,082</b>	<b>26</b>

- 2.1. The total debt has decreased by £3,392 since January 2018. 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**

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### **3. Breakdown of debtor balances**

- 3.1 Client debt has increased by £624 from balances at January 2018. Total client debt at 30 April 2018 was £12,505 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 £4,238 since January 2018. The decrease reflects a number of students who were not eligible for SAAS funding for fees in 2017-18 paying in agreed instalments now being clear. Reminder letters have been issued in accordance with College procedures for the remaining outstanding debt.
- 3.3 Bursary debt has decreased by £157 since January 2018. The balance is made up of two debts. The older debt has 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 30 April 2018 from the provision in the accounts at 31 July 2017, which reflects the low balance of debts over 3 months old.

### **5. Debt collection agents**

- 5.1 The total balance currently at the final stage of debt collection amounts to £2,869 and is being handled by TNC. Of this balance, £183 relates to course fees, with the bursary debt making up the remaining amount of £2,686.

### **6. Balances to write-off**

- 6.1 There are no proposed balances for write-off in this period.
- 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 April 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	1,555.55	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>1,555.55</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 the remainder of 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 remainder of the academic year, for the period April 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 £153,398 set aside to cover remaining instalments. A final balance will require to be calculated based on the income for the year-end 31 July 2018, which will be included in the VAT return for the quarter ended 31 October 2018.
- 2.4 The monthly grant claim from SFC is calculated in order to provide sufficient bank balances to meet operating expenditure.
- 2.5 The forecast balance at 31 March 2018 was higher than expected due to the Arm's Length Foundation grant for Engineering Equipment monies not yet being spent.
- 2.6 The main area to highlight to the Committee is the movement at the SFC budget cut-off period at July, and the forecast reduction in the overall bank balances over the period to July 2018.

#### **3. Recommendation**

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

## Cash Flow Forecasts for 2017-18

	<u>Actual</u> Apr-18	<u>Forecast</u> May-18	<u>Forecast</u> Jun-18	<u>Forecast</u> Jul-18	<u>Projected AY</u> 2016-17
	£000	£000	£000	£000	£000
<b>Forecast 17-18</b>					
<b><u>Income</u></b>					
<b><u>SFC Grants</u></b>					
SFC Core Grant	1,208,120	708,120	908,120	719,383	8,783,907
SFC additional Lecturer pay	8,369	0	0	0	22,743
SFC (Projects Non ERDF)	4,000	0	0	0	4,000
Flexible Workforce Development Fund 2017-18	50,743	(58,729)	0	0	93,500
<b><u>Student Support</u></b>					
Bursary	194,853	216,853	99,431	0	2,111,137
<b>SFC - Student Support clawback AY 2016/17</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(337,628)</b>
Capital Maintenance	0	0	0	0	333,918
Capital Grant					40,000
EMA Admin	0	8,000	0	0	10,820
EMA Student Maintenance	0	25,000	25,000	25,000	235,230
ESOL (16-17)	0	0	0	0	3,785
ESOL (17-18)	4,233	4,233	4,233	4,235	37,631
	0	0	0	0	
<b><u>Other Income</u></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Other grant income	0	9,520	9,520	9,521	40,111
HE Hardship	23,084	0	0	0	81,947
SAAS Fees	0	11,425	0	0	611,051
Re-charges - UWS/ Gl. Uni/ DGC	108,117	20,650	20,650	20,645	241,204
Other cash received in SDS 2017-18	53,268	86,563	86,561	86,561	935,563
<b>Total cash in</b>	<b>1,654,787</b>	<b>1,031,635</b>	<b>1,153,515</b>	<b>865,345</b>	<b>13,248,919</b>
<b><u>Expenditure</u></b>					
Payroll	716,797	825,810	698,980	732,800	8,518,230
ESOL Salaries	0	0	0	0	482
ESOL 2017-18)	0	0	0	0	767
EMA payments	8,070	57,872	57,873	0	235,230
SFC Bursary and other student support payments (inc. student transport)	174,328	341,744	144,852	4,579	2,126,632
HE Hardship	6,916	9,364	9,364	0	76,947
<b>Depreciation spend - VSS/ other</b>	<b>0</b>	<b>56,219</b>	<b>0</b>	<b>0</b>	<b>278,000</b>
Purchase Ledger payments	187,890	245,778	260,778	248,990	2,189,636
Maintenance costs - from SFC Capital Maintenance grant	0	0	0	0	373,918
Catherinefield capital	0	0	0	0	58,030
Other payments	14,784	10,000	10,000	10,000	195,344
<b>Total cash out</b>	<b>1,108,785</b>	<b>1,546,787</b>	<b>1,181,847</b>	<b>996,369</b>	<b>14,053,216</b>
<b>Net cash inflow/(outflow)</b>	<b>546,002</b>	<b>(515,152)</b>	<b>(28,332)</b>	<b>(131,024)</b>	<b>(804,297)</b>
Balance b/f	248,903	794,905	279,753	251,421	924,694
<b>Balance c/f</b>	<b>794,905</b>	<b>279,753</b>	<b>251,421</b>	<b>120,397</b>	<b>120,397</b>

<b>Lennartz:</b>					
Quarterly payments	0	0	76,699	0	301,372
<b>Cash outflow</b>	<b>0</b>	<b>0</b>	<b>76,699</b>	<b>0</b>	<b>301,372</b>
Balance b/f	272,335	272,335	272,335	195,636	497,008
<b>Balance c/f</b>	<b>272,335</b>	<b>272,335</b>	<b>195,636</b>	<b>195,636</b>	<b>195,636</b>

<b>Total closing bank balances</b>	<b>1,067,240</b>	<b>552,088</b>	<b>447,057</b>	<b>316,033</b>	<b>316,033</b>
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## F&GP Committee

### Strategic Risk Register

#### 1 Introduction

- 1.1 The purpose of this paper is to provide the Finance and General Purposes Committee with the opportunity to review the College's Strategic Risk Register, with specific reference to those risks assigned to the Committee for 'oversight'.

#### 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.
- 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 9 strategic risks, two of which are rated 12 or above.
- 2.3 Committee Reporting
- As the Strategic Risk Register is now presented at each committee and members asked to pay particular attention to risks pertaining to the work of that committee, the end column on the risk register has been amended to include the name of the Committee who would have 'oversight' of that risk so that members can focus on these in their discussions. There is still the opportunity to discuss other risks at full Board meetings.

#### Changes have been made to the following:

- **Risk No 1 – 'National Pay Bargaining'**. Likelihood reduced to 2 as indicative offer of grant indicates that costs of harmonisation for lecturers' salary will be included.
- **Risk No 3 – 'Flexibility of the college to manage financial and estates issues'**. Impact has been reduced to 3 as indicative offer of grant indicates there will be sufficient funding to deal with planned estates maintenance but does not allow for capital investment.
- **Risk No 4 – 'Unable to achieve credit (activity) target'**. It is recommended to reduce the Risk factor to 6 to reflect current position
- **Risk No 13 – 'Cyber Attack'**. No change to the risk factor, however updated to reflect current position
- **Risk No 14 – 'Non-compliance with GDPR'**. No change to figures but updated to reflect current position.

#### 3 Recommendation

- 3.1 Members are asked to consider and, if so minded, approve the Strategic Risk Register in respect of risks pertaining to their area of responsibility. The Committee is also asked to approve the amendments in terms of 'Committee oversight' for each of the risks.

## Strategic Plan 2017-2018 Risk Register

Risk No.	Risk Description	Inherent Risk			Controls in Place	Assurances	Internal/ External	Residual risk			Further Action	Committee 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	2	4	8	December 2017 - EIS have declared a formal dispute in respect of 2017/18 Cost-of-Living Pay Award.  May 2018 Indicative offer of grant indicates that costs of harmonization for lecturers' salary have been included.	F&GP Audit
2	Public sector funding cuts – forecast for session 2017-18	1	4	4	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. February 2018 - Break-even position forecast for 2017-18.	F&GP Audit
3	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	3	9	The Board of Management and EMT continue to monitor the situation. December 17 - Capital Funding remains a concern. May 2018 Indicative offer of grant indicates sufficient funding to deal with estates maintenance but does not allow for capital investment.	F&GP Audit



## Strategic Plan 2017-2018 Risk Register

4	Unable to achieve credit (activity) target	2	4	8	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	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	3	6	May 2018 – We were unable to achieve childcare credit target of 268 additional credits but are currently 500+ over our core target	F&GP Audit
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 pro-active flagging of vulnerable students for close monitoring.	L&T Audit
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	Audit
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 regularly with Principal 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/ External	1	3	3	December 2017 - Requested additional funding for 2017/18 that has been provided. February 2018 - College received additional student support grant that will meet demand.	F&GP

## Strategic Plan 2017-2018 Risk Register

13	Cyber attack	3	4	12	<p>1. Janet network (via JISC) provides secure connectivity.</p> <p>2. Regular reporting at ET.</p> <p>3. Constant scanning to identify potential attacks/network vulnerabilities.</p> <p>4. VP CS&amp;G and IT Manager meets regularly with JISC account Manager</p>	<p>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.</p> <p>2. Regular updates from JISC on potential attacks/network vulnerabilities</p> <p>3. EMT meetings/minutes</p> <p>4. Internal Audit 2016/17</p>	External/ Internal	1	4	4	<p>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.</p> <p>May 2018 College received Cyber Essentials Compliance certificate in April 2018.</p>	Audit
14	Non-compliance with GDPR	3	4	12	<p>1. Recruitment of specialist, 1 day per week in partnership with Ayrshire College and Conservatoire in Glasgow.</p> <p>2. JISC undertaking audit of college current processes.</p> <p>3. Internal check on systems and Processes.</p> <p>4. Online training of staff.</p>	<p>1. Standing agenda item on Audit Committee agenda.</p> <p>2. Senior College Manager leading on development.</p>	External/ Internal	3	4	12	<p>College is well placed in terms of data protection but work is ongoing to measure gap and take appropriate actions.</p> <p>May 2018 – All staff to undertake online training by end of May 2018.</p> <p>DPO Officer appointed.</p>	Audit

**Strategic Plan 2017-2018 Risk Register**